



## Interim report January-September 2023



Homes & Neighbourhoods

# Continued measures to improve cash flow and reduce costs

## 1 JULY–30 SEPTEMBER 2023\*

- Net sales amounted to SEK 2,765 (2,604) M
- The gross margin was 7.4 per cent (10.2) and was impacted by risk provisions as well as losses totalling SEK 68 (167) M from the divestment of assets.
- Operating profit before items affecting comparability amounted to 30 (76) M and the operating margin was 1.1 per cent (2.9). Operating loss after items affecting comparability amounted to SEK -1,213 (Profit: 76) M
- Items affecting comparability totalling SEK -1,243 M were included in the third quarter. Of this amount SEK -686 M pertains to impairment of properties held for future development (of which - 80 M in impairment of capitalized project development costs). - 123 M refers to impairment of a B2M project, SEK -434 M to restructuring charges; refer also to Notes 2 and 3. After the impairment of properties an excess value above book value remains of 1,2 B SEK, refer to Note 10.
- During the third quarter, Bonava announced that additional cost-savings programmes had been started in Germany, Sweden and Finland. Together with previously announced measures, these are expected to result in annual savings of SEK 1 Bn starting from 1 January 2025. Restructuring costs totalling SEK -434 M were recognized as items affecting comparability; refer to Notes 2 and 3.
- Bonava is evaluating strategic options regarding long-term capital structure and is in active dialogue with its creditors and major shareholders, refer to page 15, Other information and note 4.
- Earnings per share<sup>2)</sup> amounted to SEK -12.85 (0.26)

\* Recognised revenue and profit pertain to continuing operations, excluding St. Petersburg and Norway. As of the third quarter of 2022, St. Petersburg has been reported as operations to be discontinued. Norway is reported as discontinued operations as of the second quarter of 2023. Restated comparative figures are available at [www.bonava.com](http://www.bonava.com).

## 1 JANUARY–30 SEPTEMBER 2023\*

- Net sales amounted to SEK 8,281 M (8,322).
- The gross margin was 9.0 per cent (13.3) and was impacted by impairment, risk provisions and losses totaling SEK 130 M (161) from the divestment of assets.
- Operating profit before items affecting comparability was SEK 197 M (507) and the operating margin was 2.4 per cent (6.1). Operating loss after items affecting comparability amounted to SEK -1,046 M (507).
- Earnings per share amounted to SEK -13.36 (2.64).

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 18 October, Bonava signed an agreement for the divestment of its operations in St. Petersburg for EUR 50 M (SEK 578 M SEK) and received payment at the same time. Final approval from the relevant authorities was received on 2 November and the divestment has now been completed. Net assets as of 30 September were measured at the transaction price less selling costs, 564 MSEK, which corresponds to the fair value and increases equity with a corresponding amount. The purchase price, which was received the 18 October will decrease the net debt during the fourth quarter, refer to note 8.

SEK M and excluding St. Petersburg and Norway unless otherwise stated	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	Oct 2022 - Sep 2023	2022 Jan-Dec
Net sales	2,765	2,604	6	8,281	8,322	-1	13,945	13,987
Gross profit	205	265	-22	748	1,106	-32	1,331	1,689
Gross margin, %	7.4	10.2		9.0	13.3		9.5	12.1
Operating profit before items affecting comparability <sup>1)</sup>	30	76	-61	197	507	-61	547	858
Operating margin before items affecting comparability, % <sup>1)</sup>	1.1	2.9		2.4	6.1		3.9	6.1
Operating profit after items affecting comparability	-1,213	76	-1,692	-1,046	507	-306	-751	802
Operating margin after items affecting comparability, %	-43.9	2.9		-12.6	6.1		-5.4	5.7
Profit before tax	-1,358	35	-4,033	-1,432	389	-468	-1,212	609
Earnings per share, SEK <sup>2)</sup>	-12.85	0.26	-5,029	-13.36	2.64	-606	-11.89	4.10
Net debt <sup>3)</sup>	6,305	7,146	-12	6,305	7,146	-12	6,305	7,259
Return on capital employed, R12, % <sup>3)</sup>	4.4	9.2		4.4	9.2		4.4	6.9
Equity/assets ratio, % <sup>3)</sup>	27.9	31.4		27.9	31.4		27.9	31.2
Number of building rights	28,600	29,100	-2	28,600	29,100	-2	28,600	29,400
Number of housing units sold	469	519	-10	1,137	1,931	-41	1,742	2,536
Sales value of housing units sold	1,565	1,720	-9	3,987	6,306	-37	5,938	8,258
Number of production starts	388	860	-82	939	1,979	-64	1,242	2,513
whereof investment properties		231			231		231	231
Number of housing units in production	4,435	7,715	-43	4,435	7,715	-43	4,435	6,498
whereof investment properties	195	426		195	426		195	426
Sales rate for ongoing production, % <sup>4)</sup>	65	68		65	68		65	69
Number of housing units recognised in profit	719	757	-5	2,525	2,701	-7	4,193	4,369

<sup>1)</sup> The key figures in Jul-Sep 2023, Jan-Sep 2023, Oct 2022-Sep 2023 and Jan-Dec 2022 were impacted by items affecting comparability. Refer to Notes 2 and 3 for more information.

<sup>2)</sup> Before and after dilution. For more information about the Group's key figures, refer to page 31 and <https://www.bonava.com/en/investor-relations/financial-information>.

<sup>3)</sup> Including Norway and St. Petersburg. Vendor notes recorded as asset in net debt. Refer to Note 8.

<sup>4)</sup> Excluding Build-to-Manage. Including Build-to-Manage, the sales rate totalled 63 per cent.

547

EBIT BEFORE ITEMS AFFECTING  
COMPARABILITY<sup>1)</sup>, SEK M, R12

1,742

NUMBER OF HOUSING UNITS SOLD, RTM

28,600

NUMBER OF BUILDING RIGHTS



# Comments from the CEO

The market remained challenging in the third quarter. Germany and the Baltics had higher levels of activity than the Nordic markets, and we had 388 housing unit production starts and increased sales compared with the preceding quarters in 2023. Completions in the third quarter are in line with the forecast we presented in the second-quarter interim report. Interest-bearing liabilities decreased during the period, and moreover the sale of the operations in St. Petersburg was finalized after the end of the period. We are planning for a market that will remain challenging in 2024, and our main focus is on increasing flexibility by controlling the factors we can influence: reducing costs and to strengthen the cash flow.

## Solid sales despite a tough market

Bonava's sales in the third quarter were stable. Our attractive offerings have garnered interest from both consumers and investors, which means that the number of housing units sold increased from 390 in the second quarter to 469 in the third quarter. The markets in Sweden and Finland remained the most heavily impacted, while Germany and the Baltics were more resilient. Activity levels also vary in the submarkets, where certain areas such as Berlin and Riga have a tremendous pent-up need for housing units.

The total value of housing units sold that are to be delivered to customers over the coming 18 months is approximately SEK 11 Bn, corresponding to a sales rate of 65 per cent.

We believe that the market will remain challenging in 2024. Based on the underlying demand and the increasing deficit in sustainable and modern homes, we expect a gradual recovery in 2025 and beyond.

## Lower interest-bearing debt and established market value of building rights

For the purpose of freeing up capital, we have been systematically and carefully reviewing investments and costs since last year. During the third quarter, net debt was reduced to SEK 6.3 Bn. We are meeting the covenant set for the equity/assets ratio, which amounted to 28.1 per cent (covenant: 25%). The restructuring costs have, after agreement with the creditors, for the time being been added back in the calculation of the interest coverage ratio. The interest coverage ratio amounted to 2.5 times after the adjustment (2.0 times according to the agreement). We are in an active dialogue with the creditors and larger shareholders and are evaluating different strategic options regarding our long-term capital structure.

The divestment of the operations in St. Petersburg that was agreed on and concluded after the end of the reporting period impacted earnings from operations to be discontinued and shareholders' equity by SEK 564 M, since the business unit was measured at fair value in profit/loss for the period and will lower net debt correspondingly in the fourth quarter. The transaction is a key milestone in an environment that is incredibly difficult to navigate.

Our 28,600 attractively located building rights are a prerequisite for our ability to develop new housing units. To ensure that we are not tying up too much capital and in order to make the correct investment decisions, we performed a market valuation of our building rights. The surplus value in the portfolio is estimated at SEK 1.2 Bn (after the impairment described below). The building rights are current assets and thus are carried in our books at the lower of market value and cost for each individual right. Individual building rights were subject to impairment of SEK 686 M, corresponding to 7 per cent of the market value. The impairment is linked to such factors as the assets that were not deemed necessary to support our business plan, which is why it is intended that they will be divested over time in a manner similar to the divestments that took place in the third quarter.

## Lower cost base for greater flexibility

Net sales in the third quarter rose to SEK 2.8 Bn (2.6). Completions and deliveries were in line with the forecast that was presented in conjunction with the interim report for the second quarter. Sales are our highest priority in order to safeguard the cash flow. We applied selected price reductions to ongoing and completed production during the period. To reduce tied-up capital, we also made a number of sales of building rights and premises. Moreover, we have made certain risk provisions. In total, these impacted the gross margin negatively by SEK 66 M. The underlying gross margin, excluding these items, was 9.8 per cent (16.6).

Compared with other industries, Bonava can adapt its overheads to a lower business volume relatively quickly. Since the first quarter of 2022, we have gradually increased our cost adjustments in order to manage the lower expected business volume, and overall we will achieve gross savings of SEK 1 Bn on an annual basis starting on 1 January 2025. Of this amount approximately 620 M will come in the

form of reduced indirect costs and overheads. The effects of the implemented measures are progressing according to plan and amounted to approx. 240 M in annual run-rate, per the end of the period. The measures taken have involved personnel reductions and more structural measures whereby we changed our working methods.

On 29 September we announced the major restructuring of our operations in Germany, Finland and Sweden with gross savings that are expected to total approximately SEK 400 M, gross which is included in the figure above, on an annual basis. To ensure that we will achieve the intended savings as quickly as possible, we have established a provision of SEK 434 M pertaining to restructuring costs, up from the preliminary estimate of SEK 350 M that was stated in the press release dated 29 September 2023.

Operating profit before items affecting comparability totalled SEK 30 M (76), corresponding to an operating margin of 1.1 per cent (2.9). Operating loss after items affecting comparability was SEK -1,231 M.

## The shortage of sustainable neighbourhoods is growing

The turbulent market conditions are reducing predictability. In the short term, we have demonstrated our ability to control the factors we can influence at an early stage. Bonava has been cautious with its investments in production starts, withheld investments in building rights, completed strategic divestments of operations and taken initiatives to reduce overheads since the start of the war in Ukraine in February 2022.

From a long-term perspective the need for sustainable housing units in Bonava's markets is significant. In the Baltics, there is a high need for increasing the standards and energy efficiency of housing units. Housing construction in Germany and Sweden has lagged behind both the pace of urbanisation and demand for some time now. In all our markets, the slowdown we are now seeing in housing construction will lead to greater imbalances in the years ahead.

I am extremely impressed with and proud of the work performed by my colleagues. Without them, none of this would have been possible. The work that we are doing today is creating the conditions for us to capitalise on the opportunities that will arise when the market turns around.

**Peter Wallin**  
President and CEO



"We are planning for a market that will remain challenging in 2024, and our main focus is on increasing flexibility by controlling the factors we can influence: reducing costs and to strengthen the cash flow."

# 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. However, the market situation at present is challenging, with a sharp fall in housing construction as a result.

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. At present, cost increases have tapered off. Access to materials has stabilised while many subcontractors are competing for bids.

Demand for housing units remained cautious. High interest rates, high inflation, and increased uncertainty affected demand, primarily, but also the price trend. During the third quarter, the sales rate in our markets was stable although the levels were lower than in the previous year. 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 at present.

## Sweden

In Sweden, Bonava has an attractive breadth in our offering of housing units for investors and consumers, in or near large cities. Higher costs of living and rising interest rates have resulted in a cautious market and we are seeing a clear slowdown as regards both production starts and sales of housing units. In the third quarter we saw increased activity among our customers and more positive sentiment in the market. Overall market volumes remain 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 rising interest rates and inflation, and customer activity is subdued.

## Baltics

The markets in all three Baltic capitals are growing economies with forecasts of a short-term downturn in their economies during 2023. 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.



# Group performance

Due to the fact that Bonava has divested its operations in Norway and the divestment of the operations in St. Petersburg was in progress, the consolidated income statement is presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This entails recognizing the result from the operations in Norway and St. Petersburg on a line in the income statement designated as operations to be discontinued and discontinued operations. The historical comparative figures in the consolidated income statement have been restated. Assets and liabilities attributable to the operations in St. Petersburg are recognised on one line for assets and one line for liabilities in the balance sheet as of 30 September 2023. In the cash flow statement, cash flow attributable to operations to be discontinued is indicated in its own table.

## JULY-SEPTEMBER 2023

### Net sales

Net sales amounted to SEK 2,765 M (2,604). The change is attributable in part to exchange rate fluctuations that had a positive translation effect of SEK 251 M compared with the year-earlier period. Fewer housing units in total were recognized in profit, but at a higher average price. The average price per housing unit recognized in profit amounted to SEK 3.8 M (3.4).

During the quarter, 535 housing units for consumers (354) were recognized in profit, generating net sales of SEK 2,275 M (1,383).

Net sales to investors totalled SEK 457 M (1,213), and the number of housing units recognized in profit was 184 (403).

### Gross profit

Gross profit amounted to SEK 205 M (748) and the gross margin was 7.4 per cent (10.2). The gross margin was impacted by us delivering high-margin products to both consumers and investors in the comparative period, which we did not do in the current quarter. In addition, the quarter was charged with risk provisions of SEK 17 M and net losses of SEK 49 M from the divestment of assets in. These divestments are part of the strategic review of our building rights portfolio that is being conducted and will help strengthen the Group's cash flow. These items have not been classified as items affecting comparability. In the previous year, operating profit was charged with impairment of SEK 155 M of previously capitalized project engineering costs and fixed assets as well as sale of land of 12 M. Adjusted for these items, the underlying gross margin was 9.8 per cent (16,6).

### Operating profit

Operating profit before items affecting comparability amounted to SEK 30 M (76) and the operating margin was 1,1 per cent (2.9).

Exchange rate fluctuations had a positive impact of SEK 15 M on operating profit before items affecting comparability compared with the year-earlier period.

Bonava has initiated further reorganizations in Germany, Sweden and Finland in order to create a lower cost base and conditions for

increased flexibility. In the third quarter, costs of SEK 434 M pertaining to restructuring were recognized.

The review of the building rights portfolio that is being conducted has resulted in impairment of 7 percent of market value or 686 M. After the impairment the assessed market value is 9,5 Bn, corresponding to a excess value of 1,2 Bn. Moreover, a B2M project in Sweden was impaired by SEK 123 M.

The restructuring, impairment of properties held for future development, and the B2M project – SEK -1,243 M in total – are classified as items affecting comparability. Operating loss after items affecting comparability amounted to SEK -1,213 M (profit: 76). Exchange rate fluctuations had a positive translation effect of SEK 15 M on operating profit before items affecting comparability compared with the year-earlier quarter.

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

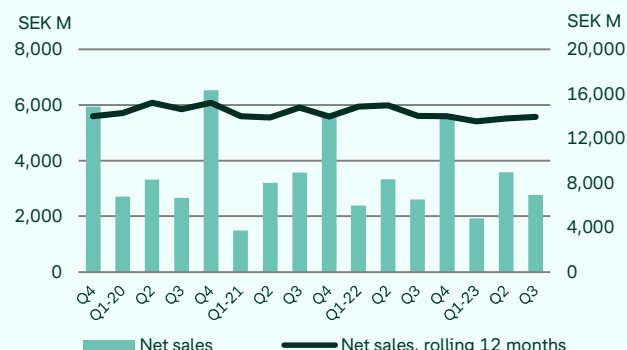
Net financial items were SEK -145 M (-42), attributable to increased interest expenses due to a higher financing volume and higher base rates. The net debt at the end of the reporting period was lower than during the corresponding period last year, however the average net debt during the quarter was higher.

Loss before tax for the quarter was SEK -1,358 M (profit: 35). Tax on profit for the quarter was SEK -20 M (-7), corresponding to a tax rate of 0 per cent (20).

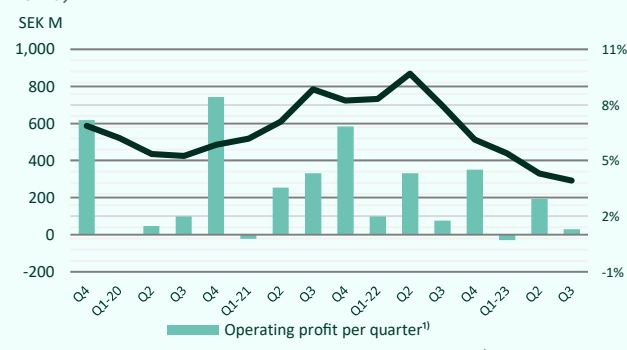
Loss for the period for continuing operations amounted to SEK -1,377 M (profit: 28).

Profit for the period for operations to be discontinued was SEK 557 M (62) and pertains to a market valuation, 564 M, of net assets in St. Petersburg that took place in the third quarter; refer further to Note 8.

Net sales, excluding St. Petersburg and Norway



Operating profit and operating margin, excluding St. Petersburg and Norway



<sup>1)</sup> Excluding items affecting comparability in Q2 and Q4 2021, Q4 2022 and Q3 2023.

# Group performance

## JANUARY–SEPTEMBER 2023

### Net sales

Net sales totalled SEK 8,281 M (8,322), since slightly fewer housing units were recognized in profit compared with the year-earlier period – though at a higher average price. The average price per housing unit recognized in profit amounted to SEK 3.3 M (3.1).

During the period, 1,519 (1,645) housing units for consumers were recognized in profit, with net sales of SEK 5,853 M (5,664).

Net sales to investors totaled SEK 2,351 M (2,592), and the number of housing units recognized in profit was 1,006 (1,056).

Exchange rate fluctuations had a positive translation effect of SEK 535 M on consolidated net sales compared with the year-earlier period.

### Gross profit

Gross profit amounted to SEK 748 M (1,106) and the gross margin was 9.0 per cent (13.3).

The gross margin was impacted by our delivery of high-margin products to both consumers and investors in the comparative period, which we have not done in the current year. Moreover, operating profit was charged with impairment of SEK 34 M in Germany, risk provisions of SEK 45 M in Sweden and net losses of SEK 43 M from the divestment of assets. These divestments are part of the strategic review of our building rights portfolio that is being conducted and will help strengthen the Group's cash flow. These items have not been classified as items affecting comparability. In the previous year, gross profit was charged with impairment of SEK 155 M of previously capitalized project engineering costs and fixed assets as well as sale of land of 6 M. Adjusted for these provisions, our underlying gross margin was 10.5 per cent (15.2).

### Operating profit

Operating profit before items affecting comparability was SEK 197 M (507) and the operating margin was 2.4 per cent (6.1).

Exchange rate fluctuations had a positive impact of SEK 26 M on operating profit before items affecting comparability compared with the year-earlier period.

Bonava has initiated further restructuring in Germany, Sweden and Finland in order to create a lower cost base and conditions for increased flexibility. In the third quarter, costs of SEK 434 M pertaining to restructuring were reported.

The review of the building rights portfolio that was carried out has resulted in impairment of properties held for future development of 7 percent of the market value or SEK 686 M. After the impairment a market value remains of 9.5 B SEK, corresponding to a market value in excess of the book value of 1.2 B. Additionally, in the third quarter, a B2B project in Sweden was impaired by SEK 123 M.

Both the restructuring and the impairment – SEK 1,243 M in total – are classified as items affecting comparability. Operating loss after items affecting comparability was SEK -1,046 M (profit: 507).

Exchange rate fluctuations had a negative impact of SEK 70 M on operating profit compared with the year-earlier period.

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

Net financial items were SEK -386 M (-118), attributable to increased interest expenses due to a higher financing volume and increased base rates. The net debt at the end of the quarter was higher than in the previous period last year, however the average balance was higher.

Profit before tax for the period was SEK -1,432 M (profit: 389). Tax on profit for the period was SEK 0 M (-106), corresponding to a tax rate of 0 per cent (27).

Loss for the period for continuing operations amounted to SEK -1,432 M (profit: 283).

Loss for the period for operations to be discontinued and discontinued operations totaled SEK -247 M (profit: 99), of which SEK -824 M pertained to capital losses from the divestment of the Norwegian operations in the second quarter while the remainder pertains to accumulated earnings and market valuation, 564 M, of the net assets in St. Petersburg, refer further to Note 8.

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 – Sep 2023	2022 Jan-Dec
<b>Continuing operations</b>						
<b>Net sales</b>						
Germany	1,882	1,648	4,129	4,480	7,435	7,785
Sweden	290	318	1,827	1,995	2,577	2,745
Finland	480	216	1,885	990	2,654	1,759
Baltics	116	117	438	450	820	832
Other operations <sup>1)</sup>	-2	306	1	407	458	864
<b>Total</b>	<b>2,765</b>	<b>2,604</b>	<b>8,281</b>	<b>8,322</b>	<b>13,945</b>	<b>13,987</b>
	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 – Sep 2023	2022 Jan-Dec
<b>Continuing operations</b>						
<b>Operating profit before items affecting comparability<sup>2)</sup></b>						
Germany	157	186	242	521	625	904
Sweden	-86	-110	17	26	-63	-54
Finland	-3	-1	62	39	111	88
Baltics	6	10	30	48	90	108
Other operations <sup>1)</sup>	-44	-9	-153	-127	-215	-188
<b>Total</b>	<b>30</b>	<b>76</b>	<b>197</b>	<b>507</b>	<b>547</b>	<b>858</b>

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

<sup>2)</sup> The key figures in Jul-Sep 2023, Jan-Sep 2023, Oct 2022-Sep 2023 and Jan-Dec 2022 were impacted by items affecting comparability. Refer to Notes 2 and 3.



# Financial position and cash flow

## TOTAL ASSETS<sup>1)</sup>

Total assets were SEK 22,851 M (28,313). At 31 December 2022, assets totaled SEK 25,579 M. The divestment of the Norwegian operations, impairment of properties held for future development, a B2M project as well as a lower number of ongoing housing projects contributed to a reduction in assets since the start of the year. These decreases where to a minor extent offset by the increase in the net assets pertaining to the S:t Petersburg operations of 564 M, refer to note 8. Exchange rate fluctuations increased assets by SEK 558 M compared with 31 December 2022.

## NET DEBT<sup>1)</sup>

Net debt amounted to SEK 6,305 M (7,146). At 31 December 2022, net debt totaled SEK 7,259 M. The decline was primarily due to the divestment of Bonava Norway. The part of the purchase price that will be paid via vendor note has been recognized as a financial asset in net debt. The purchase price less selling costs, in total 564 M, related to the divestment of the S:t Petersburg operations, will decrease the net debt in the fourth quarter with a similar amount. Exchange rate fluctuations increased net debt by SEK 229 M compared with 31 December 2022.

## CAPITAL EMPLOYED<sup>1)</sup>

Capital employed amounted to SEK 13,850 M (16,560). At 31 December 2022, capital employed amounted to SEK 15,568 M. The divestment of the Norwegian operations, a decrease in the number of ongoing housing projects and impairment of properties held for future development and a B2M project have all reduced capital employed, while continued payments for land under previously signed agreements have increased capital employed as well as the increase of net assets pertaining to the S:t Petersburg operations. Exchange-rate fluctuations increased capital employed by SEK 314 M compared with 31 December 2022.

## EQUITY/ASSETS AND DEBT/EQUITY RATIO<sup>1)</sup>

The equity/assets ratio was 27.9 per cent (31.4). As of 30 June 2023, the equity/assets ratio was 29.0 per cent. The net debt/equity ratio was 1.0x (0.9x at 30 June 2023).

## COVENANTS IN LOAN AGREEMENTS

The terms and conditions in Bonava's loan agreements with banks and the Swedish Export Credit Corporation are linked to covenants on the equity/asset ratio and interest coverage ratio. As of 30 September, and according to the calculation method in the loan agreements, the equity/assets ratio was 28.1 percent. According to an agreement reached with the creditors restructuring costs that were recognized in the third quarter were for the time being added back in the calculation of the interest coverage ratio. This considered the interest coverage ratio totaled 2.5x on 30 September. Since the agreement was reached after the balance sheet date, the loans that are covered by the covenants are classified as current in accordance with applicable reporting regulations.

## CASH FLOW JULY–SEPTEMBER 2023

Cash flow before financing was SEK 197 M (-1,219). The cash flow improved since a large part of the negative earnings consisted of non-cash items in the form of impairment of land and provisions for restructuring. Cash flow from operating activities before change in working capital totaled SEK 246 M (120). Cash flow from changes in working capital amounted to SEK -29 M (-1,275). Sales of housing projects amounted to SEK 2,450 M (2,590). Investments in housing projects decreased to SEK -1,610 M (-3,950). Decreases took place in most markets. Cash flow from other changes in working capital amounted to SEK -868 M (85) with a reduction in customer advances, primarily in Germany, decreasing cash flow.

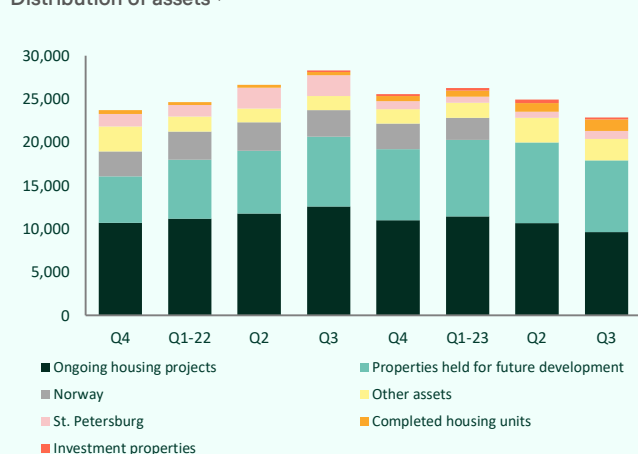
## CASH FLOW JANUARY–SEPTEMBER 2023

Cash flow before financing was SEK -223 M (-3,553). Negative earnings were offset by a large amount of non-cash items in the form of impairment of land and provisions for restructuring. Cash flow from operating activities before change in working capital totaled SEK 215

M (184). Cash flow from changes in working capital amounted to SEK -598 M (-3,666). Sales of housing projects amounted to SEK 7,833 M (7,963) and investments in housing projects were reduced to SEK -6,855 M (-12,042), where primarily Sweden and Germany saw lower investment levels. Cash flow from other changes in working capital amounted to SEK -1,576 M (pos: 413) with a reduction in customer advances, primarily in Germany, decreasing cash flow. The divestment of the Norwegian operations had a positive effect of SEK 737 M on cash flow, of which SEK 765 M in cash purchase price received was reduced by SEK 28 M in relinquished cash and cash equivalents.

<sup>1)</sup> Including operations to be discontinued (St. Petersburg) and including discontinued operations (Norway) up until the date of divestment, 30 June 2023.

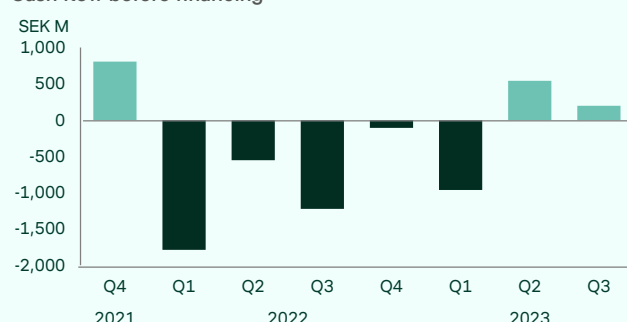
Distribution of assets<sup>1)</sup>



Net debt<sup>1)</sup>



Cash flow before financing<sup>1)</sup>



# 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 recognized 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.

According to the plan, a rental housing project in the Baltics was to have been completed in the third quarter but was instead completed early in the fourth quarter of 2023. The project is expected to generate rental income in 2024, since the occupancy rate for the property is expected to gradually increase. The other rental housing project in the Baltics is progressing more rapidly than planned and is also expected to be completed in the fourth quarter of 2023.

The development of Bonava's B2M project in Sweden was suspended in the preceding quarter, and in the third quarter the project was impaired by SEK 123 M. At the end of September 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](https://bonava.com).

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

The number of sold completed housing units not recognized in profit at the end of the quarter was 44 (12). As of 30 June 2023, this figure was 47.

## UNSOLD COMPLETED HOUSING UNITS AT END OF QUARTER

The number of unsold completed housing units at the end of the quarter was 371 (82). As of 30 June 2023, this total was 285; 63 were sold during the quarter and 149 new housing units were added.

## COMPLETED HOUSING UNITS DURING THE QUARTER

At the end of the preceding quarter, Bonava estimated that approximately 630 consumer housing units would be completed in the third quarter. A total of 618 housing units were completed.

During the quarter, it was estimated that 280 housing units for investors would be completed, while 184 were completed. The change pertains to the postponement of a B2M project in the Baltics from the third quarter to the fourth quarter of 2023.

## HOUSING UNITS RECOGNISED IN PROFIT DURING THE QUARTER

The number of housing units for consumers recognized in profit during the quarter was 535 (354).

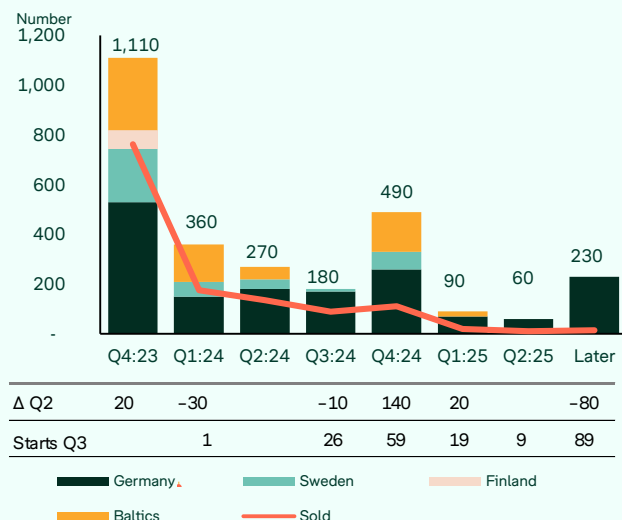
During the quarter, 184 (403) housing units for investors were recognized in profit.

## VALUE OF HOUSING UNITS SOLD NOT YET RECOGNISED IN PROFIT

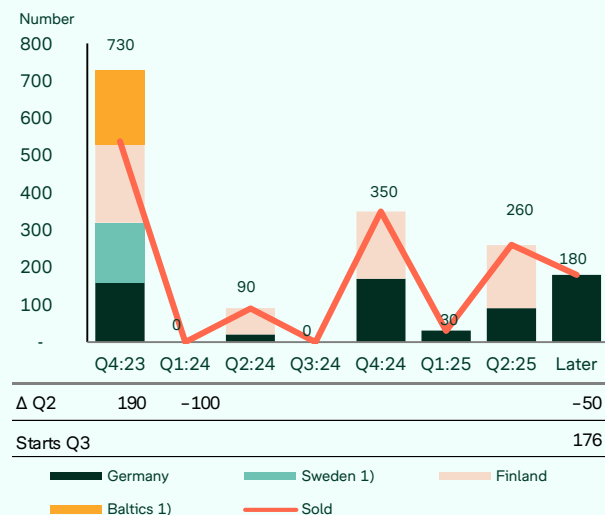
The value of sold housing units in production and completed housing units sold but not yet recognized in profit at the end of the quarter was SEK 6,559 M (11,220) for consumers and SEK 4,364 M (5,864) for investors.

### Estimated completions of ongoing projects per quarter

#### Consumers



#### Investors



<sup>1)</sup> The Baltic region pertains to B2M; refer to pages 10 and 13

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 30 September 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 recognized 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. Prioritizing 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.

In the third quarter, the value of the building rights portfolio has been assessed, through partly external valuations, partly through internal valuations of discounted cash flows. The building rights are current assets and therefore recognized at the lower of cost or market value per individual item. Over 80 percent of the book value has been subject to valuations performed by independent appraisers. In the third quarter impairment of SEK 686 M of development properties was recognized. After the impairments the assessed market value is 9,5 Bn, corresponding to an excess value compared to the book value of 1,2 Bn. Some properties remain where the external appraisal indicates that the market value is lower than the carrying amount. In these cases, the valuation is substantially supported by other external sources. 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 is no need for further impairment as of 30 September 2023. For more information, refer to Note 10.

The total number of building rights at the end of the quarter amounted to 28,600 (29,100). Compared with the start of the year, the number of building rights was somewhat lower with reductions in the Baltics and Germany, while Sweden and Finland increased the number of building rights slightly. Bonava recognizes 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 9,600 (11,350). Refer also to Note 6.

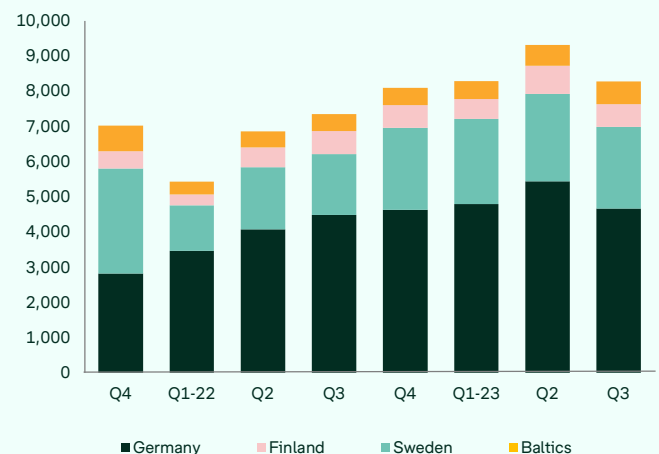
The diagram below illustrates the development of the building rights portfolio during the last year and its composition in the third quarter of 2023. Properties held for future development amounted to SEK 8,265 M (9,836) at the end of the quarter. For continuing operations, property held for future development totaled SEK 8,089 M in the year-earlier quarter. The increase is due in part to currency effects, taking possession of land with attractive building rights, a low number of projects started and our reclassification of the B2M project in Sweden to property held for future development in the third quarter.

## Building rights

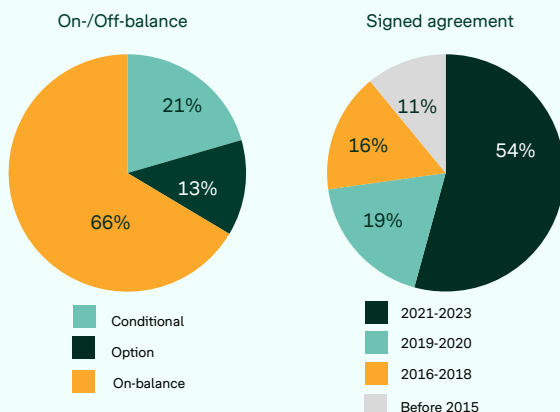
### On/Off balance sheet

	2023 30 Sep	2022 30 Sep	2022 31 Dec
<b>Number of building rights</b>			
Germany	9,300	10,100	9,800
Sweden	8,800	8,100	8,700
Finland	3,600	3,300	3,400
Baltics	6,900	7,600	7,500
<b>Sum</b>	<b>28,600</b>	<b>29,100</b>	<b>29,400</b>
<b>Of which, off-balance sheet</b>			
Germany	1,800	3,600	3,100
Sweden	2,800	3,300	2,900
Finland	2,300	2,100	2,100
Baltics	2,700	3,250	3,250
<b>Sum</b>	<b>9,600</b>	<b>12,250</b>	<b>11,350</b>

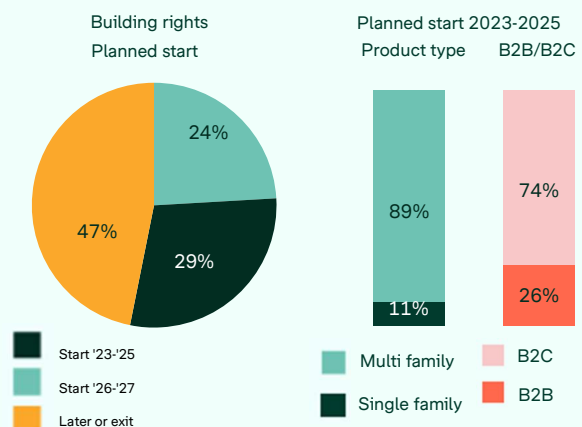
### Carrying amount, building rights portfolio



### Number of building rights at 30 September 2023, excluding St. Petersburg and Norway



### Distribution of building rights, excluding St. Petersburg and Norway



# Germany

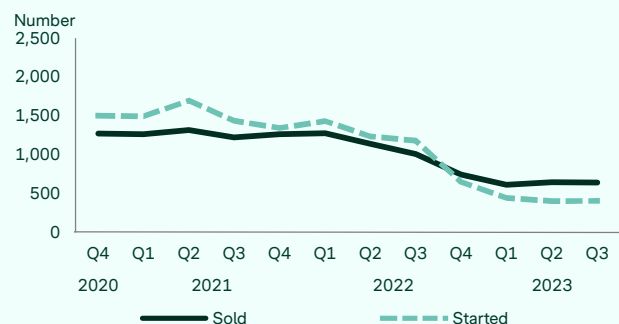
Germany is Bonava's largest market, with operations in the major city regions of Berlin and Hamburg as well as the Baltic Sea, Saxony, Rhein-Ruhr, Cologne/Bonn, Rhein-Main and Rhein-Neckar/Stuttgart. We offer apartments and single-family homes to consumers, and multi-family housing with rental apartments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

## HOUSING UNITS SOLD AND STARTED

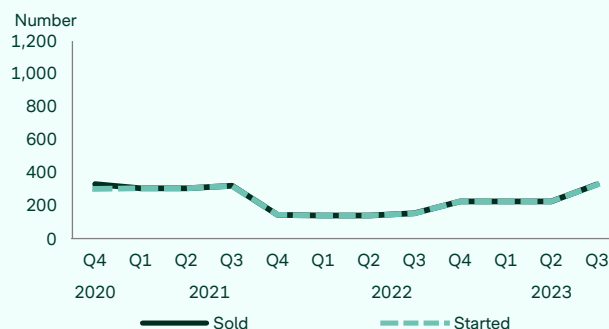
In the quarter, 168 housing units for consumers (163) were started, and the number of housing units sold to consumers, 175 (181), was in line with the preceding year.

176 housing units (74) were started and sold to investors during the quarter. The sales rate for ongoing production was 67 per cent (67).

Units sold and started, Consumers, RTM



Units sold and started, Investors, RTM



## NET SALES AND PROFIT

### July–September 2023

During the quarter, 338 (175) housing units for consumers and 55 (221) housing units for investors were recognized in profit. Net sales increased year-on-year to SEK 1,882 M (1,648), which is attributable to a higher number of housing units delivered to consumers.

Expenses of SEK 402 M for restructuring and of SEK 442 M for impairment of land have been classified as items affecting comparability.

Operating profit before items affecting comparability totaled SEK 157 M (186), with an operating margin before items affecting comparability of 8.3 per cent (11.3). The lower margin compared to the preceding year was attributable primarily to us having delivered a major investment project and two high-margin consumer projects in the third quarter that year.

Operating profit after items affecting comparability amounted to SEK -687 M (186).

### January–September 2023

Net sales decreased to SEK 4,129 M (4,480), due primarily to 351 fewer housing units being delivered to investors.

During the second quarter, the gross margin was charged with a provision of SEK 34 M for cost risk.

Expenses of SEK 402 M for restructuring and of SEK 442 M for impairment of land have been classified as items affecting comparability. Operating profit before items affecting comparability totaled SEK 242 M (521), with an operating margin before items affecting comparability of 5.9 per cent (11.6). A number of high-margin projects were delivered in the preceding year, which has not been the case this year.

Operating profit after items affecting comparability amounted to SEK -603 M (521).

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	1,882	1,648	4,129	4,480	7,785
Gross profit	231	261	449	747	1,213
Gross margin, %	12.3	15.8	10.9	16.7	15.6
Selling and administrative expenses	-74	-74	-207	-226	-309
Operating profit/loss before items affecting comparability	157	186	242	521	904
Operating margin before items affecting comparability, %	8.3	11.3	5.9	11.6	11.6
Items affecting comparability <sup>1)</sup>	-844		-844		-32
Operating profit/loss after items affecting comparability	-687	186	-603	521	872
Operating margin after items affecting comparability, %	-36.5	11.3	-14.6	11.6	11.2
Capital employed	7,305	6,614	7,305	6,614	7,074
whereof carrying amount properties held for future development	4,664	4,634	4,664	4,634	4,794
Return on capital employed, % <sup>1)</sup>	8.2	18.9	8.2	18.9	15.3
Number of housing units sold	351	255	678	679	972
Sales value of housing units sold	1,316	1,189	3,014	3,354	4,548
Number of production starts	344	237	523	666	879
Number of housing units in ongoing production	2,301	3,223	2,301	3,223	2,726
Sales rate for ongoing production, %	67	67	67	67	64
Number of housing units completed, not recognised in profit	107	26	107	26	35
Number of housing units for sale (ongoing production and completed)	853	1,095	853	1,095	1,015
Number of housing units recognised in profit	393	396	869	1,188	1,888

<sup>1)</sup> The key figures during the current year and in Jan-Dec 2022 were impacted by items affecting comparability. Refer to Notes 2 and 3 for specifications.

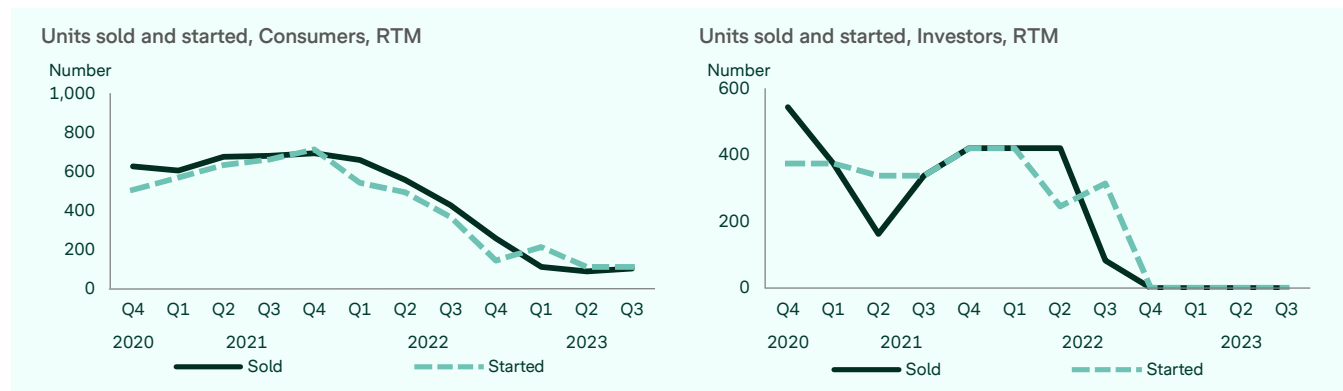
# Sweden

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

During the quarter, no (0) housing units for consumers were started. The number of housing units sold to consumers during the quarter was 33 (18). No housing units were started for or sold to investors, either during the quarter or in the year-earlier period. In the third quarter of the preceding year a rental housing project encompassing 231 housing units and intended for Build-to-Manage (B2M) was started. During the preceding quarter, the project was suspended, and in the third quarter

it was impaired by SEK 123 M. At the end of September 2023, the project was reclassified to land held for future development and thus measured as a building right. Sweden thus has no projects intended for B2M in production, and all projects reported as housing starts for investors pertain to B2B. The sales rate for ongoing production was 60 per cent (81).



## NET SALES AND PROFIT

### July–September 2023

During the quarter, 77 (78) housing units for consumers and no (0) housing units for investors were recognized in profit.

Net sales decreased to SEK 290 M (318) as a result of a lower average price for housing units delivered to consumers compared to the year-earlier period.

The gross margin was charged with SEK 17 M in risk provisions for cost risk and SEK 51 M in losses from divestment of assets. The divestments are part of the strategic review of our building rights portfolio and will strengthen the cash flow. These items have not been classified as items affecting comparability. In the third quarter of the preceding year, the gross profit was charged with impairment of SEK 155 M on previously capitalized project engineering costs and fixed assets.

Expenses of SEK 308 M have been classified as items affecting comparability, of which SEK 25 M was for restructuring, SEK 160 M for impairment of land and SEK 123 M for impairment of a suspended B2M project. Operating loss before items affecting comparability amounted to SEK -86 M (-110) and the operating margin was -29.8 per cent (-34.7).

Operating loss after items affecting comparability amounted to SEK -394 M (-110).

### January–September 2023

Net sales amounted to SEK 1,827 M (1,995). During the period, 327 (391) housing units for consumers and 258 (212) housing units for investors were recognized in profit.

The gross margin was charged with SEK 45 M in risk provisions and SEK 51 M in losses from divestment of assets. The divestments are part of the strategic review of our building rights portfolio and will strengthen the cash flow. These items have not been classified as items affecting comparability. In the previous year, gross profit was charged with impairment of SEK 155 M of previously capitalized project engineering costs and fixed assets.

Expenses of SEK 308 M have been classified as items affecting comparability, of which SEK 25 M was for restructuring, SEK 160 M for impairment of land and SEK 123 M for impairment of a suspended B2M project.

Operating profit before items affecting comparability amounted to SEK 17 M (26) and the operating margin was 0.9 per cent (1.3). Operating loss after items affecting comparability amounted to SEK -291 M (profit: 26).

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	290	318	1,827	1,995	2,745
Gross profit	-51	-87	126	121	85
Gross margin, %	-17.5	-27.4	6.9	6.1	3.1
Selling and administrative expenses	-36	-23	-110	-96	-139
Operating profit/loss before items affecting comparability	-86	-110	17	26	-54
Operating margin before items affecting comparability, %	-29.8	-34.7	0.9	1.3	-2.0
Items affecting comparability <sup>1)</sup>	-308		-308		-20
Operating profit/loss after items affecting comparability	-394	-110	-291	26	-74
Operating margin after items affecting comparability, %	-135.9	-34.7	-15.9	1.3	-2.7
Capital employed	3,275	3,758	3,275	3,758	3,825
whereof carrying amount properties held for future development	2,321	2,326	2,321	2,326	2,420
Return on capital employed, % <sup>1)</sup>	-1.9	2.6	-1.9	2.6	-1.7
Number of housing units sold	33	18	90	245	256
Sales value of housing units sold	113	92	373	1,014	1,047
Number of production starts		231	88	352	374
whereof investment properties		231		231	231
Number of housing units in ongoing production	556	1,594	556	1,594	1,326
whereof investment properties		231		231	231
Sales rate for ongoing production, %	60	81	60	81	76
Number of housing units completed, not recognised in profit	82	28	82	28	40
Number of housing units for sale (ongoing production and completed)	283	505	283	505	285
Number of housing units recognised in profit	77	78	585	603	881

<sup>1)</sup> The key figures during the current year and in Jan-Dec 2022 were impacted by items affecting comparability. Refer further to Notes 2 and 3.

# Finland

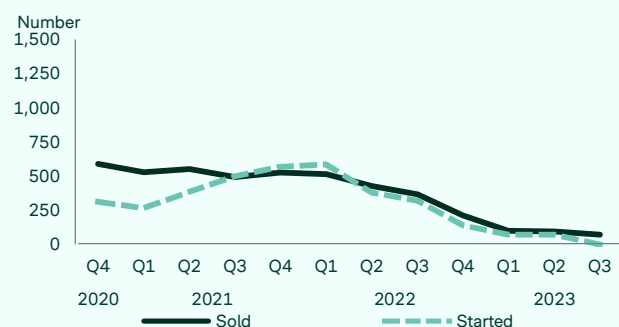
In Finland, Bonava is active in regions of Helsinki, Tampere and Turku. We offer multi-family housing with apartments for consumers and rental housing projects for investors.

## HOUSING UNITS SOLD AND STARTED

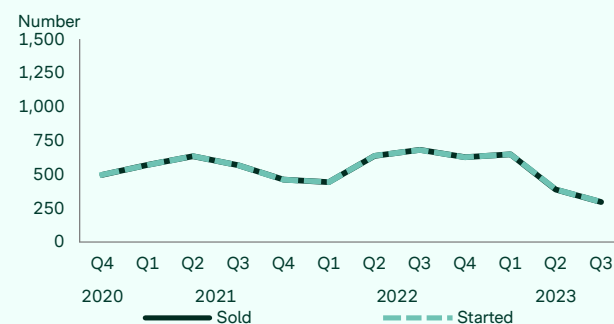
The number of housing units sold to consumers during the quarter decreased to 15 (36). The sales rate for ongoing production was 95 per cent (87).

No housing units (73) for consumers were started during the quarter, and no housing units (93) were started or sold to investors.

Units sold and started, Consumers, RTM



Units sold and started, Investors, RTM



## NET SALES AND PROFIT

### July–September 2023

Net sales increased to SEK 480 M (216). During the quarter, 40 (14) housing units for consumers and 129 (102) housing units for investors were recognized in profit.

Operating loss before items affecting comparability amounted to SEK -3 M (-1) and the operating margin was -0.6 per cent (-0.4). Expenses of SEK 90 M have been classified as items affecting comparability, of which SEK 7 M was for restructuring, and 83 M in impairment of development properties (of which 80 M project development costs and 3 M land). Operating loss after items affecting comparability amounted to SEK -93 M (-1) and the operating margin was -19.4 per cent (-0.4).

### January–September 2023

Net sales increased to SEK 1,885 M (990). During the period, 235 (218) housing units for consumers and 529 (194) housing units for investors were recognized in profit.

Operating profit before items affecting comparability amounted to SEK 62 M (39) and the operating margin was 3.3 per cent (3.9). 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.

Expenses of SEK 90 M have been classified as items affecting comparability, of which SEK 7 M was for restructuring, and 83 M in impairment of development properties. Operating loss after items affecting comparability amounted to SEK -29 M (profit: 39) and the operating margin was -1.5 per cent (pos: 3.9).

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	480	216	1,885	990	1,759
Gross profit	17	28	126	112	183
Gross margin, %	3.5	12.8	6.7	11.3	10.4
Selling and administrative expenses	-20	-29	-65	-73	-95
Operating profit/loss before items affecting comparability	-3	-1	62	39	88
Operating margin before items affecting comparability, %	-0.6	-0.4	3.3	3.9	5.0
Items affecting comparability <sup>1)</sup>	-90		-90		
Operating profit/loss after items affecting comparability	-93	-1	-29	39	88
Operating margin after items affecting comparability, %	-19.4	-0.4	-1.5	3.9	5.0
Capital employed	851	1,071	851	1,071	974
whereof carrying amount properties held for future development	649	639	649	639	561
Return on capital employed, % <sup>1)</sup>	11.2	3.6	11.2	3.6	9.0
Number of housing units sold	15	129	129	599	838
Sales value of housing units sold	27	267	259	1,377	2,009
Number of production starts		166	75	545	765
Number of housing units in ongoing production	707	1,586	707	1,586	1,470
Sales rate for ongoing production, %	95	87	95	87	88
Number of housing units completed, not recognised in profit	122	18	122	18	48
Number of housing units for sale (ongoing production and completed)	157	230	157	230	211
Number of housing units recognised in profit	169	116	764	412	718

<sup>1)</sup> The key figures during the current year were impacted by items affecting comparability. Refer to Notes 2 and 3.



# Baltics

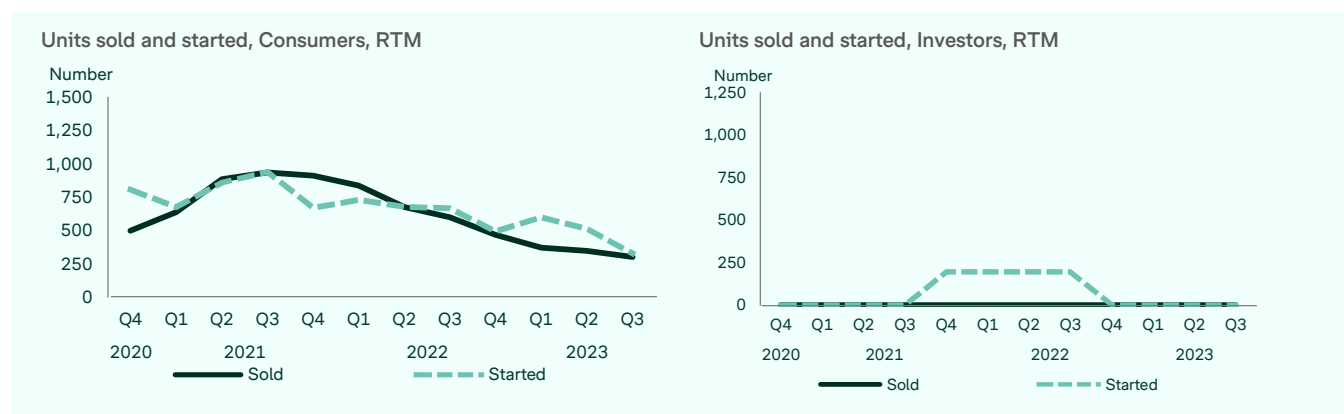
The Baltics segment comprises the capital cities of Tallinn, Estonia; Riga, Latvia; and Vilnius in Lithuania. The offering is primarily targeted at multi-family housing for consumers, but we also have rental housing projects for investors.

## HOUSING UNITS SOLD AND STARTED

The number of housing units sold to consumers was 70 (117). The number of housing starts for consumers totaled 44 (226), with one project started. The sales rate for ongoing production totaled 34 per cent (51), excluding Build-to-Manage (B2M). 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. According to the plan, a rental housing project in the Baltics was to have been completed in the third quarter but was postponed and will be completed in the fourth quarter of 2023. The other rental housing project in the Baltics will also be completed in the fourth quarter of 2023, earlier than previously forecast. 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

### July–September 2023

Net sales totaled SEK 116 M (117), and 80 (87) housing units for consumers were recognized in profit during the quarter. The gross margin was 14.3 per cent (17.9).

Operating profit totaled SEK 6 M (10) with an operating margin of 4.8 per cent (8.7). Operating profit was burdened by one project completed and delivered with a low margin. The low margin in this project is attributable to a shortage of materials, which impacted the costs that were procured in the project.

### January–September 2023

Net sales amounted to SEK 438 M (450). A lower number of housing units delivered was offset by a higher average price per housing unit recognized in profit.

Operating profit for the period was SEK 30 M (48) and the operating margin was 6.8 per cent (10.7). 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 recognized in profit during the period. The low margin in this project comes from a shortage of materials during procurement, which impacted the costs that were procured in the project.

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	116	117	438	450	832
Gross profit	17	21	65	80	152
Gross margin, %	14.3	17.9	14.7	17.8	18.2
Selling and administrative expenses	-11	-11	-35	-32	-44
Operating profit/loss	6	10	30	48	108
Operating margin, %	4.8	8.7	6.8	10.7	13.0
Capital employed	1,509	1,113	1,509	1,113	1,085
whereof carrying amount properties held for future development	639	501	639	501	515
Return on capital employed, % <sup>1)</sup>	7.2	12.2	7.2	12.2	11.3
Number of housing units sold	70	117	240	408	470
Sales value of housing units sold	110	171	341	562	654
Number of production starts	44	226	253	416	495
whereof investment properties					
Number of housing units in ongoing production	871	1,207	871	1,207	976
whereof investment properties	195	195	195	195	195
Sales rate for ongoing production, % <sup>2)</sup>	34	51	34	51	39
Number of housing units completed, not recognised in profit	104	22	104	22	53
Number of housing units for sale (ongoing production and completed)	544	513	544	513	531
Number of housing units recognised in profit	80	87	307	397	676

<sup>1)</sup> The key figures were not affected by items affecting comparability, since no such items have been reported.

<sup>2)</sup> Excluding Build-to-Manage. Including Build-to-Manage, the sales rate totalled 27 per cent.

# Current projects in the quarter

During the quarter, Bonava started the production of 388 housing units (860).  
All production starts are reported at <https://www.bonava.com/en/investor-relations/housing-starts>.

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## Germany

### Simonsveedel

Location: Cologne

Housing category: Multi-family housing

Number of units: 176 apartments for investors

In northern Cologne, Bonava is building the new Simonsveedel neighbourhood, which will consist of a total of 290 apartments distributed among six buildings. The apartments are suited for all age groups, and vary in size to attract both small and large households. The planning of the area is based on reducing the need for the daily use of motor vehicles. In addition to its proximity to supermarkets, preschools, schools, doctors' surgeries and pharmacies, the neighbourhood will also offer aspects of the sharing economy. By sharing access to cargo bicycles, wheelbarrows, and vehicles, each household will not need to own every item, thus lessening their environmental impact.

176 of the housing units were sold to an investor during the quarter and production was started.



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## Estonia, the Baltics

### Aiandi

Location: Tallinn

Housing category: Multi-family housing

Number of units: 44 apartments for consumers

On the border between the pulse of the city and the calm of the countryside lies Uus-Mustamäe, which is a 7,000-square-metre green space where Bonava is building a total of 750 modern apartments. The first of these was completed back in 2020, and there were a further 44 production starts in the third quarter of 2023. The neighbourhood features fruit trees, a picnic area, an outdoor gym and a skatepark for skateboarders and BMX riders. For the very smallest residents there is also a large playground.



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## Germany

### Tresenwaldbogen

Location: Saxony

Housing category: Single-family homes

Number of units: 6 new starts in the area out of a total of 196 housing units for consumers

In the new Tresenwaldbogen neighbourhood, Bonava has started production on the first six of a forthcoming 197 single-family homes. Energy efficiency is the highest priority in these newly constructed housing units, all of which will have air source heat pumps for heating both indoor environments and household water, as well as good insulation. Families that move in will have plenty of space, with two to four bedrooms as well as garden space and terraces. The surrounding area offers walking trails, bicycle paths and a golf course. Leipzig city centre can easily be reached by commuter rail.



# Other information

## OTHER OPERATIONS

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

The operations in Denmark has guarantee commitments for completed projects. The costs that were recognized 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, refinancing risk, access to guarantees and concerns regarding the geopolitical situation in Europe. During the preceding year, we noted increased costs for materials. At present, prices have stabilized. Access to materials was normal, but we are working continually to secure deliveries of materials and services if disruptions arise.

The financial situation is continually assessed by the Board of Directors and the Executive Management Group. Bonava is now experiencing a slowdown in the market as the result of factors including inflation and rising interest rates. The company's business depends on sales of housing units. A downturn in sales has impacted earnings and resulted in a negative cash flow from operating activities for the January–September 2023 period. Bonava's Board and Executive Management Group are working on a number of measures to ensure access to the required liquidity as described under "Covenants in Loan Agreements" in Note 4. During the spring, the company also started to implement a programme under which robust measures are being taken for the purpose of reducing costs and limiting investments in building rights and new 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 realizing Bonava's business plan. Over the last three years, the company's geographic footprint has decreased with the divestment of operations in Denmark, Norway and St. Petersburg, which has reduced indebtedness and increased the focus on the markets that provide the best possibility of generating healthy returns over time. We are in active dialogue with Bonava's creditors and largest shareholders. It is the opinion of the Board and Executive Management Group that upon full implementation of the above-mentioned measures that our financial position will provide sufficient support for continuing to pursue and develop operations that create value.

On 18 October, Bonava signed an agreement for the divestment of its operations in St. Petersburg for EUR 50 M (SEK 564 M less selling costs). Completion of the divestment was conditional on approval from the authorities. Final approval from relevant authorities was received on 2 of November and the sale of the operations in St. Petersburg has now been finalized. As of 30 September, the net assets in St. Petersburg were measured at the transaction price less selling costs. After the divestment, no exposure to operations to be discontinued remains.

In the third quarter, the value of the building rights portfolio has been assessed, through partly external valuations, partly through internal valuations of discounted cash flows. The building rights are current assets and therefore recognized at the lower of cost or market value per individual item. Over 80 percent of the book value has been subject to valuations performed by independent appraisers. In the third quarter impairment of SEK 686 M of development properties was recognized. After the impairments the assessed market value is 9,5 Bn, corresponding to an excess value compared to the book value of 1,2 Bn. Some properties remain where the external appraisal indicates that the market value is lower than the carrying amount. In these cases, the valuation is substantially supported by other external sources. 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 is no need for further impairment as of 30 September 2023. For more information, refer to Note 10.

Given the large number of units that Bonava starts, produces and delivers, managing operational risks is a continuous process. The operations are overwhelmingly project based and comprise many different contract forms, which means that Bonava is involved in disputes and legal proceedings from time to time. During the period, an investigation was begun concerning guarantee errors in one project. 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, either individually or in aggregate, to materially impact Bonava's earnings or financial position.

Bonava has a Risk Committee that is responsible for organising, coordinating, and carrying out risk management. The Risk Committee regularly reports to the Audit Committee and the Executive Management Group. 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](https://www.bonava.com).

## ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period from January to September 2023, excluding St. Petersburg and Norway, was 1,537 (1,806).

## 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 208,830,660 votes. At 30 September 2023, Bonava had 11,154,982 Class A shares and 97,280,840 Class B shares. The number of Class B shares in treasury totalled 1,245,355, corresponding to 1.1 per cent of the capital and 0.6 per cent of the votes. At the end of the quarter, the number of shareholders was 31,114 (31,828). 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 60.9 per cent of the capital and 69.0 per cent of the votes. More information on the Bonava share and owners is available at [bonava.com/en/investor-relations](https://www.bonava.com/en/investor-relations).

## SEASONAL EFFECTS

Bonava recognizes 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

The number of votes in Bonava AB has changed as a result of the conversion of 40,000 Class A shares to 40,000 Class B shares. See further under "The Bonava share and largest shareholders" on this page.

On 31 May 2023, Bonava signed an agreement on the divestment of its operations in St. Petersburg; this agreement was later annulled, and a new divestment agreement was signed with a new buyer on 18 October. Some previous impairment of net assets in St. Petersburg was reversed. Refer also to Note 8.

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.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 18 October 2023, Bonava signed a new 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. 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 acquisition permits from the special committee established to oversee business transfers, and approval from the Russian competition authority was issued on 2 November 2023. The approval from the competition authority meant that the divestment of Bonava's operations in St. Petersburg was completed that same day.

Bonava has reached an agreement with banks and the Swedish Export Credit Corporation regarding the calculation of covenants. The agreement was obtained after the balance sheet date, which is why these loans are classified as current under applicable reporting regulations; refer also to Note 4.

The number of votes in Bonava AB has changed as a result of the conversion of 100 Class A shares to 100 Class B shares. The total number of votes in the company is thus 208,829,760.

## 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, 15 November 2023  
Bonava AB (publ)

Peter Wallin  
President and CEO

# Income statement

	Note	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 - Sep 2023	2022 Jan-Dec
<b>Continuing operations</b>							
Net sales	2	2,765	2,604	8,281	8,322	13,945	13,987
Production cost		-2,560	-2,339	-7,532	-7,216	-12,614	-12,298
<b>Gross profit</b>		<b>205</b>	<b>265</b>	<b>748</b>	<b>1,106</b>	<b>1,331</b>	<b>1,689</b>
Selling and administrative expenses		-176	-189	-552	-599	-783	-831
<b>Operating profit before items affecting comparability</b>	<b>2</b>	<b>30</b>	<b>76</b>	<b>197</b>	<b>507</b>	<b>547</b>	<b>858</b>
Items affecting comparability <sup>1)</sup>	3	-1,243	-0	-1,243	-0	-1,298	-56
<b>Operating profit after items affecting comparability</b>	<b>2</b>	<b>-1,213</b>	<b>76</b>	<b>-1,046</b>	<b>507</b>	<b>-751</b>	<b>802</b>
Financial income		22	4	27	5	30	7
Financial expenses		-167	-46	-413	-122	-491	-200
<b>Net financial items</b>		<b>-145</b>	<b>-42</b>	<b>-386</b>	<b>-118</b>	<b>-461</b>	<b>-193</b>
<b>Profit before tax</b>	<b>2</b>	<b>-1,358</b>	<b>35</b>	<b>-1,432</b>	<b>389</b>	<b>-1,212</b>	<b>609</b>
Tax on profit for the period		-20	-7		-106	-63	-169
<b>Profit for the period<sup>2)</sup></b>		<b>-1,377</b>	<b>28</b>	<b>-1,432</b>	<b>283</b>	<b>-1,274</b>	<b>441</b>
<b>Operations to be discontinued and discontinued operations</b>	<b>8</b>						
Net profit from operations to be discontinued and discontinued operations after tax		557	62	-247	99	-1,089	-743
<b>Net profit for the period from operations to be discontinued and discontinued operations</b>		<b>557</b>	<b>62</b>	<b>-247</b>	<b>99</b>	<b>-1,089</b>	<b>-743</b>
<b>Continuing, operations to be discontinued and discontinued operations</b>							
<b>Net profit for the period from continuing, operations to be discontinued and discontinued operations</b>		<b>-821</b>	<b>90</b>	<b>-1,678</b>	<b>382</b>	<b>-2,363</b>	<b>-303</b>
<b>Per share data before and after dilution</b>							
<b>Profit for the period, SEK</b>		<b>-12.85</b>	<b>0.26</b>	<b>-13.36</b>	<b>2.64</b>	<b>-11.89</b>	<b>4.10</b>
Cash flow from operating activities, SEK		-2.02	-2.70	-7.58	-15.18	-5.34	-24.83
Shareholders' equity, SEK		59.52	83.05	59.52	83.05	59.52	74.49
No. of shares at the end of period, million <sup>3)</sup>		107.2	107.2	107.2	107.2	107.2	107.2

<sup>1)</sup> Items affecting comparability totalling SEK 1,243 M were reported during the January–September 2023 period. All items affecting comparability in 2023 were recognised in the third quarter of 2023. In 2022, items affecting comparability totalling SEK 56 M were recognised in the fourth quarter. Refer also to Notes 2 and 3.

<sup>2)</sup> Profit for the entire period is attributable to Bonava AB's shareholders.

<sup>3)</sup> The total number of shares repurchased as of 30 September was 1,245,355 (1,245,355).

## Consolidated statement of comprehensive income

	Note	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 - Sep 2023	2022 Jan-Dec
<b>Profit for the period</b>	<b>1</b>	<b>-821</b>	<b>90</b>	<b>-1,678</b>	<b>382</b>	<b>-2,363</b>	<b>-303</b>
<i>Items that have or may be reclassified to profit for the period</i>							
Translation differences during the period in translation of foreign operations		-70	43	78	134	131	186
Translation differences during the period in translation of operations to be discontinued	8	0	-8	-5	442	-290	157
<b>Other comprehensive income for the period</b>		<b>-70</b>	<b>36</b>	<b>73</b>	<b>577</b>	<b>-160</b>	<b>344</b>
<b>Comprehensive income/loss for the period<sup>1)</sup></b>	<b>1</b>	<b>-891</b>	<b>126</b>	<b>-1,605</b>	<b>959</b>	<b>-2,523</b>	<b>41</b>

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



# Condensed consolidated balance sheet

	Note 1, 4, 5	2023 30 Sep	2022 30 Sep	2022 31 Dec
<b>ASSETS</b>				
<b>Fixed assets</b>				
Investment properties	9	214	210	262
Other fixed assets		1,171	658	708
<b>Total fixed assets</b>		<b>1,385</b>	<b>868</b>	<b>971</b>
<b>Current assets</b>				
Properties held for future development		8,265	9,513	9,836
Ongoing housing projects		9,639	13,834	12,091
Completed housing units		1,305	503	799
Current receivables		1,144	967	848
Cash and cash equivalents	4	163	185	119
Assets held for sale	8	947	2,443	915
<b>Total current assets</b>		<b>21,464</b>	<b>27,445</b>	<b>24,607</b>
<b>TOTAL ASSETS</b>		<b>22,849</b>	<b>28,313</b>	<b>25,579</b>
<b>SHAREHOLDERS' EQUITY</b>				
Shareholders' equity attributable to Parent Company shareholders		6,374	8,897	7,979
Non-controlling interest		5	5	5
<b>Total shareholders' equity</b>		<b>6,380</b>	<b>8,902</b>	<b>7,984</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	4	236	3,938	3,593
Other non-current liabilities		11	318	369
Non-current provisions		1,262	903	1,022
<b>Total non-current liabilities</b>		<b>1,509</b>	<b>5,159</b>	<b>4,983</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	4	7,040	3,065	3,532
Other current liabilities		7,539	9,934	8,165
Liabilities attributable to assets held for sale	8	383	1,253	915
<b>Total current liabilities</b>		<b>14,963</b>	<b>14,252</b>	<b>12,612</b>
<b>Total liabilities</b>		<b>16,471</b>	<b>19,411</b>	<b>17,595</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>22,849</b>	<b>28,313</b>	<b>25,579</b>

## 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	-1,605		-1,605
Performance-based incentive programme	0		0
Closing shareholders' equity, 30 September 2023	6,374	5	6,380

# Condensed consolidated cash flow statement

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 Sep 2023	2022 Jan-Dec
<b>OPERATING ACTIVITIES</b>						
Profit before tax <sup>1)</sup>	-776	133	-1,639	542	-2,273	-92
Adjustments for items not included in cash flow	1,069	1	1,604	-234	2,606	768
Tax paid	-47	-14	-180	-125	-204	-149
<b>Cash flow from operating activities before change in working capital</b>	<b>246</b>	<b>120</b>	<b>-215</b>	<b>184</b>	<b>129</b>	<b>527</b>
<b>Cash flow from change in working capital</b>						
Sales of housing projects	2,450	2,590	7,833	7,963	13,183	13,312
Investments in housing projects	-1,610	-3,950	-6,855	-12,042	-10,850	-16,037
Other changes in working capital	-868	85	-1,576	413	-3,034	-1,045
<b>Cash flow from changes in working capital</b>	<b>-29</b>	<b>-1,275</b>	<b>-598</b>	<b>-3,666</b>	<b>-702</b>	<b>-3,769</b>
<b>Cash flow from operating activities</b>	<b>217</b>	<b>-1,155</b>	<b>-813</b>	<b>-3,482</b>	<b>-572</b>	<b>-3,242</b>
<b>INVESTMENT ACTIVITIES</b>						
Sale of group companies			737		737	
<b>Other cash flow from investment activities</b>	<b>-20</b>	<b>-64</b>	<b>-148</b>	<b>-72</b>	<b>-180</b>	<b>-104</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>197</b>	<b>-1,219</b>	<b>-223</b>	<b>-3,553</b>	<b>-15</b>	<b>-3,345</b>
<b>FINANCING ACTIVITIES</b>						
Dividend				-188	-187	-375
Increase in interest-bearing liabilities	1,433	3,724	4,825	5,702	3,884	4,762
Decrease in interest-bearing liabilities	-1,969	-2,516	-4,392	-2,778	-3,605	-1,991
Change in interest-bearing receivables	-1	12		89	2	91
<b>Cash flow from financing activities</b>	<b>-537</b>	<b>1,219</b>	<b>433</b>	<b>2,824</b>	<b>94</b>	<b>2,486</b>
<b>CASH FLOW DURING THE PERIOD</b>	<b>-340</b>		<b>209</b>	<b>-730</b>	<b>79</b>	<b>-859</b>
Cash and cash equivalents at start of period	850	489	303	1,066	492	1,066
Exchange rate differences in cash and cash equivalents	-48	3	-51	156	-110	97
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD<sup>2)</sup></b>	<b>462</b>	<b>492</b>	<b>462</b>	<b>492</b>	<b>462</b>	<b>303</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	Oct 2022 Sep 2023	2022 Jan-Dec
Net cash flow from operating activities	-15	158	393	-609	421	-581
Net cash flow from investment activities	-1	-1	746	25	749	28
Net cash flow from financing activities	38	-67	-187	648	-317	518
<b>Net increase in cash and cash equivalents, operations to be discontinued and discontinued operations<sup>1)</sup></b>	<b>23</b>	<b>90</b>	<b>952</b>	<b>64</b>	<b>853</b>	<b>-35</b>

<sup>1)</sup> 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](https://bonava.com).

### Operations to be discontinued 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

Jul-Sep 2023	Germany	Sweden	Finland	Baltics	Other operations <sup>1)</sup>	Total
Net sales, consumers	1,680	274	206	115		2,275
Net sales, investors	183	1	274			457
Net sales, land	19	13				33
Other revenue						-0
Operating profit/loss before items affecting comparability	157	-86	-3	6	-44	30
Items affecting comparability	-844	-308	-90			-1,243
Operating profit/loss after items affecting comparability	-687	-394	-93	6	-44	-1,213
Net financial items						-145
Profit before tax						-1,358
Capital employed	7,305	3,605	851	1,509	580	13,850
Jul-Sep 2022	Germany	Sweden	Finland	Baltics	Other operations <sup>1)</sup>	Total
Net sales, consumers	917	320	30	117		1,384
Net sales, investors	731	-3	185		299	1,212
Net sales, land						
Other revenue		1			6	9
Operating profit/loss <sup>2)</sup>	186	-110	-1	10	-9	76
Net financial items						-42
Profit before tax						35
Capital employed	6,614	3,758	1,071	1,113	4,004	16,560
Jan-Sep 2023	Germany	Sweden	Finland	Baltics	Other operations <sup>1)</sup>	Total
Net sales, consumers	3,358	1,338	720	437		5,854
Net sales, investors	744	444	1,163			2,351
Net sales, land	26	40	1			68
Other revenue		5	1	1	1	8
Operating profit/loss before items affecting comparability	242	17	62	30	-153	197
Items affecting comparability	-844	-308	-90			-1,243
Operating profit/loss after items affecting comparability	-603	-291	-29	30	-153	-1,046
Net financial items						-386
Profit before tax						-1,432
Capital employed	7,305	3,605	851	1,509	580	13,850

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

<sup>2)</sup> No items affecting comparability have been recognised for the period.

Jan-Sep 2022	Germany	Sweden	Finland	Baltics	Other operations <sup>1)</sup>	Total
Net sales, consumers	2,924	1,556	634	449	101	5,665
Net sales, investors	1,555	402	336		299	2,592
Net sales, land		36	19			54
Other revenue		2	1		8	11
Operating profit/loss <sup>2)</sup>	521	26	39	48	-127	507
Net financial items						-118
Profit before tax						389
Capital employed	6,614	3,758	1,071	1,113	4,004	16,560

Jan-Dec 2022	Germany	Sweden	Finland	Baltics	Other operations <sup>1)</sup>	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

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

<sup>2)</sup> No items affecting comparability have been recognised for the period.

### NOTE 3 Specification of items affecting comparability

Items affecting comparability under 2023 pertain to development properties, capitalized development expenses, a B2M project and restructuring, and total SEK -1,243 M. For further information on the items affecting comparability and the 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. In the third quarter, costs of SEK 434 M pertaining to restructuring related to this were recognized. Of this amount, SEK 402 M was attributable to Germany, SEK 25 M to Sweden, and SEK 7 M to Finland.

Bonava has reviewed its building rights portfolio, which resulted in an impairment of development properties of 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. Furthermore, capitalized project development costs have been impaired by 80 M in Finland. After the impairments the assessed market value is 9,5 Bn, corresponding to an excess value compared to the book value of 1,2 Bn, refer to note 10.

The review also resulted in an impairment of SEK 123 M of a B2M project in Sweden; refer further to Note 9.

Items affecting comparability for full-year 2022 totaled SEK -56 M and pertained to costs resulting from organizational 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 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Write down of land	-606		
Write down of B2M-Project	-123		
Write down of capitalized development costs	-80		
Organizational changes	-434		-56
Sum of items affecting comparability	-1,243		-56



**NOTE 4** Specification of net debt

	2023 30 Sep	2022 30 Sep	2022 31 Dec
Non-current interest-bearing receivables <sup>1)</sup>	591	2	2
Current interest-bearing receivables <sup>1)</sup>	113	17	18
Cash and cash equivalents	462	492	303
<b>Interest-bearing receivables</b>	<b>1,165</b>	<b>512</b>	<b>324</b>
Non-current interest-bearing liabilities	430	4,590	4,050
Current interest-bearing liabilities	7,040	3,068	3,533
<b>Interest bearing liabilities<sup>2)</sup></b>	<b>7,470</b>	<b>7,658</b>	<b>7,583</b>
<b>Net debt</b>	<b>6,305</b>	<b>7,146</b>	<b>7,259</b>
<b>Where of St Petersburg<sup>3)</sup></b>	<b>-104</b>	<b>347</b>	<b>275</b>

<sup>1)</sup> 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.

<sup>2)</sup> Of which green loans SEK 3,097 M (3,255). The green asset base used consisted of assets in Sweden that are or will be Nordic Swan Ecolabelled as well as specific projects for investors in Finland.

<sup>3)</sup> 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 30 Sep	2022 30 Sep	2022 31 Dec
Cash and cash equivalents	88	36	17
Gross debt	1,378	1,953	1,767
<b>Net debt in tenant-owner associations and housing companies</b>	<b>1,291</b>	<b>1,917</b>	<b>1,751</b>

**The Group's financing framework**

The table below specifies the Group's financing facilities. In addition to these, there are unutilized contractual credit frames for projects in Swedish tenant-owner associations and Finnish housing companies totaling SEK 77 M.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<365 days	658	70	588
Bond	<365 days	1,200	1,200	
Loan	<365 days	2,348	2,348	
RCF/commercial paper	<365 days	3,000	2,356	644
<b>Total</b>		<b>7,206</b>	<b>5,974</b>	<b>1,232</b>

**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. As of 30 September and according to the calculation method in the loan agreements, the equity/assets ratio was 28,1 percent. According to an agreement reached with the creditors restructuring costs that were recognized in the third quarter were for the time being added back in the calculation of the interest coverage ratio. This considered the interest coverage ratio totaled 2.5x on 30 September. Since the agreement was reached after the balance sheet date, the loans that are covered by the covenants are classified as current in accordance with applicable reporting regulations.

**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 (1,203).

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 30 Sep	2022 30 Sep	2022 31 Dec
Derivatives	137	36	17
<b>Total assets</b>	<b>137</b>	<b>36</b>	<b>17</b>
Derivatives	25	96	112
<b>Total liabilities</b>	<b>25</b>	<b>96</b>	<b>112</b>

The fair value of non-current and current interest-bearing liabilities differs only marginally from the carrying amount and is therefore not recognized separately in this interim report. For financial instruments recognized at amortized 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. Vendor notes – recognized at amortized cost – that have been issued to the buyer of the Norwegian operations was measured at SEK 684 M as of 30 September 2023, and the nominal value before discounting totalled SEK 767 M.

**NOTE 6** Investment commitments

Bonava has investment commitments for the purchase of building rights, which are contractual and conditional and have not yet been recognized as part of the financial statements. As of 30 September, the total value of these amounted to SEK 2.1 Bn. The investments are expected to be settled in the amount of SEK 0.3 Bn in 2023, SEK 1.1 Bn in 2024, SEK 0.3 Bn in 2025 and SEK 0.4 Bn in 2026 and beyond, provided that the conditions in the agreements 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 30 Sep	2022 30 Sep	2022 31 Dec
<b>Pledged assets</b>			
<i>For own liabilities</i>			
Property mortgages	510	1,316	990
Other pledged assets	11	10	11
<b>Total pledged assets</b>	<b>521</b>	<b>1,326</b>	<b>1,001</b>
<b>Surety and guarantee obligations</b>			
<i>Own contingent liabilities</i>			
Counter guarantee to external guarantors <sup>1)</sup>	600	1,488	1,576
Contingent liabilities <sup>2)</sup>	339	266	236
Other guarantees and contingent liabilities	1,267	947	585
<b>Total surety and guarantee obligations</b>	<b>1,867</b>	<b>2,435</b>	<b>2,161</b>

<sup>1)</sup> Counter guarantees pertaining to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB totalled SEK 600 M (1,576 at 31 December 2022). 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. Other guarantee obligations comprise Bonava AB's guarantee commitments for project financing in St. Petersburg of SEK 217 M (SEK 487 M at 31 December 2022), guarantee commitments for the payment of land investments in St. Petersburg of SEK 74 M (SEK 98 M at 31 December 2022) and SEK 976 M pertaining to guarantee commitments for the Norwegian operations to be taken over by the buyer, corresponding to NOK 955 M (957 on the handover date). Bonava's projects in St. Petersburg are financed through a foreign bank with licences to operate in the region. Of property mortgages, collateral for project financing on behalf of Finnish housing companies was SEK 382 M (871 at 31 December 2022), and SEK 128 M (119 at 31 December 2022) relates to assets associated with land acquisitions in St. Petersburg. <sup>2)</sup> Expenses related to property held for future development that are deemed to arise even if housing projects are not started

Given the large number of units that Bonava starts, produces and delivers, managing operational risks is a continuous process. The operations are overwhelmingly project based and comprise many different contract forms, which means that Bonava is involved in disputes and legal proceedings from time to time. During the period, an investigation was begun concerning guarantee errors in one project. 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, either individually or in aggregate, to materially impact Bonava's earnings or financial position.

**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 recognized 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 totaled 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. The Russian competition authority approved the transaction on 2 November 2023, which means that the divestment of Bonava's operations in St. Petersburg has been finalized.

The net assets in St. Petersburg were measured at SEK 564 M on 30 September, which corresponds to the transaction price of EUR 50 M (SEK 578 M) less selling costs, which was received on 18 October. During the third quarter, an increase in the fair value corresponding to SEK 564 M was recognised through reversal of the previous impairment.

The divestment of the operations is an event after the balance sheet date that confirms the fair value as of the balance sheet date.

In 2023, the operations generated a positive profit before tax of SEK 164 M (109). Total earnings from operations to be discontinued amounted to SEK 549 M (87).

Bonava AB has guarantee commitments of SEK 74 M (321; 98 at 31 December 2022) for payment of land investments in St. Petersburg that will be taken over by the buyer.

Guarantee commitments for project financing in St. Petersburg of SEK 217 M (645; 487 at 31 December 2022) were finalized in the fourth quarter of 2023.

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

**Balance sheet, pledged assets, and contingent liabilities, St. Petersburg**

	2023 30 Sep	2022 30 Sep	2022 31 Dec
Fixed assets		48	
Properties held for future development	615	1,980	729
Other current assets	34	107	
Cash and cash equivalents	298	308	185
<b>Total assets</b>	<b>947</b>	<b>2,443</b>	<b>915</b>
Provisions	38	23	23
Non-current liabilities	267	857	577
Advances from customers	10	150	117
Other current liabilities	68	224	197
<b>Total liabilities</b>	<b>383</b>	<b>1,253</b>	<b>915</b>
<b>Net assets</b>	<b>564</b>	<b>1,190</b>	
Pledged assets and contingent liabilities			
<b>Pledged assets<sup>1)</sup></b>	<b>129</b>	<b>128</b>	<b>119</b>

<sup>1)</sup> Pertains to property mortgages on properties owned by Bonava St. Petersburg.

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

	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	680	381	526
Production cost	-481	-249	-365
<b>Gross profit</b>	<b>199</b>	<b>132</b>	<b>161</b>
Selling and administrative expenses	-24	-29	-70
<b>Operating profit</b>	<b>175</b>	<b>103</b>	<b>91</b>
Financial income	0	19	22
Financial expenses	-12	-13	-23
<b>Net financial items</b>	<b>-11</b>	<b>6</b>	<b>-1</b>
Profit before tax	164	109	90
Tax on profit for the period	-33	-21	-21
Profit from operations to be discontinued after tax	131	87	69
Costs to sell	-14		
Write-down of net assets	433		-877
<b>Profit for the period from operations to be discontinued</b>	<b>549</b>	<b>87</b>	<b>-808</b>
Translation differences for operations to be discontinued		436	142
<b>Other comprehensive income from operations to be discontinued</b>		<b>436</b>	<b>142</b>
Net cash flow from operating activities	340	-440	-472
Net cash flow from investment activities		8	9
Net cash flow from financing activities	-154	383	363
<b>Net increase in cash and cash equivalents from the subsidiary</b>	<b>186</b>	<b>-49</b>	<b>-100</b>

## 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 – has been paid via vendor notes. The remaining amount will be paid over time as the buyer sells apartments and hand 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 recognized 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 recognized 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 recognized in the balance sheet as a non-current financial asset measured at amortized 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 recognized as financial income up until the vendor notes fall due.

As of 30 June 2023, Bonava AB had guarantee commitments for the Norwegian operations in the form of counter guarantees in relation to external guarantors as well as direct guarantee commitments at an aggregate total of SEK 967 M (NOK 957 M), and these will be assumed by the buyer within 120 working days from the finalization of the transaction in accordance with the agreement. At 30 September 2023, the remaining guarantee commitments totaled SEK 976 M (NOK 955 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–Sep	2022 Jan–Dec
Net sales	627	1,222	1,719
Production cost	-538	-1,122	-1,551
Gross profit	89	100	168
Selling and administrative expenses	-24	-51	-76
Operating profit	65	49	92
Financial income	1	-0	1
Financial expenses	-1	-4	-6
Net financial items	0	-4	-5
Profit before tax	65	45	87
Tax on profit for the period	-6	-33	-21
Profit from discontinued operations net of tax	59	12	66
Costs to sell	-30		
Loss on sale, net of tax	-824		
Profit for the period from discontinued operations	-795	12	66
Translation differences for discontinued operations	-5	6	16
Other comprehensive income from discontinued operations	-5	6	16
Net cash flow from operating activities	53	-169	-109
Net cash flow from investment activities	746	17	19
Net cash flow from financing activities	-33	265	155
Net increase in cash and cash equivalents from the subsidiary	766	113	65

## Disclosures on divestment of subsidiary, Norway

	2023 30 Jun
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
Loss on sale, net of 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
<b>Total assets</b>	<b>2,700</b>
Provisions	53
Non-current liabilities	1,242
Advances from customers	30
Other current liabilities	257
<b>Total liabilities</b>	<b>1,582</b>
<b>Net assets</b>	<b>1,119</b>
Pledged assets and contingent liabilities	
Pledged assets <sup>1)</sup>	202

<sup>1)</sup> 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-Sep	2022 Jan-Sep	2022 Jan-Dec
Profit for the period from operations to be discontinued and discontinued operations, total	-247	99	-743
Translation differences for operations to be discontinued and discontinued operations, total	-5	442	157
Net increase in cash and cash equivalents from operations to be discontinued and discontinued operations, total	952	64	-35
Asset held for sale, total	947	2,443	915
Liabilities attributable to assets held for sale, total	383	1,253	915

## NOTE 9 Investment properties

Investment properties are measured at fair value in accordance with IAS 40. Investment properties are initially recognized 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 impaired 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 30 September 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 30 Sep	2022 30 Sep	2022 31 Dec
Fair values at start of period	262		
Investments	107	48	102
Write-down	-123		
Reclassification	-36	162	156
Translation differences for the year	4		5
<b>Fair value at end of period</b>	<b>214</b>	<b>210</b>	<b>262</b>

## NOTE 10 Properties held for future development

In the third quarter, the value of the building rights portfolio has been assessed, through partly external valuations as well as valuation of discounted cash flows. As the building rights are classified as current assets, they are recognized at the lower of cost or market value per individual item. 83 percent of the book value has been validated by third parties. The value has been estimated by analyzing future discounted cash flows and then to validate the assessed value, independent appraisers have made independent assessments. A discount rate of 12,5 percent has been applied for group level valuations. Investments ongoing have been valued internally via a cash flow-approach. The assessment has led to impairments of properties held for development of 686 M, which corresponds to 7 percent of the market value.

The assessed value after the impairments described above amounts to 9,5 B which corresponds to an excess value of 1,2 B. Some properties remain where the external appraisal indicates that the market value is lower than the carrying amount. In these cases, the valuation is substantially supported by other external sources. 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 is no need for further impairment as of 30 September 2023. For more information, refer to Note 10.

	Properties held for future development incl.Cap dev cost	Book value in scope of valuation, %	Assessed value <sup>1)</sup>
BSEK			
Germany	4.7	83	5.0
Sweden	2.3	94	2.8
Finland	0.6	83	0.8
Baltics	0.6	36	0.8
Sum	8.3	83	9.5

<sup>1)</sup> Valuation made based on Bonavas assessment with external valuations as starting point.

# The Parent Company in brief

## JANUARY–SEPTEMBER 2023

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the period totaled SEK 167 M (204). Loss after financial items was SEK -1, 542 M (profit: 404). The Group company Bonava Norge AS was divested at a loss of SEK 812 M in the second quarter of 2023. Capital gains include 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 in the corresponding amount. Bonava AB's interest-bearing liabilities are classified as current as of 30 September 2023, refer further to foot note 4 and the section "Covenants in loan agreements".

	Note 1	2023 Jan–Sep	2022 Jan–Sep	2022 Jan–Dec
<b>INCOME STATEMENT</b>				
Net sales		167	204	269
Selling and administrative expenses		-288	-332	-456
<b>Operating loss</b>		<b>-121</b>	<b>-128</b>	<b>-187</b>
Profit from participations in Group companies		-1,533	417	353
Financial income		482	199	320
Financial expenses		-370	-84	-140
<b>Profit after financial items</b>		<b>-1,542</b>	<b>404</b>	<b>345</b>
Appropriations				-45
<b>Profit before tax</b>		<b>-1,542</b>	<b>404</b>	<b>300</b>
Tax on profit for the period			3	21
<b>Profit for the period</b>		<b>-1,542</b>	<b>407</b>	<b>321</b>

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

	Note 1, 2	2023 30 Sep	2022 30 Sep	2022 31 Dec
<b>BALANCE SHEET</b>				
<b>Assets</b>				
Fixed assets		2,090	2,668	2,632
Current assets		11,251	10,878	10,960
<b>Total assets</b>		<b>13,341</b>	<b>13,546</b>	<b>13,592</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		5,867	7,494	7,409
Provisions		10	10	11
Non-current liabilities		0	3,135	3,174
Current liabilities		7,463	2,908	2,999
<b>Total shareholders' equity and liabilities</b>		<b>13,341</b>	<b>13,546</b>	<b>13,592</b>

# 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](https://bonava.com).

## NOTE 2 Pledged assets and contingent liabilities

	2023 30 Sep	2022 30 Sep	2022 31 Dec
Counter guarantee to external guarantors <sup>1)</sup>	7,790	10,364	9,898
Guarantees for project-specific financing <sup>2)</sup>	996	2,062	1,775
Guarantees for Group companies <sup>3)</sup>	2,829	4,165	3,785
Other guarantees <sup>4)</sup>	976	1,381	1,498
Other pledged assets	11	10	11
<b>Total</b>	<b>12,601</b>	<b>17,982</b>	<b>16,966</b>

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

	2023 30 Sep	2022 30 Sep	2022 31 Dec
Counter guarantee to external guarantors <sup>5)</sup>	600	947	1,576
Guarantees for project-specific financing	779	2,062	1,287
<b>Total</b>	<b>1,379</b>	<b>3,009</b>	<b>2,863</b>

<sup>1)</sup> No counter guarantees in relation to external guarantors linked to the operations in St. Petersburg as of the fourth quarter of 2022.

<sup>2)</sup> Of which guarantee commitments of SEK 217 M (487 at 31 December 2022) for project financing in St. Petersburg are included. Bonava's projects in St. Petersburg are financed through a foreign bank with licences to operate in the region.

<sup>3)</sup> Of the guarantees for Group companies, SEK 74 M (98 at 31 December 2022) comprises guarantees for the payment of land investments in the Russian operations.

<sup>4)</sup> Guarantee commitments of NOK 955 M (957 on the handover date) pertaining to the Norwegian operations are to be assumed by the buyer in accordance with the agreement.

<sup>5)</sup> 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 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Building rights	28,600	29,100	28,600	29,100	29,400
Of which, off-balance sheet building rights	9,600	12,250	9,600	12,250	11,350
<b>Housing development for consumers</b>					
Housing units sold	293	352	886	1,451	1,682
Sales value of housing units sold, SEK M	1,154	1,289	3,419	5,185	6,096
Production starts	212	462	688	1,268	1,428
Housing units in ongoing production	2,794	4,892	2,794	4,892	3,871
Sales rate for ongoing production, %	48	59	48	59	51
Reservation rate for ongoing production, %	3	2	3	2	1
Completion rate for ongoing production, %	67	54	67	54	56
Completed housing units not recognised in profit	415	94	415	94	176
Housing units for sale (ongoing and completed)	1,837	2,112	1,837	2,112	2,042
Housing units recognised in profit	535	354	1,519	1,645	2,744
Value of sold housing units, not yet recognised in profit, SEK M	6,559	11,220	6,559	11,220	8,220
<b>Housing development for investors</b>					
Housing units sold	176	167	251	480	854
Sales value of housing units sold, SEK M	411	431	568	1,121	2,162
Production starts	176	398	251	711	1,085
whereof investment properties		231		231	231
Housing units in ongoing production	1,641	2,823	1,641	2,823	2,627
whereof investment properties	195	426	195	426	426
Sales rate for ongoing production, % <sup>1)</sup>	100	85	100	85	100
Completion rate for ongoing production, %	61	46	61	46	47
Housing units recognised in profit	184	403	1,006	1,056	1,625
Value of sold housing units, not yet recognised in profit, SEK M	4,364	5,865	4,364	5,865	5,746

<sup>1)</sup> Excluding Build-to-Manage. Including Build-to-Manage, the sales rate totalled 88 per cent.

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
<b>Number of housing units in production for consumers</b>					
Housing units in ongoing production at start of period	3,207	4,763	3,871	5,271	5,271
Production starts	212	462	688	1,268	1,428
Housing units recognised in profit	-535	-354	-1,519	-1,645	-2,744
Decrease (+)/increase (-) in completed housing units not recognised in profit	-90	21	-246	-2	-84
<b>Housing units in ongoing production for consumers at end of period</b>	<b>2,794</b>	<b>4,892</b>	<b>2,794</b>	<b>4,892</b>	<b>3,871</b>
<b>Number of housing units in production for investors</b>					
Housing units in ongoing production at start of period	1,880	2,828	2,627	3,168	3,168
Change in opening value <sup>1)</sup>	-231		-231		
Production starts	176	398	251	711	1,085
Housing units recognised in profit	-184	-403	-1,006	-1,056	-1,625
<b>Housing units in ongoing production for investors at end of period</b>	<b>1,641</b>	<b>2,823</b>	<b>1,641</b>	<b>2,823</b>	<b>2,627</b>

<sup>1)</sup> In the third quarter of 2022 a rental housing project in Bonava Sweden encompassing 231 housing units and intended for Build-to-Manage (B2M) was started. The project was suspended in the preceding quarter and was impaired SEK 123 M during the third quarter, and at the end of September 2023 the project was reclassified to land held for future development and thus measured as a building right.

# Sector-related key figures for the segments

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
<b>Germany</b>					
<i>no. unless otherwise stated</i>					
<b>Building rights</b>					
Building rights	9,300	10,100	9,300	10,100	9,800
of which, off-balance sheet building rights	1,800	3,600	1,800	3,600	3,100
<b>Housing development for consumers</b>					
Net sales, SEK M	1,680	917	3,358	2,924	5,626
Housing units sold	175	181	502	605	744
Sales value of housing units sold, SEK M	904	935	2,579	3,083	3,825
Production starts	168	163	347	592	651
Housing units in ongoing production	1,651	2,491	1,651	2,491	2,033
Sales rate for ongoing production, %	54	57	54	57	51
Completed housing units not recognised in profit	107	26	107	26	35
Housing units for sale (ongoing and completed)	853	1,095	853	1,095	1,015
Housing units recognised in profit	338	175	650	618	1,126
<b>Housing development for investors</b>					
Net sales, SEK M	183	731	744	1,555	2,159
Housing units sold	176	74	176	74	228
Sales value of housing units sold, SEK M	412	255	434	270	723
Production starts	176	74	176	74	228
Housing units in ongoing production	650	732	650	732	693
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	55	221	219	570	762
Average no. of employees during the financial year			854	935	932
<b>Sweden</b>					
<i>no. unless otherwise stated</i>					
<b>Building rights</b>					
Building rights	8,800	8,100	8,800	8,100	8,700
of which, off-balance sheet building rights	2,800	3,300	2,800	3,300	2,900
<b>Housing development for consumers</b>					
Net sales, SEK M	274	320	1,338	1,556	1,997
Housing units sold	33	18	90	245	256
Sales value of housing units sold, SEK M	113	85	367	1,003	1,035
Production starts			88	121	143
Housing units in ongoing production	394	781	394	781	675
Sales rate for ongoing production, %	43	67	43	67	61
Completed housing units not recognised in profit	82	28	82	28	40
Housing units for sale (ongoing and completed)	283	274	283	274	285
Housing units recognised in profit	77	78	327	391	507
<b>Housing development for investors</b>					
Net sales, SEK M	1	-0	444	402	704
Housing units sold					
Sales value of housing units sold, SEK M	1	8	6	11	12
Production starts		231		231	231
whereof investment properties		231		231	231
Housing units in ongoing production	162	813	162	813	651
whereof investment properties		231		231	231
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit			258	212	374
Average no. of employees during the financial year			164	235	232



<b>Finland</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
<i>no. unless otherwise stated</i>					
<b>Building rights</b>					
Building rights	3,600	3,300	3,600	3,300	3,400
of which, off-balance sheet building rights	2,300	2,100	2,300	2,100	2,100
<b>Housing development for consumers</b>					
Net sales, SEK M	206	30	720	634	1,175
Housing units sold	15	36	54	193	212
Sales value of housing units sold, SEK M	28	98	132	537	582
Production starts		73		139	139
Housing units in ongoing production	73	608	73	608	382
Sales rate for ongoing production, %	51	65	51	65	55
Completed housing units not recognised in profit	122	18	122	18	48
Housing units for sale (ongoing and completed)	157	230	157	230	211
Housing units recognised in profit	40	14	235	218	414
<b>Housing development for investors</b>					
Net sales, SEK M	274	185	1,163	336	565
Housing units sold		93	75	406	626
Sales value of housing units sold, SEK M	-0	169	127	840	1,427
Production starts		93	75	406	626
Housing units in ongoing production	634	978	634	978	1,088
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	129	102	529	194	304
Average no. of employees during the financial year			179	237	232

<b>Baltics (Estonia, Latvia and Lithuania)</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
<i>no. unless otherwise stated</i>					
<b>Building rights</b>					
Building rights	6,900	7,600	6,900	7,600	7,500
of which, off-balance sheet building rights	2,700	3,250	2,700	3,250	3,250
<b>Housing development for consumers</b>					
Net sales, SEK M	115	117	437	449	831
Housing units sold	70	117	240	408	470
Sales value of housing units sold, SEK M	110	171	341	562	654
Production starts	44	226	253	416	495
Housing units in ongoing production	676	1,012	676	1,012	781
Sales rate for ongoing production, %	34	51	34	51	39
Completed housing units not recognised in profit	104	22	104	22	53
Housing units for sale (ongoing and completed)	544	513	544	513	531
Housing units recognised in profit	80	87	307	397	676
<b>Housing development for investors</b>					
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	195	195	195	195	195
whereof investment properties	195	195	195	195	195
Sales rate for ongoing production, %					
Housing units recognised in profit					
Average no. of employees during the financial year			265	289	289

# Key performance indicators at end of period

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

	2023	2022	2022
	30 Sep	30 Sep	31 Dec
Return on capital employed, R12, % <sup>1)</sup>	4.4	9.2	6.9
Interest coverage ratio, R12, multiple <sup>2)</sup>	-1.0	7.8	4.4
Equity/assets ratio, % <sup>3)</sup>	27.9	31.4	31.2
Return on equity, R12, %	-29.4	11.3	-3.6
Interest-bearing liabilities/total assets, %	32.7	27.0	29.6
Net debt	6,305	7,146	7,259
Debt/equity ratio, multiple	1.0	0.8	0.9
Capital employed	13,850	16,560	15,568
Capital turnover rate, multiple	1.0	1.2	1.1
Share of risk-bearing capital, %	28.0	31.8	31.4
Average interest rate at period-end, % <sup>4)</sup>	6.81	3.06	4.03
Average fixed-rate term, years <sup>4)</sup>	0.2	0.2	0.2
Average interest rate at period-end, % <sup>5)</sup>	5.49	2.76	3.70
Average fixed-rate term, years <sup>5)</sup>	0.3	0.3	0.3

<sup>1)</sup> Before items affecting comparability.

<sup>2)</sup> For disclosures on interest coverage ratio under the terms of the loan, refer to the section on "Covenants in loan agreements" in note 4

<sup>3)</sup> For disclosures on equity/assets ratio under the terms of the loan, refer to the section on "Covenants in loan agreements" in note 4.

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

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

## EXCHANGE RATES

Text	Average rate			Rate on balance sheet date		
	30 Sep 2023	30 Sep 2022	31 Dec 2022	30 Sep 2023	30 Sep 2022	31 Dec 2022
DKK	1.54	1.41	1.43	1.54	1.47	1.50
EUR	11.48	10.52	10.63	11.49	10.91	11.13
NOK	1.00	1.05	1.05	1.01	1.04	1.06
RUB	0.13	0.15	0.15	0.11	0.20	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.

# Auditors' review report

To the Board of Directors for Bonava AB (publ)  
corp. reg. no. 556928-0380

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Bonava AB (publ) as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF THE REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

## EMPHASIS OF MATTER

Without having an effect on our above conclusion we want to draw attention to information included in the interim report under the section Significant risks and uncertainties on page 15 and in note 4 on page 22. It is there described that after the end of the reporting period an agreement was reached with the lenders regarding that the calculation of the interest rate coverage covenant for the time of measurement 30 September 2023 would be done with an add-back of the restructuring costs. There is an active dialogue with the company's creditors and largest shareholders. The company's result and cash flow from operations for the nine-month period 2023 are negative. The Board of Directors and executive Management of the Group are working on a number of measures to reduce cost and limit investments in building rights and new production starts and to reduce tied up capital through by sale of certain assets not deemed necessary to pursue and realize the business plan for the company. The measures are taken to ensure access to the liquidity required pursue the development of the company according to plan.

Stockholm, 15 november 2023  
Öhrlings PricewaterhouseCoopers AB

**Patrik Adolfson**

Authorized Public Accountant  
Auditor in charge

**Linda Andersson**

Authorized Public Accountant

# 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 1,400 co-workers, Bonava develops residential housing in Germany, Sweden, Finland, Estonia, Latvia and Lithuania, with net sales of approximately SEK 14 Bn in 2022. Bonava's shares and green bond are listed on Nasdaq Stockholm.



6

COUNTRIES

19

REGIONS

1,400

EMPLOYEES  
END OF Q3 2023

14.0

SEK BN  
NET SALES 2022

## FINANCIAL CALENDAR

- Q4 Year-end Report, Jan–Dec, 1 February 2024
- Q1 Interim report, Jan–Mar, 24 April 2024
- Q2 Interim report, Jan–Jun, 19 July 2024
- Q3 Interim report, Jan–Sep, 24 October

## CONTACT

Lars Granlöf, CFO  
lars.granlof@bonava.com, +46 790 631 609

Susanna Winkiel, acting Head of Investor Relations  
susanna.winkiel@bonava.com, +46,704,612,828

## PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact person set out above on 15 November 2023 at 7:30 am CET.

## WEBCAST PRESENTATION 15 NOVEMBER

President and CEO Peter Wallin and CFO Lars Granlöf will present the report on 15 November 2023 at 9:00 a.m. CET.

Follow the webcast live at:

<https://bonava.videosync.fi/2023-11-15-q3>

To participate in the teleconference, register using this link:

<https://events.inderes.se/teleconference/?id=100365>

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](https://bonava.com).