

Happy
neighbour-
hoods for
the many



BONAVA

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Pages 52–100 constitute the statutory Annual Report. The statutory Sustainability Report is found on pages 3–29, 45–47, 60–62 and 105–152. This Annual report is a non-official translation from Swedish. In the event of discrepancies between the language versions the Swedish wording will prevail.

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Why?

Our purpose is to build happy neighbourhoods for the many.

Happiness goes hand in hand with where you live. Since the beginning, Bonava has been driven by a strong curiosity to understand what this means. Creating locations and environments where people thrive, and future generations can grow up, means so much more than just four walls.

That is why we build more than just houses. We create happy neighbourhoods for the many.

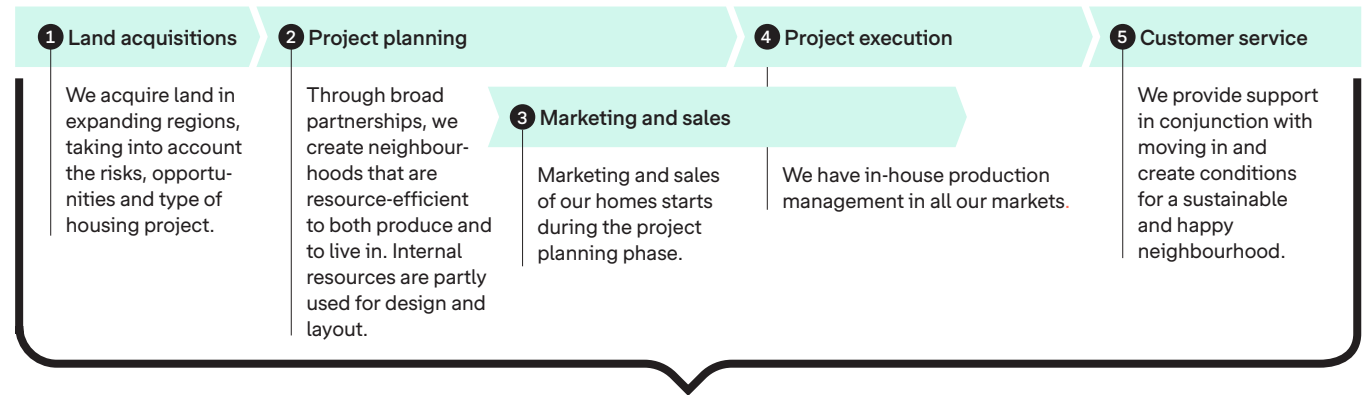


What?

A leading residential developer

We develop homes that more people have the possibility of buying and living in. We work in an efficient and sustainable manner throughout our business in order to offer attractive and competitive homes.

We develop land into attractive, sustainable neighbourhoods based on a genuine understanding of our customers' needs and the unique circumstances of the area. We construct several types of homes, such as multi-family housing, single-family homes and semi-detached houses with various types of tenure. Our resource-efficient and sustainable houses create value for our customers, owners, employees and society as a whole.



Where?

In Europe

In 2023, we conducted operations in Germany, Sweden, Finland, Norway, Estonia, Latvia and Lithuania with our approximately 1,300 employees. During the year, we divested the operations in Norway and finalised the sale of the operations in St. Petersburg, thereby terminating all operations in Russia. Germany is our largest market.

Our focus is on metropolitan regions, and we are endeavouring to strengthen our position in markets with considerable potential for long-term value creation.

Net sales¹⁾

SEK Bn

13.3 (14.0)

Per segment



■ Germany, 55%
■ Sweden, 20%
■ Finland, 19%
■ Baltics, 6%

Employees¹⁾

Number of employees

1,300 (1,800)

Per segment



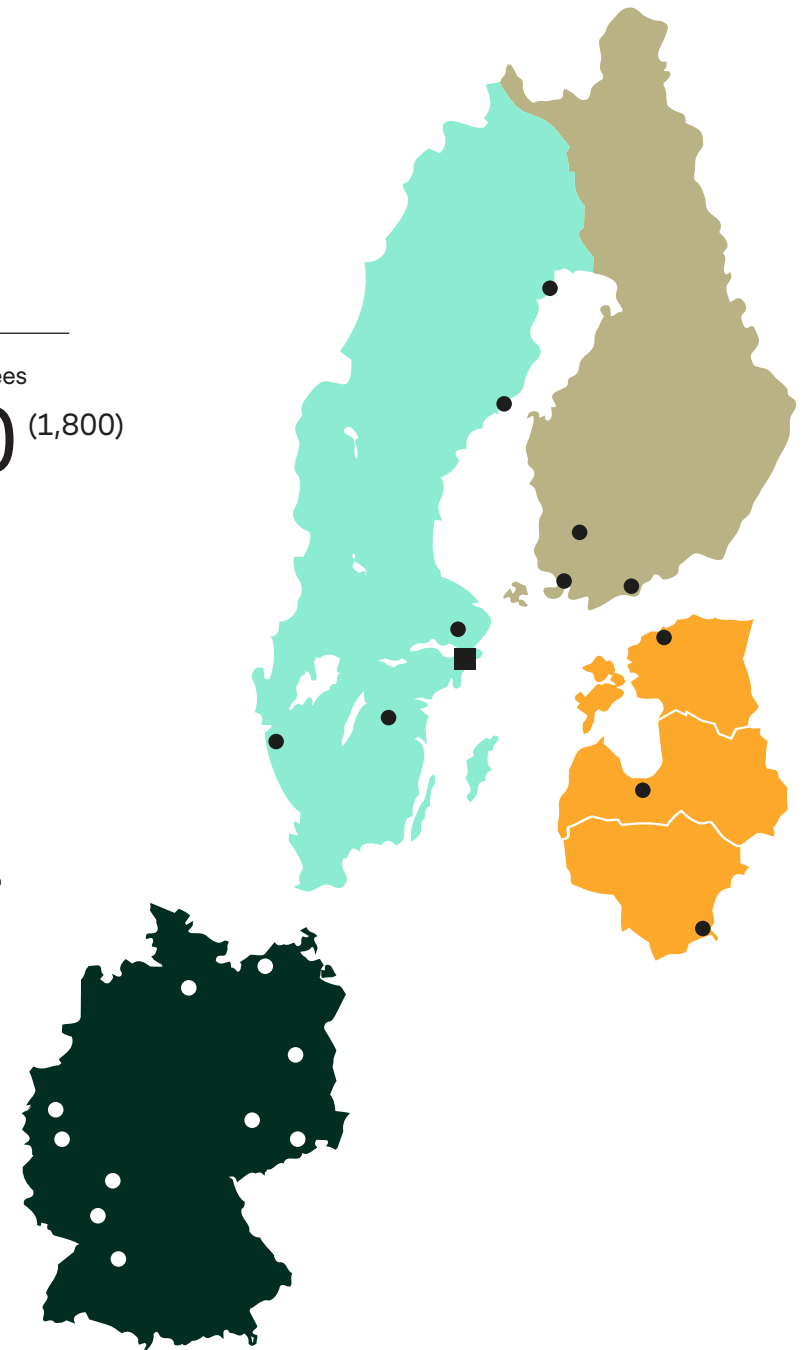
■ Germany, 61%
■ Sweden, 7%
■ Finland, 10%
■ Baltics, 17%
■ Other operations, 5%

Geographic presence

Countries

6 (7)

Bonava's head office is located in Stockholm, Sweden, and Bonava's share and green bond are listed on Nasdaq Stockholm.



¹⁾ Pertains to continuing operations unless otherwise indicated. 2022 has been restated compared to year end report for 2022.

How?

A business model that balances risk

Bonava's project portfolio is diversified as regards customer segments, product type and geography. Which segment is strong, and which type of housing units are in demand, varies over time. Moreover, the macroeconomic situation may differ among countries.

Our balanced business model provides us with greater flexibility, a lower risk profile, and increased possibilities, which generated value during the challenging market conditions in 2023.

Consumers and investors

Bonava's business targets both consumers and investors. The core operations are developing and selling homes to consumers. At the same time, projects targeted at investors constitute an attractive complement by promoting an improved risk and cash flow profile. In many markets, investment projects are paid in advance while consumers often pay upon occupancy. In our largest market, Germany, consumers also pay in advance.

Customer segment



Consumers



Customer diversification

Margin and risk profile differ



Investors



Product mix

Our offering contains both multi-family housing and single-family homes, and we offer different types of tenure. Our product mix promotes risk reduction through variation in margins and volumes as well as sales and construction rates. A mix of product types increases the possibilities of meeting demands that change over time, being a reliable long-term partner for municipalities, and being relevant in larger areas.

Product mix



Multi-family homes



Product diversification

Volumes and speed differ



Single-family homes



Geographic spread

With a geographic presence across 19 regions in six countries, we can address local changes in demand by investing in the markets that generate the best returns. Bonava routinely monitors and evaluates macroeconomics and other criteria in its markets in order to ensure that we are operating in the markets that are most attractive to the company's long-term business.

Geographic spread



Country X



Geographic diversification

Macroeconomic situations differ



Country Y



2023 in brief

Financial¹⁾

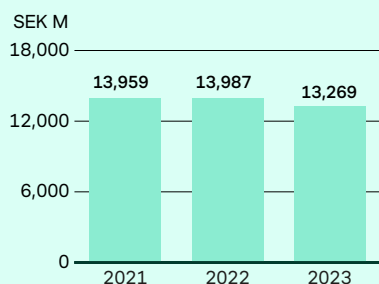
Key figures

SEK M unless otherwise stated	2023	2022	2021
Net sales	13,269	13,987	13,959
Gross profit	1,421	1,689	1,900
Gross margin, %	10.7	12.1	13.6
Underlying gross margin, %	11.8	14.8	13.4
Operating profit before items affecting comparability	660	858	1,111
Operating margin before items affecting comparability, %	5.0	6.1	8.0
Operating profit after items affecting comparability	-619	802	1,081
Operating margin after items affecting comparability, %	-4.7	5.7	7.7
Profit before tax	-1,137	609	948
Earnings per share, SEK ²⁾	-10.66	4.10	7.10
Net debt ³⁾	4,951	7,259	3,313
Return on capital employed, LTM, % ³⁾	4.3	6.9	9.6
Equity/assets ratio, % ³⁾	34.6	31.2	35.1
Number of housing units recognised in profit	3,969	4,369	4,478

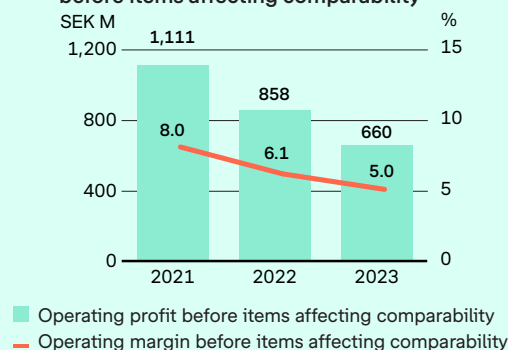
²⁾ Before and after dilution. For more information about the Group's key figures and definitions, see page 161.

³⁾ Including discontinued operations up until divestment.

Net sales

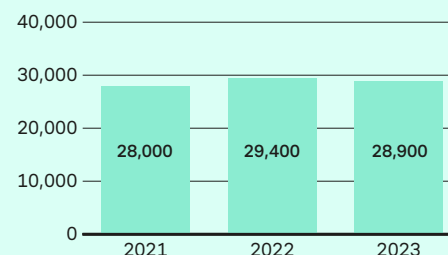


Operating profit and operating margin before items affecting comparability



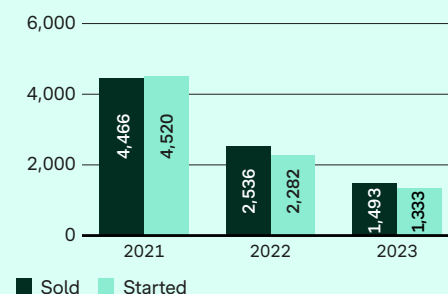
Building rights, sales and starts¹⁾

Number of building rights



The building rights portfolio decreased by 500 building rights during the year to 28,900 (29,400). Given the prevailing market situation, we were selective regarding investments in building rights. At the same time, we are actively optimising the existing portfolio.

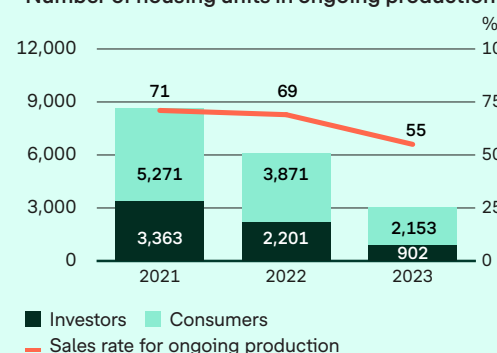
Number of housing units sold and started⁴⁾



The number of housing units sold totalled 1,493 (2,536). Demand for housing units sold remained cautious owing to high interest rates, high levels of inflation and increased uncertainty. At the end of the year, we noted higher activity in our markets. The sales value of housing units sold was SEK 5,597 M (8,258).

1,333 (2,282) housing units were started during the year.

Number of housing units in ongoing production and sales rate for ongoing production⁴⁾



The number of housing units in ongoing production amounted to 3,055 (6,072).

The sales rate for ongoing production was 55 per cent (69).

⁴⁾ Excluding investment properties.

¹⁾ Pertains to continuing operations unless otherwise indicated. 2022 and 2021 has been restated compared to the annual report 2022. The key figures in 2021, 2022 and 2023 were impacted by items affecting comparability.

Strategy and targets

- To free up capital, Bonava has reviewed its investments and costs. We have been cautious with investments in production starts and land, carried out strategic divestments of operations, and taken the initiative to lower overheads.
- In light of low business volumes and the need for major investments in building rights in Norway, Bonava divested its Norwegian operations in June. The transaction strengthened Bonava's financial position.
- Bonava finalised the divestment of its operations in St. Petersburg in November after the buyer received the necessary permits from the Russian authorities.
- To strengthen the company's long term competitiveness, increase profitability, and adapt the organisation to a lower business volume, in September Bonava made the decision to carry out restructuring measures in Germany, Sweden and Finland. The measures in Germany are expected to lead to savings of SEK 400 M and, together with previously communicated savings in the Group, the total savings will amount to SEK 1 Bn gross (SEK 620 M net) on an annual basis beginning on 1 January 2025.
- To safeguard correct investment decisions and ensure that the operations do not tie up too much capital, Bonava conducted a market assessment of its building rights portfolio. At the end of the third quarter, there was a surplus value of SEK 1.2 Bn.
- In December, Bonava presented its new financing package comprising three parts: extended bank financing of SEK 4.5 Bn until 2027, an extension of the green bond until 2027 and a fully underwritten rights issue of approximately SEK 1 Bn.
- Bonava revised its financial targets in February 2024. The target for the operating margin to total at least 10 per cent before items affecting comparability on an annual basis starting in 2026 stands firm, as does our dividend policy. A new target – that return on equity is to total at least 15 per cent over time – was introduced. The target that net debt is not to exceed 1.0 times reported shareholders' equity has been eliminated.

Sustainability

- Bonava decided to start conducting life cycle assessments (LCAs) for all completed projects in all business units during 2024. This means that we will have a better basis for making climate-conscious choices in our projects, and also that we are increasing the reliability and quality of our climate data, specifically within Scope 3.
- Bonava Finland delivered Bonava's first Taxonomy-aligned projects to a property investor.
- In light of the EU's new Corporate Sustainability Reporting Directive (CSRD), Bonava has analysed how the directive impacts the company's reporting, strategy and operations.
- Bonava Germany joined as one of five partners in the Sustainable Concrete Leaders network, of which the purpose is to introduce sustainable concrete as a new standard in the construction industry.

Board of Directors and Executive Management Group

- Olle Boback, Anette Frumerie and Tobias Lönnevall were elected as new Board members at Bonava's 2023 Annual General Meeting. They all have a great deal of experience in construction and residential development in their roles as CEO and other executive positions through their work on boards of directors. Åsa Hedenberg, Angela Langemar Olsson and Andreas Segal declined re-election.
- Michael Björklund was appointed the new Business Unit President for Bonava Sweden. He stepped into the role in September while also remaining the Business Unit President for the Baltics.
- In January 2024, CFO Lars Granlöf stepped down and was replaced by interim CFO Lars Ingman.



Final stage in Ältadalen

In 2023, Bonava completed the final stage of the Ältadalen project in Nacka, just outside Stockholm. In total, Bonava constructed 204 single-family homes in a new residential district next to the nature reserve "Nackareservatet", with everything from running paths and bathing spots to ski trails.

Based on Bonava's efficient building system for single-family housing, sustainability dominated the final stage of work, with solar panels being installed on roofs and charging stations for electric vehicles on the lots. Moreover, the neighbourhood lies close to shops, schools and a preschool.

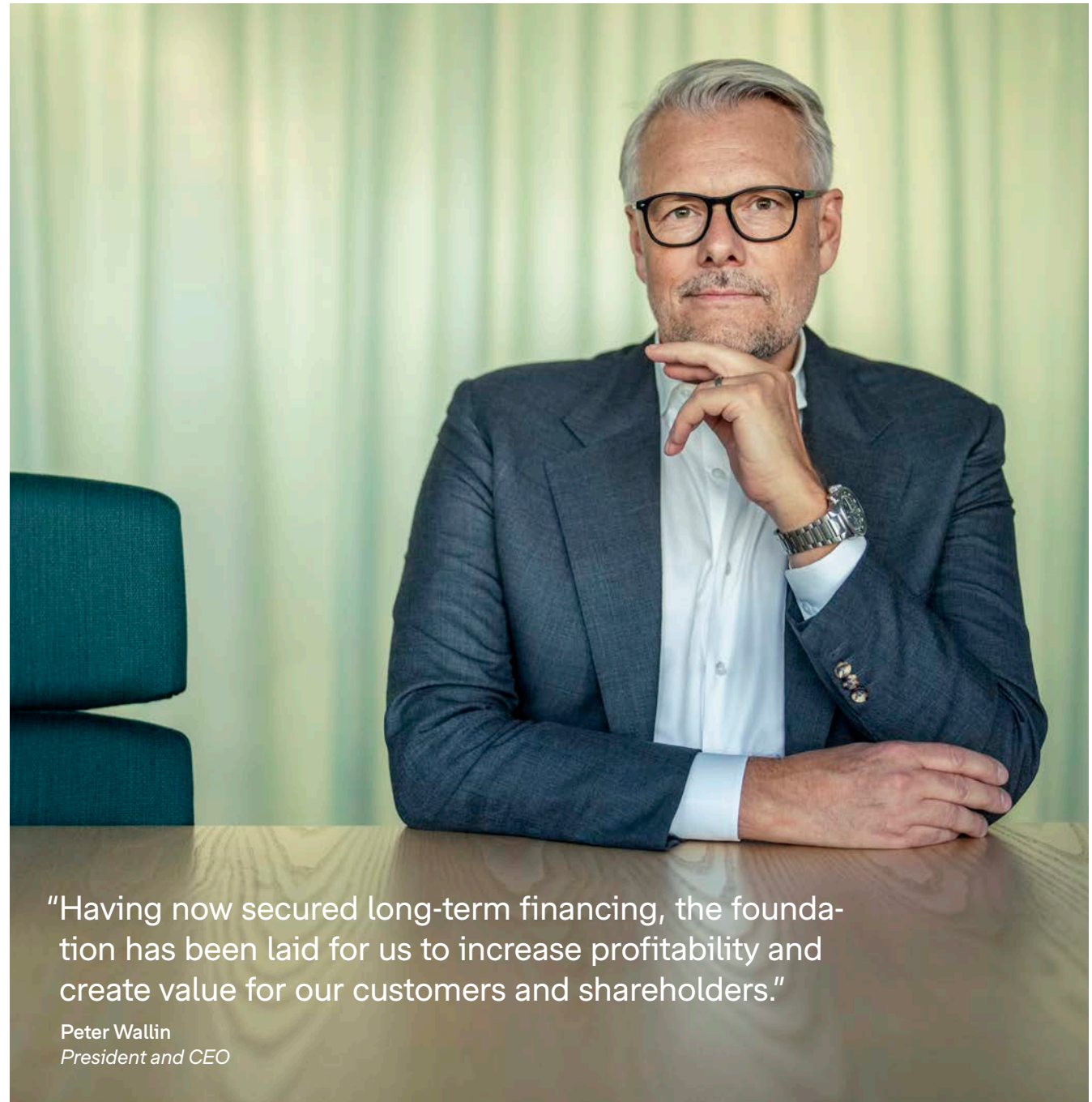
A challenging year with a focus on transition

2023 was characterised by market conditions that remained tough, although we noted increased activity at the end of the year. High levels of inflation, high interest rates and continued turbulence impacted our customers, our investment opportunities and our financing costs. During the year, Bonava strengthened its cash flow through divestments of the operations in Norway and St. Petersburg, and took measures that will reduce the company's costs by SEK 1 Bn gross from 1 January 2025. Additionally, we reduced net debt and launched a long-term financing package that decreases financial risk and will mean that we can start more projects when conditions are right.

A year marked by a challenging market

The Russian invasion of Ukraine was the starting point for a chain of events that increased turbulence, raised prices for materials and services, and dramatically changed the conditions for many industries, including construction and property.

Buying a home is a major decision for most people. Many people became cautious about major investments such as purchasing a home when we shifted, over a very short period, from a low interest-rate environment to a market situation with high levels of inflation, rising home loan rates and uncertain outlooks in 2023. We saw the market stabilise during the



"Having now secured long-term financing, the foundation has been laid for us to increase profitability and create value for our customers and shareholders."

Peter Wallin
President and CEO

summer and early autumn, though at low levels. In summing up the year, we can therefore report that Bonava's sales decreased. The slowdown in Sweden and Finland was the sharpest, while the markets in Germany and the Baltics were more stable and more resilient. At the end of the year, we noted a higher level of activity in the form of more people at our showings, bookings and sales in most of our markets.

Strong cash flow through measures to strengthen competitiveness

The market situation has required an action-oriented approach. Since the first signs of a slower market in 2022, we have gradually taken measures to address the new macro-economic conditions. Above all, our focus has been on strengthening our cash flow and freeing up capital. A strong cash flow is key to starting new housing projects, which serve as the engine of a residential developer's business.

We have implemented three types of measures. Firstly, we have worked to increase the attractiveness of our offering to our customers for the purpose of keeping sales up even in a more difficult market. This allows us to keep down the volume of completed unsold housing units, which otherwise ties up large amounts of capital. By staying close to the market and the people looking for homes, we have attracted customers owing to our strong offering with a focus on price and security.

Secondly, we have divested operations and building rights. Over the past year, we divested our operations in St. Petersburg and Norway, which had a positive impact on cash flow. Additionally, we chose to divest building rights that are not central to the operations going forward.

Thirdly, we have created a more flexible organisation with a lower cost base. The restructuring was intended to make the organisation more customer-centric and competitive. With this, the company will have an efficient organisational structure whose production capacity can easily be scaled up. Our measures to reduce indirect costs and overheads are yielding

"Our strategy, with decentralisation as our guiding star, stands firm."

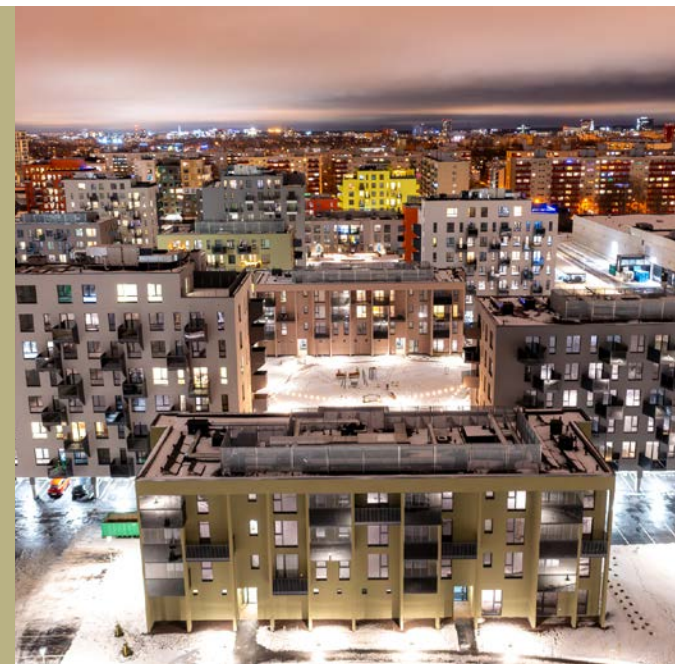


Bonava's flexible business model shows its strength

Bonava sold 176 rental apartments in Cologne, Germany during the year to one of the pension funds of the pharmaceutical company Bayer. Being able to conduct business in the prevailing market situation was a sign of our strength. Owing to our flexible business model, we could convert a consumer project into an investor project, thereby bringing the cash flow forward. In projects for investors, Bonava negotiates a regular payment schedule, which means that they generate positive cash flows right from the start. In addition, 38 housing units for consumers were started in the same neighbourhood.

The first B2M project in Tallinn ready for occupancy

In December 2023, the first rental housing project where Bonava will own and manage the housing units (B2M) was completed and the first tenants moved in. 99 apartments in three buildings at Aiandi 11 are a part of the modern Uus-Mustamäeprojekt on the outskirts of Tallinn, with the first housing units being completed in 2020. A total of 850 apartments will be completed. The modern apartments in Uus-Mustamäe are particularly energy efficient and have a comfortable floor plan.



results. At the end of 2023, we had implemented cost savings of SEK 290 M net, and we expect to achieve SEK 620 M net (SEK 1 Bn gross) on an annual basis upon full implementation starting from 1 January 2025.

Our strategy, with decentralisation as our guiding star, stands firm. Keeping mandates and decision-making opportunities close to the customer is central to success in residential development. When we therefore carried out restructuring and cost-saving measures over the past year, they included new approaches where the responsibility for operational decisions were pushed out closer to the customers and market. Design and production have been adapted to new ways of working in most of the countries. Additionally, we have strengthened the investment decision-making process and the business units have improved their project governance.

Strong liquidity and financial position over the long-term

In 2023, we reported net sales of SEK 13.3 Bn (14.0), with a lower number of units being recognised in profit. Our underlying gross margin was 11.8 per cent (14.8). The lower margin is attributable to a number of high-margin projects being recognised in profit in the preceding year and that the effects of selective price reductions brought margins down this year. The operating margin before items affecting comparability amounted to 5.0 per cent (6.1).

At the end of 2023, we presented a long-term financing package to increase Bonava's financial flexibility, strengthen its competitiveness and facilitate more production starts where the conditions are right. The financing package, which was finalised in early 2024, firstly contains renewed bank financing over three years. Secondly, it contains a fully underwritten rights issue of just over SEK 1 Bn. Thirdly, it contains a three-year extension of our green bond for SEK 1.2 Bn. Having now secured long-term financing, the foundation has been laid for us to increase profitability and create value for our customers and shareholders. It also substantially reduces financial risk in the company.

Key steps forward in sustainability

Sustainability is an integral part of both our strategy and our operations. In 2023, we decided to start conducting life cycle assessments for completed projects starting in 2024. The decision means that, going forward, we will have access



to better decision basis for making climate-conscious choices in our projects and increasing the reliability and quality of our climate data. This constitutes a milestone in our journey toward achieving our goal of halving the company's negative climate impact by 2030.

Good conditions going forward

When we look ahead, we can do so with confidence. We have an attractive portfolio with 28,900 building rights in some of northern Europe's most exciting growth regions. We are continually engaged in getting more building rights ready to start by taking part in the production of zoning plans in partnership with municipalities and other players. To ensure that the building rights portfolio does not tie up too much capital, and to make the correct investment decisions, an external market valuation of the building rights was carried out during the year. The surplus in the portfolio was estimated at SEK 1.2 Bn, after impairment of SEK 686 M, at the end of the third quarter of 2023. This constitutes a stable basis for opportunities to conduct profitable business going forward.

"Since the first signs of a slower market in 2022, we have gradually taken measures to address the new macroeconomic conditions."

When we look ahead, we can also do so with the benefit of having a strong brand. In Germany, Bonava is not only one of the most active residential developers but is also maintaining its position as the player with the strongest brand. In the Baltics, Bonava was named Developer of the Year for 2023. This strong position creates good possibilities for us to attract both new customers and new employees.

Last but not least, I feel confident at the prospect of leading an organisation that consists of capable employees who are deeply committed to taking the company forward and creating value for our customers. Over the year, we implemented our new values together: Curious, Committed and Caring, which form the basis of the culture we will build going forward.

Since Bonava was founded, we have built nearly 40,000 homes. This means that we have created neighbourhoods that some 100,000 people now live in, which is a medium-sized Swedish city in order of magnitude. The underlying need for new and sustainable homes is significant in the markets where Bonava operates, and that need is increasing further with the prevailing market situation. In Germany, the annual need for new housing units is estimated to be 400,000 and the same need in Sweden is approximately 67,000. Building homes and promoting the growth of cities and countries is something we take extremely seriously.

In conclusion, I would like to extend my warmest thanks to all the committed employees, customers, shareholders and partners we have a relationship with. With the transition of operations that we carried out in 2023, going forward we will continue to play a key role in society by helping to reduce the housing shortage while delivering on our mission: creating happy neighbourhoods for the many.

March, 2024
Peter Wallin
President and CEO

Market and trends

The conditions for residential developers in our markets are favourable over the long term, but present challenges in the immediate future.



A local market, attractive over the long term

Residential development is characterised by local markets and long turnaround times. Knowledge of our markets and understanding of the trends is therefore crucial. Bonava can then make the right choice and offer homes and neighbourhoods where people will feel happy. The conditions for residential developers in our markets are favourable over the long term, but present challenges in the immediate future.



Local market with long turnaround times

Bonava operates in six countries and 19 regions. These markets differ – not only among countries, but among regions as well. Some markets are very fragmented and will likely be consolidated over time. Other markets are dominated by a handful of players.

Laws, regulations and requirements for housing units and housing construction vary based on country, region, and even municipality. This means that products and processes need to be standardised at a suitable level, and the offering must be adapted to the needs of the local market in order to be effective.

In our various markets, moreover, the working methods of our subcontractors, our expected payment methods for land and our customers' payment methods all vary.

Residential development is characterised by long turnaround times. After the initial investment in land, it will sometimes take years before people can move into their homes. This requires a long term perspective, while players have to deal with a constantly changing market.

Bonava's Tasandi 5/Astangu 23 project in Järveotsa, near Tallinn. The neighbourhood lies close to a lake and many green areas.



Long term trends

Favourable demography leads to demand for housing units

Bonava's markets have experienced robust population growth while housing construction levels have been low. This has increased the need for new homes. Many people are looking to the outskirts of cities, where infrastructure is good and the price levels are lower than in the city centres. New businesses are establishing themselves on the outskirts of the cities, which also promotes the attractiveness of the areas.

We are seeing strong demand for rental apartments in our markets. People want greater flexibility in their residences, which the rental tenancy type offers. In some of our regions, there are government initiatives for an increased offering, which creates favourable conditions for residential developers.

Bonava's response

Bonava continually monitors the demographic trends in our markets in order to achieve optimal targeting of its investments. We are seeing that the areas outside city centres are places where we can develop larger volumes of attractive housing units. Customer surveys provide us with good insight into our customers' preferences, which allows us to develop attractive offerings.

We work to create homes with different types of tenure outside the centres of big cities that more people have the possibility of buying or renting. We can also adjust these types of tenure when the market situation – and demand – changes.

Efficiency in the industry is lagging behind

The residential development sector is relatively inefficient, and market shares are there for the taking for the players who have succeeded in running their projects efficiently. Along with the cautious situation in the housing market, this can create both winners and losers, which over time could lead to a consolidation of the market.

Bonava's response

Bonava is actively engaged in optimising its building rights portfolio and increasing cost efficiency through a flexible organisation and through repetition in products and processes in its respective markets. This way, we can deliver high quality at a reasonable cost, thereby standing strong among the competition. At the same time, our knowledge of the local market is good, which means that our offering can be adapted to our customers' preferences. As part of the larger chain, we can also see the importance of the interaction between developer and authorities. Good cooperation is needed to ensure effective approval processes.

A focus on sustainability generates possibilities

The construction and property industry has a significant impact on nature and accounts for a large share of the global climate impact. The development and construction of housing units is a resource intensive operation that requires a great deal of land and materials. The future use of the housing units also has an impact. The energy crisis in 2022 resulted in exceptionally high electricity prices and put a focus on energy efficiency throughout the life cycle of the housing units, as well as on the potential role of the properties in the energy system of the future.

New legislation and new initiatives are being put forth at the global, European, national and local levels in order to rein in global warming and protect natural values. At the same time, local authorities are imposing more stringent requirements on housing and property developers in urban environments concerning how homes and the neighbouring environment are to be developed to promote a healthy, sustainable lifestyle. Increasing demands from consumers, investors and employees are also a driver behind the sustainability issues.

Bonava's response

To be a successful residential developer, Bonava wants to be part of the solution for minimising the burden on the environment and the climate. We will achieve this by becoming considerably more resource-efficient at every stage of our operation. We have thoroughly surveyed our climate impact and were the first residential developer in Europe to have its defined climate targets validated by the SBTi¹⁾. We also strive to have our housing units facilitate more sustainable living, which is a responsibility that Bonava shares with all operators in the chain that we are a part of.

To package our sustainability offering in relation to customers, investors and financiers, we use the relevant sustainability labelling and certification. In pace with

consumers becoming more aware of the energy consumption of their homes, there is a premium on energy-efficient new constructions over older, less energy-efficient housing units. In other words, the energy issue creates possibilities for Bonava, which delivers energy-efficient housing units.

Issues of social sustainability are central to Bonava as well. We endeavour to create neighbourhoods that promote a sense of community, as well as a healthy and sustainable lifestyle.

In recent years, as a consequence of new legislation in this area – in particular the EU Taxonomy for sustainable investments and the EU's new Corporate Sustainability Reporting Directive (CSRD) – we have further developed our sustainability reporting and our procedures for reporting sustainability data.

¹⁾ The Science Based Target initiative is a partnership initiative from the UN Global Compact, the World Resource Institute and the Carbon Disclosure Project (CDP). Read more on page 20–21, 113 and in Note S6.

Challenging market over the short term but signs of stabilisation

Business environment factors are changing the conditions for companies, communities and markets at a more rapid pace. We see a great need for housing units over the long term, but over the short term the market is a challenging one. For players in residential development, the rapid rate of change means stringent requirements for an overall perspective, speed and flexibility.

Market trends over the shorter term

The long term need for housing units remains significant, and several markets are reporting a shortage of housing units. Despite this, 2023 was characterised by a challenging market with low levels of sales and low volumes of housing unit starts.

Increased key interest rates and high inflation as well as concern over geopolitical security in Europe in 2023 created a low level of confidence in the future, poorer personal finances and higher costs for financing of housing units for consumers. This has led to a negative impact on demand for housing units, protracted sales processes and a dampening of price performance. It has also meant that customers are demanding more space-efficient housing units

and are accepting lower standards – for example on finishes – in order to bring costs down.

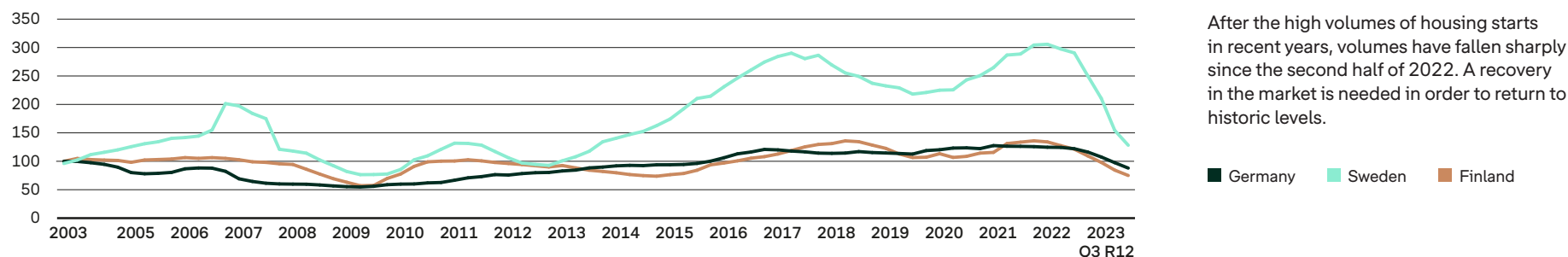
Investors in rental housing projects have also been impacted by the higher interest rates, which are generating increased yield requirements. This has meant that residential developers and investors have had difficulties meeting at a price level that is profitable for both parties, which has resulted in fewer projects started.

To reduce exposure to the increased uncertainty in the market, customers are to a greater extent looking to buy and sell within a short span of time. This has made it more difficult for residential developers to sell housing units that are ready for occupancy only one to two years after the transaction. Moreover, the increased requirements from banks for pre-sales in tenant-owner associations – and housing companies, for granting construction loans – have made financing new projects more difficult.

The major downturn in the number of new housing unit starts, together with the significant need for housing units, has compelled decision-makers in our markets to discuss how housing construction can be stimulated. So far, these discussions have resulted in few concrete measures.



The number of building permits in Germany, and the number of housing starts in Sweden and Finland (Index 2003 = 100)



Source: Statistics Sweden, Statistics Finland, Destatis; Comparable public statistics for the Baltic countries are not available. 2023 pertains to rolling 12 months at the end of September.

Strategic framework

Everything we do must take us
towards our purpose and our
strategic targets.

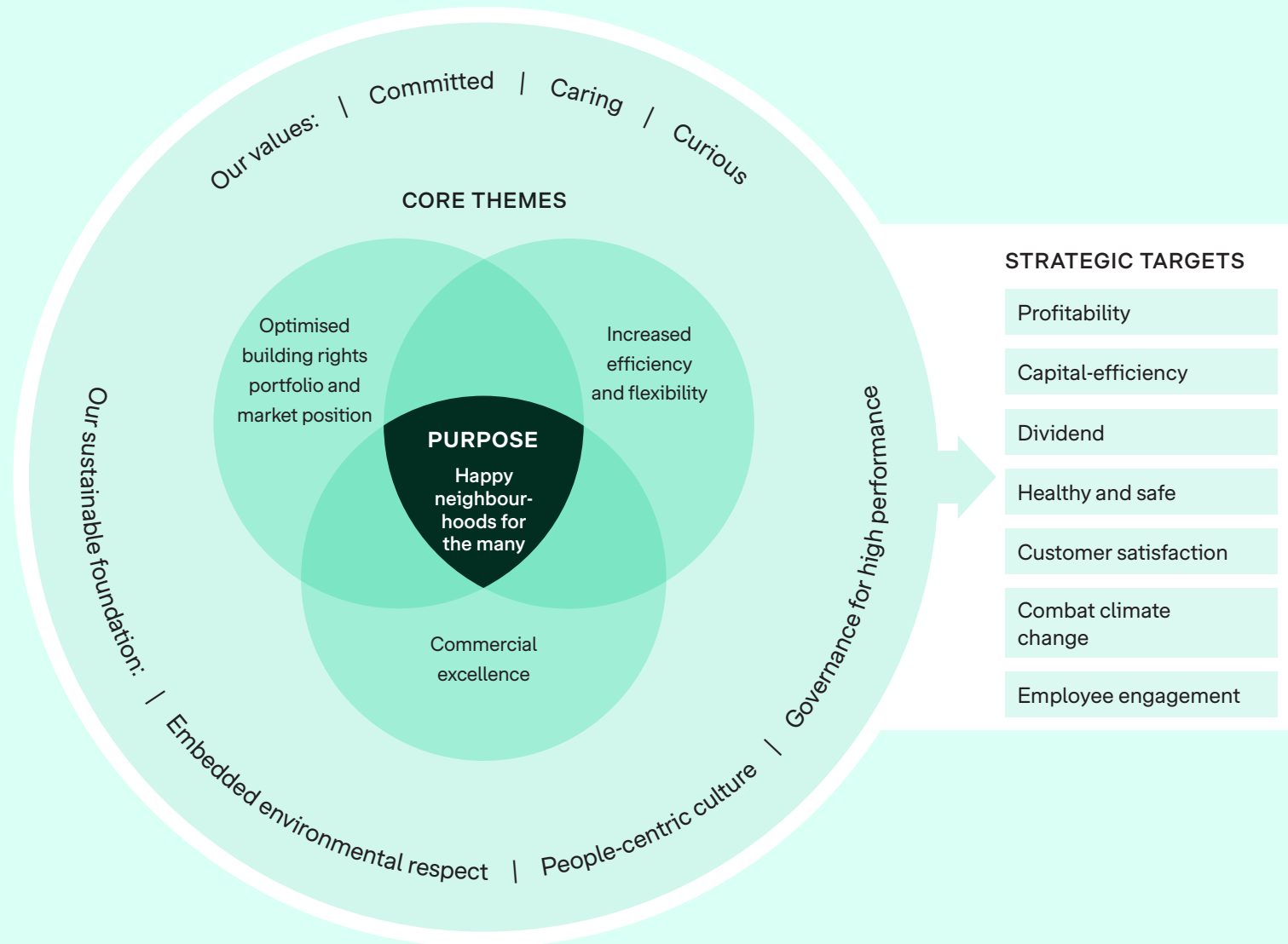


Our journey toward profitability continues

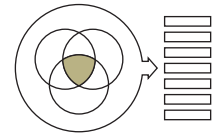
Bonava's strategy is the right one, even in a changed market situation. Our entire purpose is governed by our mission to create happy neighbourhoods for the many.

We will strengthen our business and our profitability, and ensure that we have the financial capacity to benefit from the business opportunities that the market offers. Our three core themes, our values and our sustainable foundation will work together so that we can get the best out of our efforts.

As a result of the efforts made to formulate a new business plan during the autumn, Bonava revised its financial targets in early 2024. The non-financial strategic targets remain unchanged.



Our purpose – Happy neighbourhoods for the many



To create locations and environments where people thrive, and where future generations can grow up, we build more than homes – we create happy neighbourhoods for the many. These efforts are founded in a genuine understanding of our customers' needs and drivers.

We build homes for various needs

We develop homes that more people have the possibility of buying and living in. By developing residential districts with a broader diversity of housing units in different sizes and price ranges, we create greater freedom of choice for customers and promote more vibrant neighbourhoods. This way, we also make it possible for people to live in the same area during the different stages of life.

Development based on customer insights

Our value-generating residential environments are built on a genuine understanding of our customers' needs and driving forces. We work strategically to understand and identify what is important for people to feel content and happy where they live. We do so through annual surveys, consultations and dialogue with relevant target groups.

Through our efforts, we have gained good insights into which factors enable happiness in the neighbourhood. We know that secure and green outdoor environments, social interaction among neighbours, and the opportunity to pursue a more sustainable lifestyle are crucial factors for experiencing happiness in the neighbourhood.

We start from local conditions

We see that our customers' needs and perceived happiness in the neighbourhood are similar but the solutions vary, depending on market. To achieve the best possible results

in all projects in our various markets, we have focused in recent years on adjusting our processes, structures and work methods to come even closer to our customers and the local conditions.

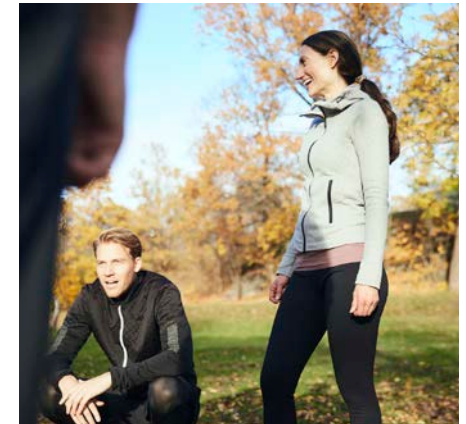
Ambitious goals and constant improvements

The success of our efforts is evaluated over the short and long term through Bonava's customer satisfaction programme. In this programme, we monitor our customers' experience and customer satisfaction with our products, services and interaction throughout the customer journey, from signing the contract to having lived in their homes for three years. Two key indicators in the customer satisfaction programme are the Happy Index and the Net Promoter Score (NPS), and our strategic target is to reach 100 per cent NPS Consistency by 2026.

The Happy Index shows how well we are delivering on our overall purpose. It is a statistically significant index that helps us define and measure the degree of happiness in the residential districts. The index makes it possible to compare the degree of happiness among various groups of people, various locations, and various points in time. Read more in Note S5.

The NPS shows the likelihood that Bonava will be recommended to others, and our strategic target of 100 per cent NPS Consistency concerns our ability to deliver at the same level to all customers. We measure NPS

among all new customers between four and eight weeks after occupancy. NPS can range between -100 and +100, and we have set an ambitious target of 50. Once all projects in a market have achieved an NPS of at least 50, we define this as 100 per cent NPS Consistency. Only when NPS Consistency has reached 100 per cent, meaning once all projects achieve an NPS of at least 50 in all markets, will we know that we are delivering on the same level to all customers. In 2023, we can see that 29 per cent of Bonava's projects had reached the target for NPS Consistency. Germany stands out with over 50 per cent of its projects reaching an NPS of over 50.



Customer Satisfaction Net Promoter Score and NPS Consistency

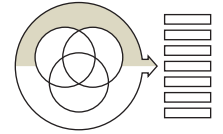
	NPS				NPS Consistency, %	
	2023	2022	2021		2023	2022
Germany	38	29	36	Germany	53	39
Sweden	9	14	36	Sweden	5	17
Finland	26	44	22	Finland	27	38
Denmark	N/A	N/A	13	Denmark	N/A	N/A
Estonia	49	31	24	Estonia	37	33
Latvia	40	53	49	Latvia	21	50
Lithuania	N/A	43	N/I	Lithuania	N/A	0
				Total, Group	29	31

N/I = No Information

N/A = Not available

Bonava stopped measuring NPS and NPS Consistency in Denmark due to that investor customers are not included in the survey. Lithuania did not complete any projects in 2023 which is the reason that there is no NPS result. In March 2023, the calculation principle for NPS Consistency was adjusted. The change consisted in including data only for over 30 respondents. This change is intended to highlight the significance of each customer and respondent.

Our values must permeate our culture and operations



Our values must permeate our culture, which is always people-centric. Our values also constitute our approach to achieving a sustainable, high-performance and profitable operation.

With a desire to create the best for our customers, suppliers and partners, our success is built on having the best conditions in place to facilitate our employees' performance. To create the best culture and work environment, each employee has an important role to play every day, and our values provide guidance and support in this role. Our values describe successful aspects of the behaviours and decision-making at Bonava, and serve as the keys in our work, our development and our recruitment of employees.

Through a committed, caring and curious culture, we are building strong operations and a strong brand, which will ensure that we continue to attract talent and skills, as well as continue to create the best for our customers, suppliers and partners.



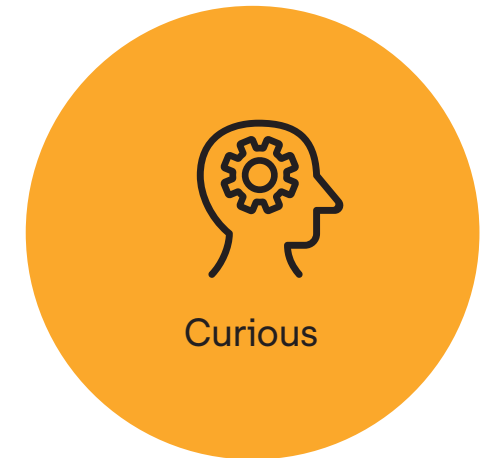
Committed

We are committed: We are committed, we drive business results and customer satisfaction. We strive to exceed ourselves, to achieve the best results for our customers, our operations and for society at large.



Caring

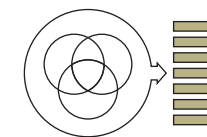
We are caring: We are caring, we want to be the best for one another, our customers and society. We have an inclusive and caring climate in which we enjoy collaborating and sharing knowledge.



Curious

We are curious: We are curious, we always endeavour to learn and improve ourselves, as well as to create the best for our customers. In general, we endeavour to create something better for people and the planet – not just for today, but also going forward – by being part of building the society of tomorrow.

The targets that govern us



Owing to the efforts made in conjunction with the new financing package and the business plan that was developed in the autumn of 2023, a decision was taken on new financial targets in early 2024 until 2026. The non-financial strategic targets were left unchanged. The financial targets rest on a financing framework for the purpose of balancing the financial risks in the operations.

Strategic targets

Profitability

Operating margin before items affecting comparability 2026:
At least 10 per cent

Outcome 2023: 5.0%

Capital efficiency

Return on equity:
At least 15 per cent over time

Outcome 2023: -18.5%

Dividend

Dividend of 40 per cent of the Group's profit after tax to shareholders over time

The Board of Directors of Bonava proposes that no dividend be paid for the 2023 financial year.

Financing framework

The equity/assets ratio will amount to at least 30 per cent.

The Group's net debt will not exceed net project assets, which are defined as the carrying amount of ongoing and completed projects less customer advances.

The equity/assets ratio at the end of 2023 was 34.6%

Customer satisfaction

Net Promoter Score (NPS)
Consistency 100 per cent by 2026

Outcome 2023: 29%

Healthy and safe workplace

For everyone, everywhere, every day, with a halving of serious incidents by 2026 compared with the 2022 level.

Frequency of serious incidents¹⁾
Target 2026: <7.1 Outcome 2023: 7.5

Everyone Plan fulfilment¹⁾
Target: ≥ 90% Outcome 2023: 90%

¹⁾ Read more in Note S12.

Employee engagement

Employee engagement in line with the top 10 per cent of the best-performing²⁾ companies.

²⁾ Benchmark level among the 10 per cent of best-performing companies is 87.

Outcome 2023: 83%

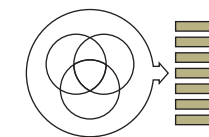
Combat climate change

Reduced climate impact in line with our climate targets validated by SBTi³⁾ for a level of 1.5 degrees C.

³⁾ SBTi = Science Based Targets initiative, read more on pages 113 and in Note S6.

Scope 1-2: -49%
Scope 3: -55%
Value chain Scope 3 per housing start: +134%

Evaluation of 2023 targets



Profitability, capital efficiency and dividend

In conjunction with the year-end report for 2023, Bonava announced that the company was revising its financial targets. The target of an operating margin before items affecting comparability amounting to at least 10 per cent from 2026 stands firm, as does the dividend policy, which states that we will distribute 40 per cent of the Group's earnings after tax over time.

For 2023, the operating margin before items affecting comparability was 5.0 per cent. The Board of Directors proposes that no dividend be paid for 2023 financial year. Under the new financing package, there are also limits that prevent a dividend from being paid out over the next three years. To clarify how we work with capital efficiency, we have chosen to set a target for a return on equity that will total at least 15 per cent over time. The target for net debt/equity ratio not to exceed 1.0x has been eliminated, as it is no longer considered relevant.

Financial risk framework from 2024

The financial targets rest on a financing framework to ensure control over financial risk. The equity/assets ratio will exceed 30 per cent and the Group's net debt will not exceed net project assets, which pertains to the carrying amount of ongoing and completed projects less customer advances. Additionally, it clarifies that investments in building rights can only be made with shareholders' equity.

Customer satisfaction

The target is for all projects to achieve at least NPS 50 by 2026, and this is defined as 100 per cent Consistent. Only when Consistency has reached 100 per cent will we know that we are delivering on the same level to all customers. In 2023, 29 per cent (31) of Bonava's projects reached this target. In Germany, over 50 per cent of our projects achieved an NPS of at least 50, which is the highest result ever. Read more on page 18 and 111.

Healthy and safe workplace

The outcome for the Everyone Plan was 90 per cent in the fulfilment of improvement activities in the respective business unit plans. Read more on page 116 and in Note S12. New for 2023 was that Bonava's Group function also had a plan for health and safety improvement initiatives.

The outcome for the frequency of serious incidents was 7.5 (14.3). The decrease is

attributable largely to divested business units, a general decrease in the number of projects and a larger number of projects compared with the previous year being in the final phase, with fewer high-risk work tasks.

Employee engagement

The outcome of the Passionate Workplace employee survey shows a decrease to 83 (85), though at a continued relatively high level of engagement during the year despite the difficult market situation in the industry and the business units. Our target for strategic engagement is 87, based on Brilliant's high-performance benchmark, and we are working to further strengthening engagement. Read more on page 119.

Combat climate change

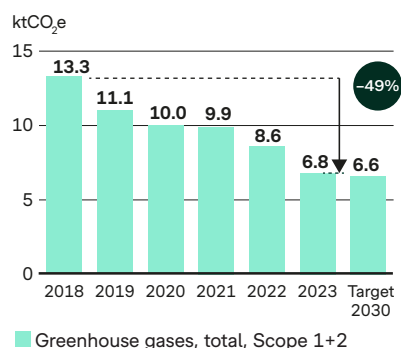
The outcome for scope 1 and 2, absolute numbers, shows a decrease of 21 per cent from the previous year, which is primarily due to the liquidation of St. Petersburg and

Norway. Compared to base year 2018 scope 1 and 2 have decreased with 49 per cent.

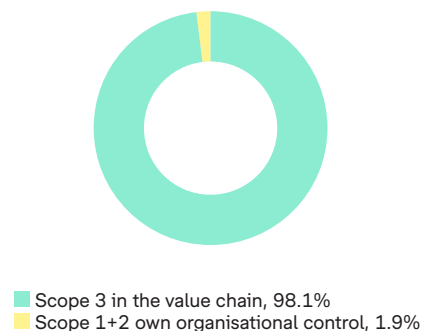
The outcome for scope 3, absolute number, shows one positive trend with a decrease of 26 per cent from the previous year and 55 per cent from base year. The reduction is due to lower production volumes and continuous improvements in the calculation process.

Bonava's physical intensity measure, tCO₂ per production start remains difficult to interpret until we redefine our baseline 2025. Our re-baseline will be based on a lifecycle assessment (LCA) approach rather than a spend-based approach which was the best available praxis when Bonava set its base year 2018 according to Science Based Targets. The outcome 2023, with a continued increase depends on few production starts compared to the base year 2018. Read more on page 113 and in Note S6.

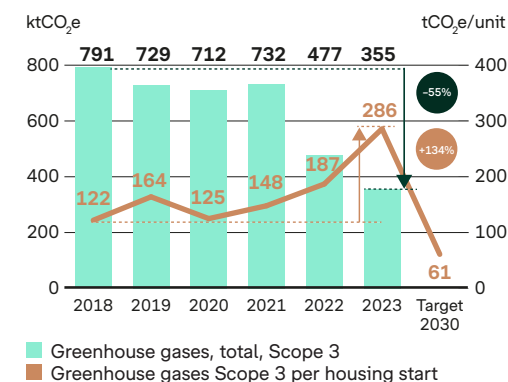
Greenhouse gas emissions, Scope 1 and 2



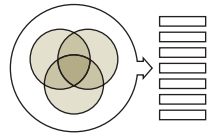
Distribution of greenhouse gases 2023



Greenhouse gas emissions Scope 3, total and per housing start



Core themes for profitability



The challenging market requires measures to strengthen the cash flow and balance sheet, an efficient and flexible organisation and an adjustment of our offering. This will be done as part of our strategy, and will strengthen us ahead of the turnaround in the housing market that is eventually expected to occur.

Bonava's three strategic core themes

1. Optimised building rights portfolio and market position
2. Increased efficiency and flexibility
3. Commercial excellence

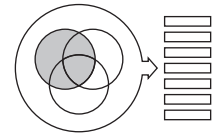
Focus areas cooperate

Given that it appears the market will remain challenging in 2024, Bonava is prioritising an increase in flexibility by controlling the factors we can influence, which means reducing costs and strengthening cash flow. This is something we focused on throughout 2023, with a number of measures already having been taken. From previously having endeavoured to grow and strengthen our building rights portfolio in an upward market, we are now working to optimise the building rights portfolio by adding value to existing land and divesting non-strategic land. The tougher market also means that we are continually focusing on efficiency and flexibility in production and organisation. Our commercial focus under the prevailing conditions means that we are even closer to the market, prioritising sales and adapting our offering in accordance with customer demand and the market situation.

The three strategic core themes support each other, and together they will lead us toward profitability, long term success and happy neighbourhoods for the many.



Optimise building rights portfolio and market position



To achieve our targets, we must ensure that we have an optimal portfolio of building rights. We will retain and improve the land that has the greatest potential to create profitable projects in a new market situation while we sell building rights with less potential.

Improvement of the existing portfolio

Project starts are the engine of our operations. In order to start projects once demand has turned around, Bonava needs to have building rights ready to start. Between the acquisition of land and the start of construction, significant development work needs to take place where we take into account the type of housing units the land is suitable for, the type of housing units in demand in the local market, and how the permit process is structured. Additionally, the construction process itself is planned sustainably and efficiently.

Given the prevailing market conditions, Bonava has been more selective with project starts and investments in building rights since mid-2022. Bonava has identified that a production level for the Group of 3,500 to 4,000 production starts per year, which is in line with the production level in 2019, is an optimal level given the current organisation and cost base.

We have been actively engaged in optimising the existing portfolio of building rights, and we have actively participated in zoning plans for the purpose of increasing the value of our land. We have also assessed where we have the greatest potential to create profitable projects in the years ahead, in a new market situation, and during the year we divested land and relinquished option agreements for land where we felt there was less potential.

To ensure that Bonava has recognised the correct carrying amounts enabling the correct investment decisions to be taken, the building rights portfolio was subjected to a market valuation during the year, leading to an impairment of SEK 686 M. At the end of the third quarter, the surplus value of the building rights portfolio was approximately SEK 1.2 Bn. Read more on the next page.

Thorough decision-making process

Investments made in land and projects are weighed carefully against where they could generate the best return, and are preceded by a thorough decision-making process. During an extended period of analysis and negotiations, we verify that the correct project management is in place, that the cost scenario is under control, and that the market and sales situation is favourable before an investment is made. To ensure that the investments are optimised over time and among our markets, Bonava's Executive Management Group – with representatives from all of the business units – are part of the company's Investment Committee.

Strengthened regional presence

Bonava endeavours to strengthen its regional presence in order to utilise synergies and deploy its resources efficiently, with the goal of becoming a leading player in its regions. Since the suppliers are local and the regulatory requirements differ among regions in the same country, there are efficiency gains to be had by concentrating larger business volumes in the same region. During the year, Bonava divested its Norwegian operations, which freed up capital and thus provided greater opportunities to grow in more profitable regions.

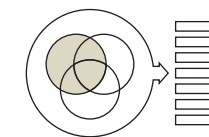
Developing operations through partnerships

This strategy is open to partnerships and mergers where, together with other players, we pursue larger projects or build up entire city districts. It may also be a question of acquisitions of companies or ongoing projects in regions where we already have a strong presence and wish to bolster this.



The weaker market can create winners and losers in the industry, and open up business opportunities for the stronger players. Good relationships with municipalities and awareness of their needs are central to Bonava, since it creates the conditions for carrying out long term land acquisitions and developing land in a manner that suits our business model and building solutions.

Balance between cash flow and building rights portfolio



Bonava's building rights portfolio serves as a solid basis for future projects once the market turns around. Since mid-2022, the market situation and our prioritisation of cash flow have meant that we have been restrictive regarding new investments in land and that we have reviewed our building rights portfolio and subjected it to a market valuation.

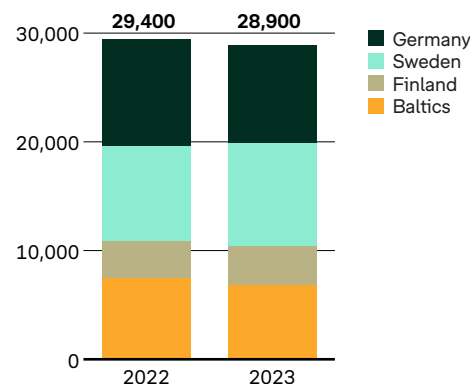
Bonava's building rights are recognised as current assets and thus recorded at the lower of market value and cost per asset. The valuation took place both internally and externally; 80 per cent of the carrying amount was assessed by independent valuation institutes. The review resulted in an impairment to the building rights portfolio of 7 per cent of the market value, or SEK 686 M. After the impairment was completed, the assessed market value totalled SEK 9.5 Bn, corresponding to a surplus

value of SEK 1.2 Bn at the end of the third quarter. No new valuation was conducted during the fourth quarter the next planned valuation of the building right portfolio will be conducted during the third quarter 2024. Based on an aggregate assessment of the value of each individual building right, which is based on the value that Bonava believes can be generated upon future sale of housing units as part of its ordinary operations, there was no need for further impairment at the end of 2023.

The total number of building rights at the end of the year was 28,900 (29,400), a decrease year-on-year.

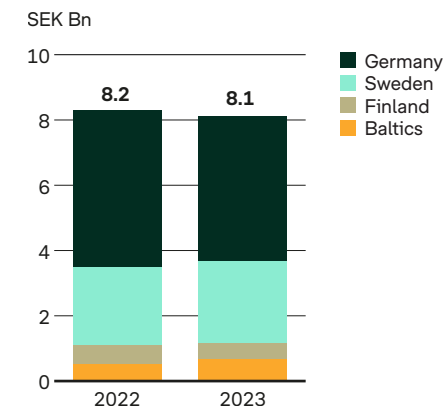
The diagram illustrates the development of the building rights portfolio during 2023 and its composition at the end of 2023.

Number of building rights, on and off the balance sheet by segment



At the end of 2023, the number in the building rights portfolio totalled 28,900 (29,400) for continuing operations, a decrease of 500 building rights. The decrease took place in the Baltics and Germany, whereas Sweden and Finland increased their numbers of building rights slightly.

Carrying amount, building rights portfolio, properties held for future development and capitalised development expenses



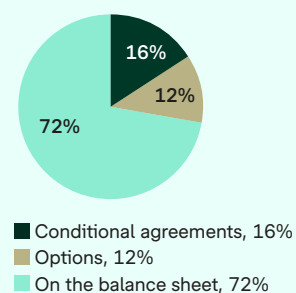
In 2023, the carrying amount of the building rights portfolio including capitalised development expenses decreased to SEK 8.1 Bn (8.2) for continuing operations.

Building rights at the end of 2023

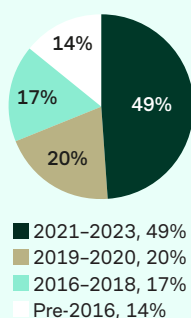
Number of building rights

28,900

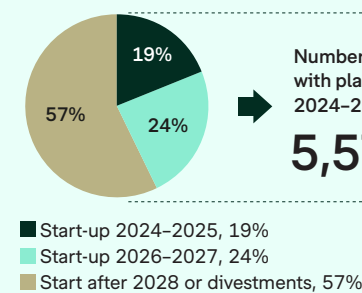
Number of building rights, on and off the balance sheet



Timing for entering agreements to purchase building rights



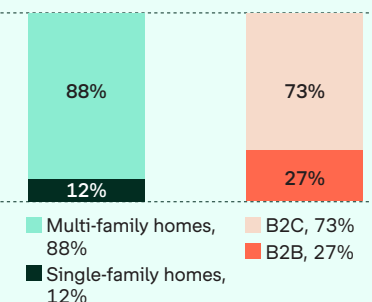
Planned start for building rights



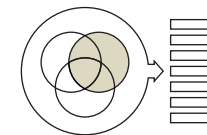
Number of building rights with planned start-up in 2024-2025 (19%)

5,571

Distribution of building rights with start-up in 2024-2025



Increased efficiency and flexibility



Bonava will increase cost efficiency through a flexible organisation as well as repetition in products and processes in the local market. We will ensure that our operations can be rapidly adapted to changed business volumes and that we carry out the parts of the value chain that create the most value under own management.

Flexible organisation

The market for housing construction is continually changing, and competition is fierce. To ensure long term competitiveness and profitability, Bonava's organisation must be efficient, customer-oriented and flexible. Bonava has adopted a more flexible organisational structure, with large parts of governance being decentralised and central functions and initiatives being substantially reduced, and responsibility for operational decisions being brought closer to customers and markets while major investment decisions are taken centrally in the organisation. This provides the Group with the conditions for being able to act quickly on changing market conditions and customer needs.

Adjustment to lower business volumes

In a recession, the fixed cost base must be adjusted to the new business volumes. Since the first signs of a weaker market in 2022, Bonava has been actively engaged in reviewing the company's costs and implemented adjustments to align with lower business volumes. Bonava conducted a review of its selling and administrative expenses, as well as of its indirect costs back in 2022 and continued these efforts in 2023. Moreover, Bonava decided on a

restructuring programme in the autumn of 2023 that is expected to lead to savings of nearly SEK 400 M on an annual basis starting on 1 January 2025. The reduced cost base thus totals SEK 1 Bn gross (SEK 620 M net) from January 2025 compared with the annual rate in the first quarter of 2022.

These measures will create a more flexible organisation where construction starts can easily be scaled up in a better market.

Increase repetition in products and processes

We create clarity and efficiency through repetitive work processes and products in the respective markets. Bonava works with standardised solutions that are continually being improved and used across several projects in order to achieve cost efficiency. These set the parameters for how we can design our homes. There is flexibility within this framework, which means that residential buildings may look very different. This is important for meeting customers' needs and the requirements of local governments. Municipalities and local authorities play a central role since they design policies and regulations, make planning decisions, and grant permits.

In the markets where we have well-



designed approaches and work repetitively, we have successfully delivered more quickly and at a lower cost. The greatest degree of maturity is in Germany and the Baltics, and in our Swedish single-family homes. We will continue to develop these while increasing the degree of maturity in our other markets.

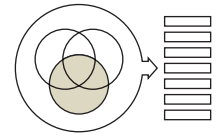
Competence and efficient project governance

In the areas where there is scope for significant value creation through economies of scale and efficiency gains, Bonava is to have robust internal competence to pursue the operations itself. Internal resources facilitate a greater degree of repetition and continual improvements when we learn from our experiences. The functions to be carried out

within and outside Bonava may change in pace with developments in the market, and will be routinely evaluated. One example is that in 2023, the Sweden business unit shut down its internal design and production division, which going forward will largely be handled by external parties.

Having the same project team in place over the long term creates efficiency. With every project that is completed, we gain new experience that can be taken into the next project to further enhance the efficiency of the work. We also need efficient project control in order to ensure profitability. The entire process of development, including design and standardised solutions for commercial planning, needs to be in place before we construct and sell our housing units.

Commercial excellence



Sales are our greatest priority for generating cash flow in this challenging market. Throughout the customer journey, we must predict needs and meet expectations. This means that we are adapting existing products and services to the prevailing market situation, and we are preparing for a turnaround in the market.



Attractive product mix

Bonava will offer pleasant homes and happy neighbourhoods. Customer preferences and expectations shift between customer groups and over time. Our mix of products – single-family homes, semi-detached houses, row houses and apartments – is a strength that makes our housing units suitable for many different kinds of people. With the support of these surveys and using Bonava's lengthy experience in residential development, we can offer concepts that meet our customers' needs. Additionally, our local focus and flexible organisation mean we can quickly adapt our offering to shifting needs and market situations.

Sales are the greatest priority

Higher costs of living and lower consumer optimism have meant that many are concerned about making large investments, such as buying a home. At the same time, sales are Bonava's foremost priority to safe-

guard its cash flow. To sell housing units in a more challenging market, we have moved close to the market and are adjusting our offering in several markets. It may be an issue of applying selective price reductions in ongoing or completed production, rearranging housing units so that they consist of more rooms, or offering finishes of a lower standard in order to bring the customer's costs down.

The 2022 energy crisis in Europe and high interest rates and inflation in 2022 and 2023 have increased our customers' interest in energy-efficient housing. Bonava is meeting this interest by offering energy-efficient and fossil-free heating systems in our homes.

Explore new business models

In order to meet new needs, we must explore new business models. For example, we have projects in which we are developing rental apartments that we will own until we feel that the prevalent market conditions are

right for selling. We call this our Build-to-Manage (B2M) model. Occupancy of the first two completed B2M projects in the Baltics began in late 2023 and will provide rental income in 2024. The B2M project in Sweden was, however, discontinued during the year and reclassified to properties held for future development. An assessment of the B2M project, and of how the operations can be carried out in a cost-efficient manner, will be conducted before we decide on any new projects.

Meeting customer expectations throughout the customer journey

Bonava will meet its customers' expectations throughout the customer journey. Based on our customer insights, we can package and standardise our offerings, thereby achieving cost efficiency without losing customer value. We will make the customer's decision-making process simple and pleasant. Our goal is to offer exactly the

right number of options at a clear and reasonable cost in order to ensure a positive customer experience. Our customers should be able to perceive our engagement and feel they are well informed throughout the purchasing and move-in process, and when they choose our neighbourhoods.

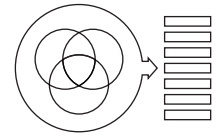
In 2023, we continued to improve the digital customer journey in order to support our customers before, during and after moving in to our homes and neighbourhoods.

Build a strong brand

Brand awareness of residential developers has historically been low. Since the start, Bonava has built a strong brand by taking a customer-centric approach, and using insights to develop relevant offerings and housing units where people thrive and feel happy. We are proud of our homes and neighbourhoods. We want everyone who works for us, and everyone who lives in our homes, to be proud to be part of a Bonava neighbourhood.

2023 was a challenging year with a great deal of uncertainty for us and the housing industry as a whole. We have focused on adapting our offering in accordance with the prevailing situation, while ensuring that we maintain our people-centric approach in our business. We are continuing to develop happy neighbourhoods for the many, with local conditions and needs governing what that means for the site in question. Customers should continue to feel confident that we will deliver on our promises and that we are driven to create the best conditions possible to ensure that they thrive and prosper.

Three phases for profitable growth



The strategic effort to achieve profitable growth progresses through three phases: Stabilise business, Ensure profitability and Grow business. However, the challenging market situation means that all markets had receding business volumes in 2023. The market must turn around before growth can be relevant.

Three phases

Our markets differ as regards competition, degree of consolidation and government regulations and plans for residential development. Moreover, our business units differ in the degree of maturity and standardisation. That is why there are differences in the strategic plans of the business units for moving on to the next phase. Over the long term, all of the business units will either progress through the three phases or be wound down.

Phase 1: Stabilise business

The first phase focuses on stabilising the business. The purpose is to ensure sufficient continuous volumes for sustainable operations, and address challenges related to an

operation without growth. In this step, we will assess whether the operation has the conditions to take the next step in which we can ensure profitability, or if it should be wound down. After evaluating the business operations, it is felt that Sweden has moved from ensuring profitability to stabilising its operations. Lower volumes in combination with project discrepancies justify Sweden's need to do so.

During the year, Bonava divested its Norway business unit in light of the low business volume in the operations and a significant need for investments in building rights.

Bonava also finalised the divestment of St. Petersburg in 2023. The sale was initiated back in 2022 in light of the geopolitical situa-

tion not yielding the conditions to pursue operations in St. Petersburg.

Phase 2: Ensure profitability

The second phase is to ensure profitability and minimise variations in profitability among projects. At the same time, commercial focus, control of costs, a flexible organisation and development of more standardised solutions and repetitive production processes are highlighted. Ensuring profitability also includes optimising the building rights portfolio in order to achieve a stronger presence and position. During the year, Finland took the step from stabilising its operations to ensuring profitability.

Phase 3: Grow business

The third phase deals with securing the conditions for growing the business more rapidly than the market once it turns around. In a weaker market, however, we are more selective about starting projects. For the business units in this phase, a flexible organ-

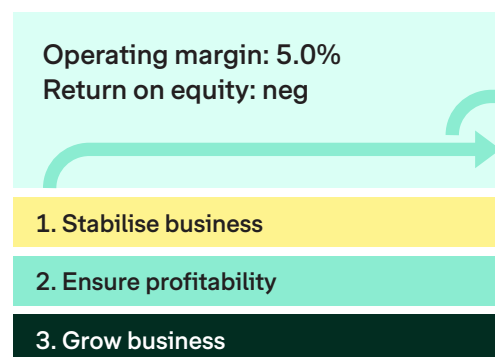
isation is in place or under implementation, costs are under control, and standardised solutions and repetitive production processes are well defined and established. The building rights portfolio is continually being optimised and improved based on risk and yield, and new offerings and business models are being introduced in order to meet customer needs and leverage growth opportunities. The Germany and Baltics business units are in Phase Three, and are thus equipped to grow their business once the market turns around.

Objective

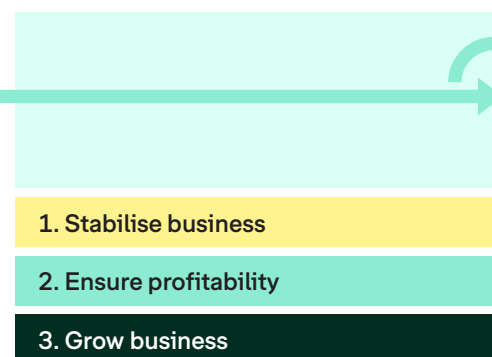
By starting the right projects with proper control of costs, we will reach our target of at least 10 per cent in operating profit before items affecting comparability starting from 2026. Return on equity will total at least 15 per cent over time.

Read more about the strategic focus and plans for our business units on pages 30–39.

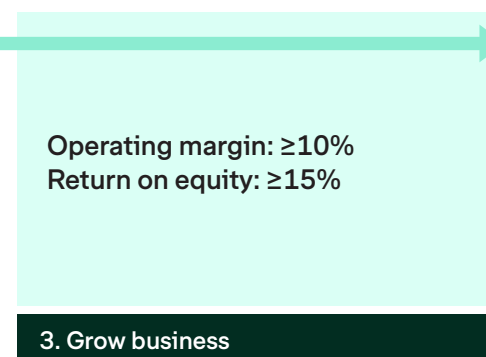
2023



2024



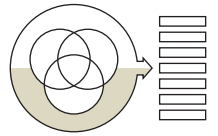
2026 →



Phase for Bonava's business units 2023

Sweden	Stabilise business
Finland	Ensure profitability
Germany	Grow business
Baltics	Grow business

Everything we do will rest on our firm foundation



Bonava's operations stand on a stable foundation consisting of our sustainability focus areas. This foundation is the starting point of our strategy, and means that we have an integrated approach to sustainability in our business and value chain.

We have a people-centric culture. This is the core of how we work for our customers' best interests. There is embedded environmental respect in everything we do, and we apply an efficient governance model with a focus on regulatory compliance and transparency. Our work method, procedures and structures are based on the needs and possibilities of the projects, and our work is balanced between the business units and the Group's support functions, with the ambition of pursuing our business close to the local markets.





Embedded environmental respect

The climate impact of the construction and property industry is significant, and developing housing units in line with the international climate targets has become increasingly important to customers and investors. Environmental respect must therefore be embedded into our entire procedure when creating new homes.

We have climate targets that have been validated by the Science Based Targets initiative (SBTi), and to reduce our environmental and climate impact across the life cycle we focus on the sustainable use of land and the development of resource-efficient housing units, with good energy efficiency and low water consumption.

Where previously undeveloped land is claimed, we work to protect biodiversity and other ecological values. Where needed, we remediate land to render it suitable for building homes. To optimise the use of materials and other resources throughout the life cycle, we endeavour to attain a circular production model with as few virgin production raw materials and as little waste as possible. We also focus on using the right materials for healthy homes with as few materials as possible that are hazardous to the environment and to health. Ecolabelled materials comprise an excellent tool for ensuring sound homes.

To package our sustainability offering in relation to customers, investors and financiers, we use the relevant sustainability labelling and certification.

Read more about our efforts under Embedded environmental respect on pages 112–115 and Notes S6–S11.



People-centric culture

We always focus on our customers, employees, suppliers and the entire neighbourhood in our projects – from planning to completion. Our culture is always people-centric. Our efforts are based on our Group-wide framework: our People strategy. This framework includes our values and leadership principles, and is based on how we are to work on health and safety, a value-driven workplace, and diversity in order to deliver on our Group-wide business strategy.

We ensure a safe and healthy workplace by integrating our health and safety activities into our entire operations, and by focusing on continual learning and improvement efforts. Our goal is a safe and healthy workplace for everyone, everywhere, every day, with a halving of serious incidents by 2026 compared with the 2022 level.

To create a sustainable and successful culture with the best conditions for attracting, engaging and retaining skilled employees, we start from our values: Committed – Caring – Curious. Through robust culture-building initiatives and a welcoming, inclusive workplace, we create better conditions for achieving our purpose of happy neighbourhoods for the many.

Read more about our efforts in the area under People-centric culture on pages 116–120 and S12–S15, S19.



Governance for high performance

Development of housing units and residential districts is a central component of every community, and maintaining trusting relationships with many different stakeholders. Good governance is a condition for achieving the best results, and there is an expectation among all our stakeholders that our operations are to be carried out with a high level of business ethics and good transparency.

Our internal regulations and procedures for good business ethics and compliance are defined in our Code of Conduct as well as in other policies and business management systems. We also have a programme for compliance with the Code of Conduct that includes training in anti-corruption and ethics. Our efforts with human rights, safe working conditions, environmental protection and anti-corruption are based on the fundamental principles of the UN Global Compact, and we set the same requirements for our suppliers as we do for ourselves. A long-term perspective and mutual learning with our suppliers are also crucial to our strategy and to achieving several of our targets, particularly our climate targets and the targets for health and safety.

To be a reliable business partner, we are transparent and openly report on how we comply with the universal principles and promote the UN Sustainable Development Goals.

Read more about our efforts under Governance for high performance on pages 121–123 and Note S16–18, S20.

Segments

Our markets differ,
and that is why we serve
them in different ways.



Key actions taken and favourable long-term fundamentals in our markets

The work done by our business units over the past two years will enable us to capitalise on the opportunities that will arise when the market recovers. In addition, the divestment of the operations in Norway and St. Petersburg allows us to focus on core segments.

Changing macroeconomic conditions have led to the current challenging market situation for housing development. However, it is Bonava's assessment that the structural housing supply deficit and the need for modern, well-planned and sustainable housing in Bonava's markets will support an increase in the demand for housing. Population growth and urbanisation combined with low activity in housing construction for many years have led to a shortage of housing in

population centres such as Stockholm and Gothenburg in Sweden and Berlin and Cologne in Germany.

We have proactively adjusted to the new market conditions and are in a strong position to outperform the market when it rebounds. Moreover, with the divestment of the operations in St. Petersburg and Norway, we have the opportunity to concentrate our efforts on our operations in Germany, Sweden, Finland and the Baltics.

Germany	Sweden	Finland	Baltics
<p>Key actions taken 2022 and 2023</p> <ul style="list-style-type: none"> • Reorganisation aimed at making the German operations more agile and competitive. • Reduced cost base by SEK 400 M per annum – full effect expected from January 1 2025. 	<ul style="list-style-type: none"> • Proactive downsizing in units started amid market downturn. • Evaluation of scaled back operations and business model to increase resilience. • Ensured right set of in-house capabilities. • Established a well-defined plan for returning to higher profitability, with concrete targets and requirements. 	<ul style="list-style-type: none"> • Evaluation conducted due to saturated market for new-builds (B2C). • Organisation adjusted to lower activity and basic capabilities enhanced to improve cost control. • Established a well-defined plan for returning to higher profitability, with concrete targets and requirements. 	<ul style="list-style-type: none"> • Best practice from Germany implemented to leverage growth opportunities. • Built organisation and acquired building rights in Vilnius to ensure basis for continued growth.
<p>Favourable long-term fundamentals</p> <ul style="list-style-type: none"> • Current undersupply of housing corresponds to about 230 times Bonava's average annual production over the last five years. • Bonava is well positioned to capitalise on the undersupply in the market. • Bonava's presence covers 35–40 per cent of total German population. 	<ul style="list-style-type: none"> • Current undersupply of housing corresponds to approximately 190 times Bonava's average annual production over the last five years. • Undersupply expected to increase due to low start volumes in 2022–2024. • Bonava is present in urban regions with current and future undersupply. 	<ul style="list-style-type: none"> • Strong position in the fastest-growing regions. • Continued urbanisation expected to drive demand. • Well-functioning rental market has created less undersupply in the overall market. 	<ul style="list-style-type: none"> • Market growth driven by modernisation of housing; current housing stock is largely made up of outdated, Soviet-era properties. • Strong demand for housing that meets modern regulations and standards in terms of eco-friendliness and safety. • Push for eco-friendliness further underpinned by recent surges in energy prices.

Share of net sales

55%^(56%)**Market facts: Germany****Population** (annual growth since 2012): 84.4 million inhabitants (0.4%)**Bonava's regions:** Berlin, Hamburg, the Baltic coast, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart**Population in Bonava's regions:** 30 million inhabitants (35–40 per cent of the country's total population)**Share that live in cities:** 78%**Unemployment 2023** (2022): 3.1% (3.1%)**Offering:** Multi-family housing with apartments (housing units with ownership rights), single-family housing, row houses and semi-detached houses for consumers (housing units with ownership rights) and rental housing projects with apartments for investors**Competitors:** BPD, Instone, Dt. RH, Ten Brinke, Büschl, Wilma, Zech

SEK M	2023	2022	2021
Net sales	7,283	7,785	7,276
Gross margin, %	12.6	15.6	16.6
Operating margin before items affecting comparability, % ¹⁾	8.6	11.6	12.6
Number of building rights	9,000	9,800	9,700

¹⁾ The key figures in 2022 and 2023 have been impacted by one-off items affecting comparability.

Towards an even more efficient organization

To strengthen the company's long-term competitiveness and increase profitability, Bonava Germany is implementing restructuring measures and creating an even more efficient, customer-oriented and flexible organisation that can be easily scaled up.

Market potential and drivers

Inflation in 2023 dropped to lower levels than those recorded in 2022. Consumer confidence started to improve during the year, even if the recovery was slow due to economic developments and the resulting concerns about job security and corporate insolvencies.

The price indices for residential property showed a downward trend in 2023, with stabilisation tendencies for newly constructed owner-occupied apartments, while the indices for rented apartments rose.

At the same time, the market situation offers opportunities. There has been a housing shortage for many years, meaning that there is long-term demand for housing units. This is especially in metropolitan areas and conurbation regions around economically strong major cities and their outskirts where Bonava operates. Current undersupply corresponds to about 230 times of Bonava's average annual production during the last five years. Experts see a construction gap of around 700,000 apartments per year nationwide by 2025 and an even higher shortfall in the years ahead.

Housing construction is high on the political agenda. The government estimates that 400,000 new housing units will need to be built annually and plans measures to speed up the construction of homes by simplifying regulations and accelerating processes. In November 2023, the federal and state governments agreed a joint pact to expedite the planning and approval processes – the "Construction Turbo Pact".

Bonava is one of Germany's most active residential developers and is represented in nine of Germany's ten largest cities, covering 35–40 per cent of the German population. Historically, the German market has been highly fragmented due to a large number of regional and even local developers.

The challenging market situation could lead to insolvencies and consolidation, which can be favorable for a larger player with national coverage such as Bonava.

Progress during the year

Germany is Bonava's largest market, accounting for 55 per cent of sales in 2023. Net sales decreased to SEK 7,283 M (7,785), due primarily to fewer housing units being recognised to investors. During the period, 1,510 (1,888) housing units were recognised in profit. Operating profit before items affecting comparability decreased to SEK 628 M (904), due primarily to the mix of housing units delivered and less units recognised.

Strong brand – double appointment two years in a row

Bonava once again took first place in the Real Estate Brand Value Study 2023 covering residential developers in the German market. This is the largest brand value study in the European property industry. It surveys 120,000 property professionals in 45 countries about their perceptions of 1,500 different property companies.

In addition, Bonava was ranked the number one residential developer with projects under construction and completed projects in 2023 in the surroundings of German cities, based on the RIWIS database of bulwiengesa.

A number of high-margin consumer projects were delivered in the preceding year, which was not the case in 2023. The operating margin before items affecting comparability was 8.6 per cent (11.6). Expenses of SEK 402 M for restructuring, SEK 442 M for impairment of land and SEK 35 M for write-down of a completed project were classified as items affecting comparability. Operating profit after items affecting comparability amounted to SEK -251 M (872).

Since the first signs of a weaker market in 2022, we have been proactive in reviewing the company's costs and adapting to lower business volumes. To strengthen the company's long-term competitiveness and increase profitability, Bonava decided in September 2023 to implement restructuring measures reducing the cost base of SEK 400 M per annum with expected full effect in 1 January 2025. The purpose of the measures is to create an even more efficient, competitive, customer-oriented and agile organisation that can be easily scaled up. The restructuring affects about 340 positions in Germany.

The German offering was adapted to the new market conditions during the year. This included offering downsized housing units at a more attractive price. We also offered housing units with renewable energy solutions, such as solar panels and heat pumps, and have increasingly integrated sustainability aspects such as circularity of materials.

Furthermore, we are studying the demographic trend in Germany to meet the housing needs of an ageing generation going forward.

During the year, Bonava sold 176 (228) housing units to investors and 724 (744) housing units to consumers. Of these, we sold 176 rental apartments in the new Simonsveedel neighbourhood in Cologne, Germany, to a fund of Bayer pension schemes. The new neighbourhood will consist of a total of 290 apartments. The apartments are suitable for all age groups and vary in size to attract both small and large households. The area is planned with a view to reducing the need for the daily use of motor vehicles.

Bonava started a total of 176 (228) housing units for investors and 610 (651) housing units for consumers during the year.

The German operation held a total of 9,000 (9,800) building rights at the end of the year, of which 1,600 (3,100) were off the balance sheet. Following the value assessment carried out during the third quarter, building rights were impaired by SEK 442 M. The building rights are at different stages, and together constitute a firm foundation in the years ahead.

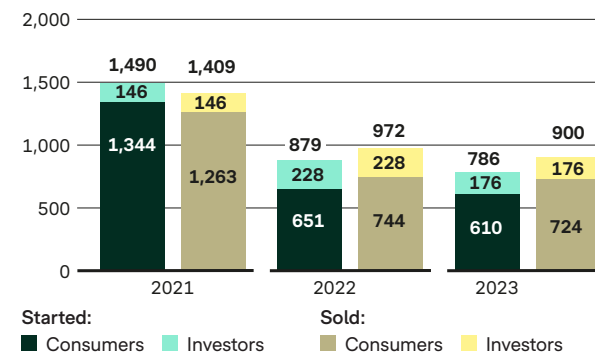


Skyscraper in Berlin

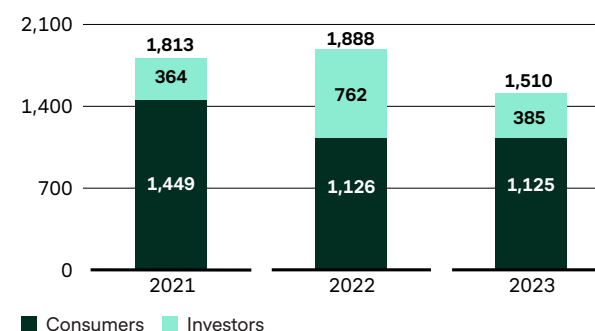
During the year, we handed over 106 units in the B2C Wuhletaler Fenster project in Berlin. It consists of a skyscraper building with 203 two, three or four-room condominiums ranging between 56 and 92 square metres in size. All apartments feature a balcony or, if they are on the ground floor, a terrace.

The Wuhletaler Fenster is part of a new residential neighbourhood that also includes five smaller apartment blocks with a total of 376 rental apartments. These residential buildings were completed in 2021 and are fully let. The neighbourhood features an extensive network of paths with generous, cosy seating areas and several playgrounds.

Number of housing units started and sold



Number of housing units recognised in profit



Strategic focus going forward – growth

Germany is in the third strategic phase – growing the business. The business unit has a strong market position, efficient building systems and processes in place and an agile, fast and experienced organisation is being implemented. Once the market turns around, the business unit is well positioned to start to grow volumes. Improvement efforts will continue to focus on flexibility in production, strategic sourcing and development of our offering, which includes continued diversified offering with an increased share cost-efficient single-family/terraced housing projects. Read about the three phases on page 27.

Share of net sales

20%^(20%)

Market facts: Sweden

Population (annual growth since 2012): 10.5 million inhabitants (0.9%)

Bonava's regions: Stockholm, Gothenburg, Linköping, Luleå, Uppsala and Umeå, as well as rental apartments in several larger regional cities

Population in Bonava's regions: 4 million inhabitants (approximately 40 per cent of the country's total population)

Share that live in cities: 88%

Unemployment 2023 (2022): 7.9% (7.5%)

Offering: Multi-family housing with apartments and single-family housing for consumers (tenant-owned apartments and housing units with ownership rights) and rental housing projects for investors

Competitors: JM, Riksbyggen, HSB, OBOS, Skanska, Peab, Besqab, Nordr, BoKlok

SEK M	2023	2022	2021
Net sales	2,685	2,745	3,327
Gross margin, %	8.4	3.1	12.6
Operating margin before items affecting comparability, % ¹⁾	2.9	-2.0	8.8
Number of building rights	9,500	8,700	8,200

¹⁾ The figures were affected by items affecting comparability.

Gathering forces to strengthen the business

The Swedish market slowed during the year, and a number of measures have been taken to strengthen operations going forward. Once the market recovers, Bonava Sweden can offer an attractive breadth of housing units to rent or own – in or near large cities.

Market potential and drivers

Increasing population and relocation to the major cities, together with historically low interest rates and greater disposable income, previously drove the housing market in Sweden. Higher costs of living and rising interest rates in 2023 led to a cautious market and a robust slowdown as regards both production starts and sales of housing units. A large proportion of Swedish households have variable-rate mortgages, meaning that the interest rate hikes have impacted their consumption capacity and reduced their purchasing power.

The number of construction starts in Sweden decreased dramatically during the year, which impacts both Bonava and other players in the industry. Market conditions have not been this challenging since the early 1990s.

At the same time, there is a significant deficit of approximately 175,000 housing units, corresponding to approximately 190 times Bonava's average production volume in the country over the last five years. In Sweden, the housing shortage is expected to increase further in the coming years due to there being few production starts of new housing units, and Bonava is active in the regions that have – and are expected in future to have – a deficit.

Progress during the year

Net sales amounted to SEK 2,685 M (2,745). During the period, 887 housing units (881) were recognised in profit. Gross profit was charged with SEK 45 M in risk provisions and SEK 51 M in losses from the sale of building rights that followed the strategic review of the building rights portfolio. During the preceding year, gross profit was charged with SEK 155 M in impairment of previously capitalised project engineering costs and fixed assets. These items were not

classified as affecting comparability. Gross profit totalled SEK 225 M (85), and the gross margin was 8.4 per cent (3.1).

Expenses of SEK 303 M (20) were classified as items affecting comparability, of which SEK 20 M (20) for restructuring, SEK 160 M (0) for impairment of land and SEK 123 M (0) for adjustments to the value of a discontinued B2M project. Operating profit before items affecting comparability amounted to SEK 77 M (-54) and the operating margin was 2.9 per cent (-2.0). Operating loss after items affecting comparability totalled SEK -226 M (-74).

In total, 887 housing units were delivered during the year. Many of these projects were extensive, such as the Kompassen

Kapellgärdet Arena in Uppsala

Kapellgärdet Arena is an attractive residential district with the opportunity to lead a healthy lifestyle. The neighbourhood consists of 294 tenant-owned apartments in various sizes. Here, the neighbours share an active and social inner courtyard with a focus on exercise and featuring an outdoor gym, running track and a ping-pong table, as well as outdoor barbecue areas. There are also comfortable seating areas for those who wish to enjoy peaceful green spaces. The neighbourhood is Nordic Swan ecolabelled.



investor project and multi-family home in Västerås consisting of 162 apartments, and Bark, with 175 apartments in the Tomtebo gård district of Umeå.

We also completed several housing units for consumers, including Logementet with 102 tenant-owned apartments in Gothenburg and the final two stages of Kapellgärdet Arena with 63 tenant-owned apartments in Uppsala. Since 2006, Bonava has been part of developing nearly 1,000 apartments in total in the Kapellgärdet district.

The cautious market meant low sales volumes. The number of housing units sold to consumers during the year was 110 (256), while 0 housing units (0) were sold to investors.

The number of housing starts totalled 88 (143) for consumers and 0 (231) for investors. Projects started during the year include Glöd in Umeå, consisting of 69 Nordic Swan ecolabelled tenant-owned apartments, and Sörgården in the Öjersjö district of Gothenburg, with the first stage consisting of 19 Nordic Swan ecolabelled row houses.

Bonava won a site allocation in Kronandalen during the year. This provides us with the opportunity to ensure several years of project starts and promote the new green industrialisation in northern Norrland. Kronan is a modern green district in Luleå, with Kronandalen at its heart. The zoning plan for the area has entered force and production start is planned for 2024. Bonava is planning two blocks with multi-family housing – approximately 170 apartments, and a block of housing

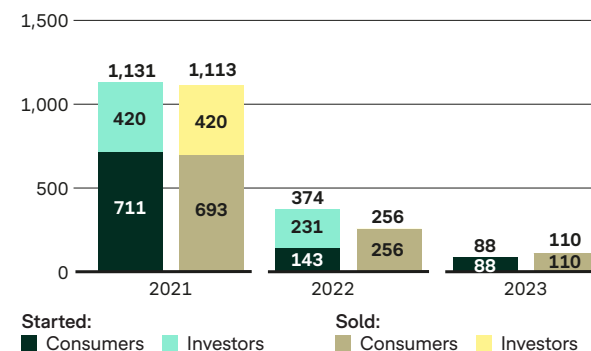
units with approximately 20 semi-detached houses. The neighbourhood offers proximity to nature as well as an active, comfortable life for approximately 7,000 people once it is fully constructed.

In September, Michael Björklund took office as a new Business Unit President. He is also the head of Bonava's operations in the Baltics, and has been a member of Bonava's Executive Management Group since 2016.

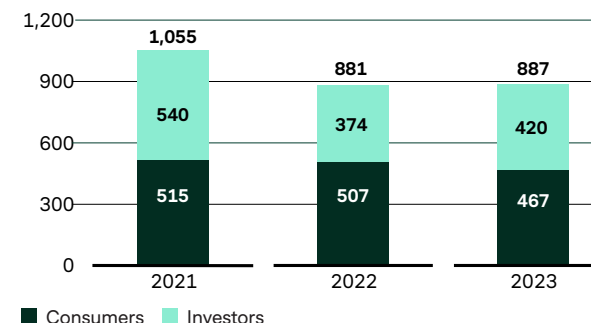
In light of the challenging market, and to ensure profitability and strong business for the future, we conducted a comprehensive restructuring of the organisation during the year. Furthermore, Bonava Sweden introduced a more decentralised governance model. The new approach is intended to bring us closer to our customers and more easily adapt the organisation based on local conditions.

Bonava's building rights and project portfolios were further optimised during the year, both through zoning work ahead of impending starts and sales and acquisitions of building rights. Bonava's acquisitions include 300 building rights in Älvängen, north of Gothenburg, and we finalised the zoning plan for the Fjärilshuset project in the Ormbacka district of Järfälla, where a modern garden city of just over 180 housing units is being planned. There were 9,500 building rights (8,700) in total at the end of 2023, of which 2,500 (2,900) were off the balance sheet.

Number of housing units started and sold



Number of housing units recognised in profit



A neighbourhood full of energy in Tomtebo gård

In Tomtebo gård, on the shores of Lake Nydala just a few kilometres from central Umeå, Bonava is building several family-friendly neighbourhoods, with the Glöd project consisting of 69 Nordic Swan ecolabelled and well-designed one- to three-bedroom tenant-owned apartments. One exciting piece of news is our generational apartment, where part of the home can be split off with its own entrance and pantry for a teenager, a grandparent or a home office. Glöd has solar panels on the roof that, it is estimated, will produce 10 to 12 per cent of the entire neighbourhood's energy needs.



Strategic focus going forward – stabilise operations

The Sweden business unit is in the initial strategic phase: stabilise operations. To ensure good profitability and manage shifts in business volume, the business unit will need to create a more flexible organisation and increase clarity around responsibilities and control in its projects. The utilisation of "turnkey" suppliers will increase in order to reduce the fixed cost base. The business unit will focus on regions and types of projects that have historically proven profitable, such as single-family and multi-family homes outside Stockholm.

Read about the three phases on page 27. →

Share of net sales

19% (13%)

Market facts: Finland**Population** (annual growth since 2012): 5.6 million inhabitants (0.3%)**Bonava's regions:** Helsinki, Turku, Tampere**Population in Bonava's regions:** 2.2 million inhabitants (approximately 40 per cent of the country's total population)**Share that live in cities:** 86%**Unemployment 2023 (2022):** 7.6% (6.8%)**Offering:** Multi-family housing with apartments for consumers and rental housing projects for investors**Competitors:** YIT, Skanska, SRV, JM Suomi, Peab, Pohjola Rakennus, T2H, Lujatalo

SEK M	2023	2022	2021
Net sales	2,531	1,759	1,842
Gross margin, %	7.6	10.4	7.2
Operating margin before items affecting comparability, % ¹⁾	4.2	5.0	3.1
Number of building rights	3,600	3,400	4,100

¹⁾ The key figures in 2021 and 2023 have been impacted by one-off items affecting comparability.

Increased net sales in Finland

Bonava reported a high number of handovers and increased net sales in 2023. However, the market outlook in the short term in Finland is challenging due to low demand and a high level of supply.

Market potential and drivers

Demand for housing units in Finland is concentrated primarily in the metropolitan regions with the largest population growth and developed infrastructure: Helsinki, Tampere and Turku, which are the regions where Bonava operates and has a strong position. Urbanisation and an aging population are continuing trends in Finland, creating long-term demand for new sustainable homes.

During 2023, rising interest rates and inflation resulted in low demand in both the consumer and investor market. According to research studies, consumer confidence was not at its lowest level, but was nonetheless weak.

There were a significant number of project completions in the market during the year, creating surplus supply and thus relatively low occupancy rates in rental homes. However,

well-functioning rental markets has created undersupply in the overall market.

Competition in the Finnish market for multi-family housing is intense. It consists primarily of major players with a broad offering as well as new, smaller players. Bonava is one of the few companies that is a dedicated residential developer.

Progress during the year

Net sales increased to SEK 2,531 M (1,759). Operating profit before items affecting comparability amounted to SEK 107 M (88) and the operating margin was 4.2 per cent (5.0). Operating profit was affected by two completed and delivered projects with low margins, which the company had been aware of previously. Nevertheless, these projects

Excellent certification BREEAM in-Use

Bonava's apartment buildings in Helsinki and Turku, built for Sirius Capital Partners, received BREEAM In-Use Part 1 certification in a quality audit and achieved the targeted level of Excellent in 2023. The environmental impact assessment takes into account the physical characteristics of the building, including the technical solutions in terms of energy efficiency, the materials used, land use and transport. This internationally recognised third-party certification is a good starting point for the future environmental management of the property.



were started in order to fulfil existing contractual requirements and to avoid fines.

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

The number of completed and handed-over units was 1,051 (718), of which 306 (414) to consumers and 745 (304) to investors.

During the year, we sold 75 (626) housing units to investors and 87 (212) housing units to consumers. Of these, 75 rental apartments in Kirstinpuisto in Turku were sold to the investor eQ. The project, which goes under the name Turun Solina 11, was started in the first quarter of 2023 and is expected to be handed over in the second quarter of 2024.

The Turun Solina 9 project is also situated in Kirstinpuisto. It was completed during the year and is Bonava's first project that fulfils EU taxonomy criteria. Bonava Finland completed one more taxonomy-aligned project at the end of 2023 and has two more in the pipeline.

As a result of the market conditions, Bonava started 0 (139) units for consumers and 75 (626) units for investors in 2023. We adapted our organisation and operations to meet the

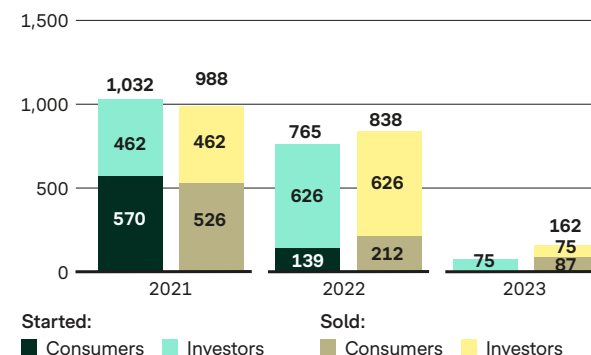
challenging market situation and adjusted costs to reflect reduced volumes.

In connection with the restructuring of the organisation, we also executed strategic and operational changes to continue supporting business turnaround. The core processes and responsibilities were renewed accordingly. The updated processes will make our operations simpler and even more reliable. The number of employees decreased by 33 per cent during the year.

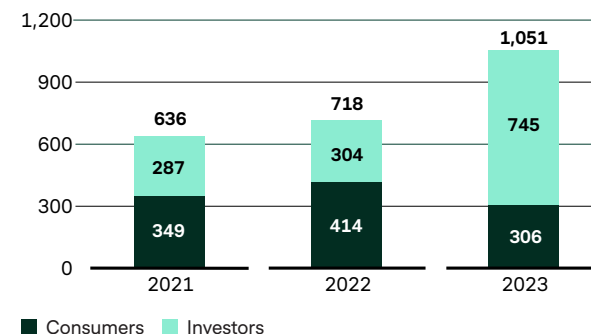
We continued improving project governance during the year. With our Production Training Programme and established quality control principles, we are creating a culture, and have already improved work safety and quality. In addition, we implemented improvement measures from the health and safety program "Everyone Plan" during the year.

At the end of 2023, the Finnish operation held 3,600 (3,400) building rights, of which 2,100 (2,100) were off balance. Following the value assessment carried out during the third quarter, the impairment of building rights amounted to SEK 83 M.

Number of housing units started and sold



Number of housing units recognised in profit



Bonava's largest project in Finland

Turun Solina 11 – sold to the investor eQ – is the seventh multi-family housing unit that Bonava is building in the Kirstinpuisto neighbourhood. This is an area that, when completed, will encompass a total of 1,400 Bonava homes and it constitutes Bonava's largest project in Finland. Kirstinpuisto is centrally located in a growing residential area with good public transportation, a strong offering of services and urban greenery.



Strategic focus going forward – profitability

Finland has entered the second phase of maturity – profitability. The operation is more stable, project governance and responsibilities are clearer, and forecasts are more reliable than before. Nevertheless, the business has to grow to improve profitability. Efforts to increase organisational efficiency to ensure decision-making closer to local markets and efforts to improve governance and cost efficiency in design, production and sourcing are continuing.

In parallel, Finland has a strengthened focus on the consumer market on all regions to improve profitability.

Read about the three phases on page 27. →

Share of net sales

6% (6%)

Market facts: Baltics

Population (annual growth since 2012): Estonia 1.4 million inhabitants (0.3%), Latvia 1.9 million inhabitants (-0.7%), Lithuania 2.9 million inhabitants (-0.5%)

Population in Bonava's regions: Latvia – Riga: 1.1 million inhabitants (55 per cent of the country's total population), Estonia – Tallinn: 600,000 inhabitants (46 per cent of the country's total population), Lithuania – Vilnius: 800,000 inhabitants (29 per cent of the country's total population)

Share that live in cities: Estonia 70%, Latvia 69%, Lithuania 68%

Unemployment 2023 (2022): Estonia 6.1% (5.6%), Latvia 6.6% (6.8%), Lithuania 6.5% (6.0%)

Offering: Multi-family housing for consumers (housing units with ownership rights) and rental housing projects for investors, (historically low share)

Competitors: Merko, Endover, YIT, Hanner, Eika, RealCo

SEK M	2023	2022	2021
Net sales	770	832	757
Gross margin, %	15.0	18.2	15.0
Operating margin, % ¹⁾	8.9	13.0	10.8
Number of building rights	6,800	7,500	6,000

¹⁾ The key ratios have not been affected by items affecting comparability, since no such items have been reported.

Future opportunities in Baltics

The low quality of the existing housing stock combined with growing demand for energy-efficient and well-planned housing presents opportunities for the future, including resource-efficient and modern rental apartments.

Market potential and drivers

Bonava is the largest residential developer in Latvia and among the top three for a number of years in Estonia. Despite challenging markets and reduced volumes, this position was successfully maintained in 2023. In Lithuania, where Bonava commenced operations in 2020, the company has established a solid organisation and developed its first projects. Here, Bonava has the potential to become a leader.

The markets in all three Baltic capitals have displayed growth in recent years, although they encountered a mild economic downturn in 2023. However, the expectation is that there will be a return to growth in 2024. Low unemployment supports the markets, but increased interest rates have reduced consumer confidence and purchasing power. Interest rates are expected to settle during 2024.

The low quality of the existing housing stock combined with growing demand for energy-efficient and well-planned housing presents opportunities for the future, including resource-efficient and modern rental apartments. Increased energy prices has entailed a push for eco-friendliness. In addition, banks are active in Baltic markets competing for housing loan customers. Accordingly, there are several factors that support a return to a more favourable market in 2024.

At present, the assessment is that the uncertainty arising from Russia's invasion of Ukraine will not impact the Baltics to a greater degree than the rest of Europe. Price levels for housing units, like costs for construction, stabilized during the year and even showed some scope for cost reduction.



Investment in three phases completed

The Tasandi 5/Astangu 23 project in Järveotsa, close to Tallinn, consisting of 74 apartments, was completed and handed over during the year. This was the last of three phases consisting of a total of 184 apartments for consumers. The first phase commenced at the end of 2020 and the third phase was completed during 2023. The project features a pleasant courtyard with a playground for children and an underground car park for residents.

Progress during the year

Net sales totalled SEK 770 M (832), slightly lower compared with the preceding year, since less housing units for consumers were recognised in profit, but with stable margins. Cautious markets and low sales during the year were the reason for the lower number of units recognised in profit. Operating profit totalled SEK 68 M (108), and the operating margin fell to 8.9 per cent (13.0). The operating profit and margin declined due to a lower number of housing units recognised in profit, including the recognition of a project with a low profit margin during the year.

In Vilnius, Lithuania, the first phase of the Lake Town investment was completed and was partly recognised in profit. This project has eleven phases comprising more than 700 functional and well-planned condominiums for consumers. The finishings in the apartments are fully completed when the customers move in, what is not common practice in Lithuania and raises the standard on the market. The last of three phases of the Järveotsa consumer project, close to Tallinn, was also completed and handed over to during the year.

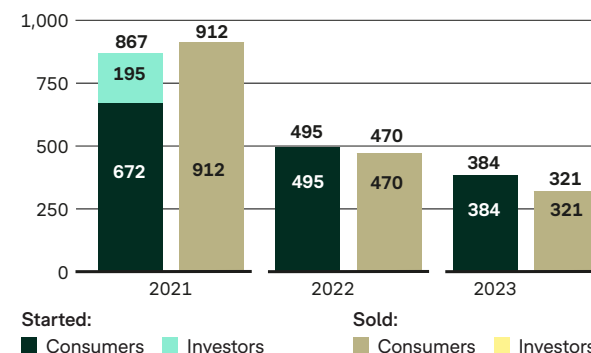
In Tallinn, Estonia, and Riga, Latvia, Bonava commenced its first rental housing projects intended for in-house management under our "Build to Manage" (B2M) model in late 2021. B2M entails constructing, retaining and managing for a period instead of divesting immediately. During the year, 195

B2M housing units for rental were completed in the Baltics, of which 99 are in the Aiandi 11 project in Tallinn and 96 in the Maskavas 5 project in Riga. Development and production were preceded by strong cost control and the projects were completed on schedule. Both projects will generate rental income in 2024, gradually increasing over the course of the year in pace with a rising occupancy rate. Strong potential can be seen for the establishment of a professional rental market in the Baltic markets currently dominated by the private rental sector.

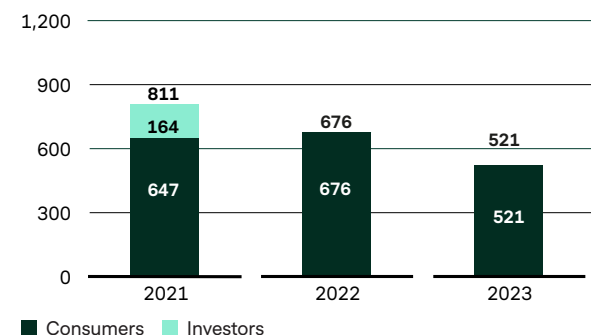
During the year Bonava started 384 (495) housing units for consumers. Two of the projects started include Maskavas 6, the last phase in a large investment in Riga, and Aiandi 8 in Tallinn. 321 (470) units were sold to consumers.

At the end of 2023, the Baltic operation had 6,800 (7,500) building rights, of which 2,000 (3,250) were off balance. This ensures a strong land portfolio for the coming two to four years.

Number of housing units started and sold



Number of housing units recognised in profit



Final stage in Maskavas started

Krasta Masivs in Riga, Latvia, has quickly become a popular district with good transport links, proximity to the town centre and a broad range of shops. The Maskavas 6 consumer project, started in 2023, is the final phase of the Krasta Masivs neighbourhood. When completed, the project will comprise a total of six buildings with 556 Bonava homes. Three of the buildings have already been delivered to the new owner-occupants. Bonava's proprietary building system and repetition in the construction process have enabled the delivery of housing units with a high standard at an affordable price.



Strategic focus going forward – growth

The Baltics segment is in the third phase of maturity, with the right conditions for cautious growth. As the markets develop more favourably, profitable growth will be secured by maintaining control over purchasing, design and production and having a strong team in place. Bonava will continue to invest in the immature consumer markets and continuously develop the customer offer. The capital city of Vilnius, situated in the largest country in terms of population, offers additional growth potential over time as it is the most recent market Bonava has entered.

Read about the three phases on page 27. →

Corporate Governance

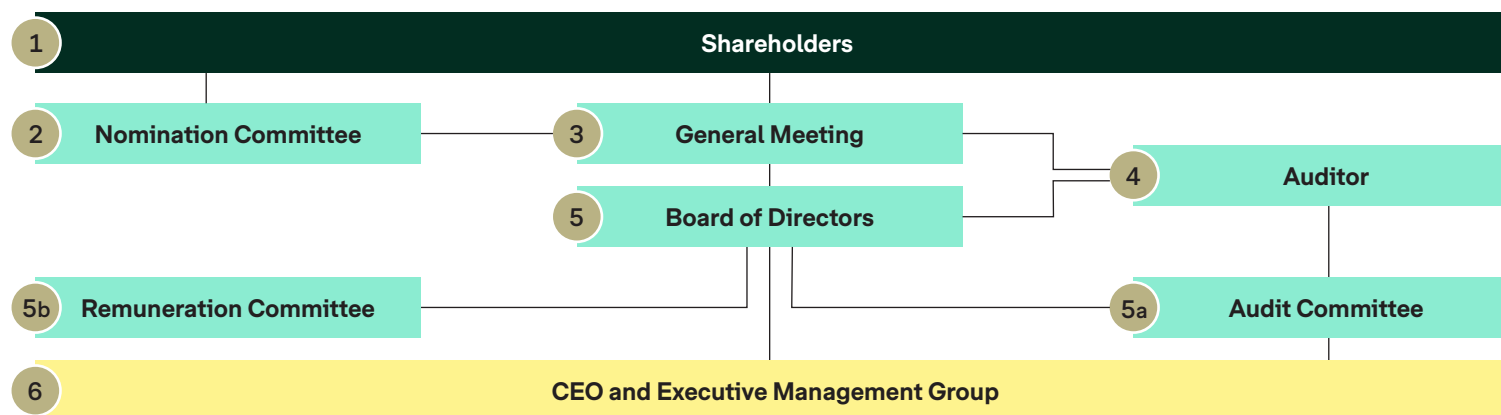


Corporate Governance Report

This Corporate Governance Report, which has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code, “the Code”, contains important information about how Bonava complies with the Code, about shareholders, the Nomination Committee, the Annual General Meeting (AGM), the Board of Directors and its work, including committees, remuneration and allocation of responsibilities within the governance model. The Corporate Governance Report also describes Bonava’s system for internal control and risk management, which according to the Swedish Companies Act and the Code is the responsibility of the Board. This Corporate Governance Report has been prepared by the Board of Directors and is presented in compliance with the Annual Accounts Act and the Code, presenting Bonava’s Corporate Governance in 2023.

Regulatory framework, governance model and internal control

Through good corporate governance, Bonava aims to ensure a responsible and sustainable way of working over time. The governance model applied provides a transparent and clear allocation of mandates and responsibility, and an effective management of relevant risks and necessary controls. The objective is to create a long-term sustainable operation that generates value for shareholders and other stakeholders over time.



Regulatory framework and governance model

Bonava is a Swedish public limited company that was listed on Nasdaq Stockholm in 2016. Bonava’s corporate governance complies with Swedish law, the Articles of Association, Nasdaq Stockholm’s Rules for Issuers and regulations and recommendations issued by relevant organisations. In the countries where Bonava conducts operations, the company complies with local legislation and other regulations. Bonava also complies with accepted securities market practice, which includes the application of the Code.

Bonava’s Articles of Association were adopted by the Extra General Meeting in February 2024 and are available in full at bonava.com. The Articles of Association stipulate that the company, directly or through subsidiaries, develops and invests in residential properties and engages in real estate trading operations, and conducts other operations related to the above.

The company also undertakes certain Group-wide activities, such as the provision of employee services. The registered office is in Stockholm, Sweden. The company is prohibited from making any decisions that contravene the Articles of Association without first referring such matters to the General Meeting for a decision and potentially amending the Articles of Association. The Articles of Association do not contain any special stipulations regarding the appointment and discharge of Board members or amendments to the Articles of Association.

Bonava has not departed from the Code. There have been no instances of non-compliance with Nasdaq Stockholm’s Rules for Issuers or accepted securities market practice.

1 Shareholders

Bonava’s share was listed on Nasdaq Stockholm in 2016. At year-end, the number of

shares in the company was 108,435,822. On the same date, the share capital totalled SEK 434 M with a quotient value per share of SEK 4.00.

At year-end, Bonava had 30,385 known shareholders. The company’s five largest shareholders at year-end were Nordstjernan AB, the Fourth Swedish National Pension Fund (Fjärde AP-fonden), Schroders, Nordea Liv & Pension and Swedbank Robur Fonder. Read more about Bonava’s shares and shareholders on pages 158–159.

2 Nomination Committee

The Nomination Committee is a body established by the AGM with the task of proposing the number of Board members and the composition of the Board, including the Chairman as well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination

Board members ¹⁾	Appointed by	Non-affiliated ²⁾
Peter Hofvenstam, Chairman of the Nomination Committee	Nordstjernan AB	Yes/No
Olof Nyström	Fourth Swedish National Pension Fund (Fjärde AP-fonden)	Yes/Yes
Lennart Francke	Swedbank Robur Fonder	Yes/Yes

¹⁾ And Chairman of the Board, as a co-opted Board member.

²⁾ Non-affiliated to the company and management/the largest shareholder in terms of votes.

Committee also proposes the Chairman of the AGM and the company's auditors and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable instructions for the Nomination Committee.

Nomination Committee ahead of 2024 AGM

Bonava's 2023 AGM appointed the following Nomination Committee ahead of the 2024 AGM: Peter Hofvenstam (Nordstjernan AB), Olof Nyström (Fourth Swedish National Pension Fund), Lennart Francke (Swedbank Robur Fonder) and Chairman of the Board as a co-opted Board member. Peter Hofvenstam was elected Chairman of the Nomination Committee.

The work of the Nomination Committee

According to the instructions, the Nomination Committee's task is to propose to the AGM the number of Board members and the composition of the Board, including the Chairman as well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination Committee also proposes the Chairman of the AGM and, where applicable, the company's auditors and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable instructions for the Nomination Committee.

Ahead of the 2024 AGM, the Nomination Committee held two meetings, and also com-

municated by phone and e-mail. The Board of Directors has been interviewed on the Board's work during the year and also discussed the self-evaluation completed by the Board of Directors.

The Nomination Committee has noted that overall, the Board of Directors functions effectively and that it, with regard to the needs of the company's operations, stage of development and other conditions, has a suitable composition and demonstrates diversity and breadth in terms of skills, experience and background. An even gender distribution is endeavored. The requirements pursuant to the company's diversity policy should be viewed as fulfilled. The Nomination Committee has subsequently evaluated the company's needs and reviewed the desired Board composition in relation to the current Board members' experience and expertise. The Nomination Committee also evaluated Board fees and addressed the matter of remuneration for committee work. The Nomination Committee's complete proposals are presented in the notice convening the AGM. All decisions taken by the Nomination Committee were unanimous.

Nomination Committee proposals

Shareholders have been invited to submit their proposals and views to the Nomination Committee. Shareholders wishing to present a proposal to the Nomination Committee should do so via bolagsstamma@bonava.com.

bonava.com. No special remuneration was paid to the Chairman, or any other member of the Nomination Committee.

The Nomination Committee's proposals for Board members, Board fees and auditors are published in the notice convening the AGM and at bonava.com.

3 General meeting

The general meeting is Bonava's highest decision-making body and a forum for all shareholders to exercise their influence. The general meeting decides on changes to the Articles of Association. Notices convening general meetings are made available on the company's website and through announcements in the Swedish Official Gazette (Post- och Inrikes Tidningar). Confirmation that the notice has been issued is published simultaneously in the Swedish daily newspaper Dagens Nyheter.

2023 Annual General Meeting

In 2023, the Annual General Meeting ("AGM") was held on 3 April 2023 when the Board was elected and other customary matters were decided. Shareholders had the option of participating physically at the meeting or to exercise their voting rights by voting in advance, through postal voting, in accordance with Bonava's Articles of Association.

2024 Extraordinary General Meeting

An Extraordinary General Meeting on 7 February 2024 resolved on a new issue of Class A and Class B shares with preferential rights for existing shareholders of approximately SEK 1,050 M before transaction costs.

2024 Annual General Meeting

Bonava's AGM for 2024 will be held on 10 April 2024 in Stockholm, Sweden. Shareholders are entitled to raise matters at the

AGM subject to submitting a written request to the Board of Directors by 21 February 2024, which the company announced on its website in conjunction with the interim report for the third quarter of 2023. Bonava seeks to ensure that the Board of Directors, management team, Nomination Committee and auditor are present at AGMs. For more information about the AGM, see page 161 or Bonava's website, bonava.com.

4 Auditor

The company's financial accounts and accounting, as well as the management by the Executive Management Group and the Board of Directors, are reviewed and audited by the company's auditor.

At the AGM on 3 April 2023, the registered audit firm Öhrlings Pricewaterhouse-Coopers AB (PwC) was elected auditor for the period until the AGM in 2024. The election took place on the Nomination Committee's proposal which concurred with the Audit Committee's recommendation. Authorised Public Accountant Patrik Adolfson has been appointed Auditor in Charge.

The auditor is to report any material accounting errors and suspected irregularities to the Audit Committee. At least once a year, usually in connection with the closing of the financial statements, the auditor is to report any observations from the audit and its assessment of the company's internal control to the Board of Directors. The auditor also participates at the AGM to present its Auditor's Report and outline the audit work carried out and observations made. Bonava's Sustainability Report was audited and complies with the statutory requirements on sustainability reporting and the Global Reporting Initiative standards according to PwC.

5 Board of Directors

The Board of Directors has the overarching responsibility for Bonava's organisation and administration.

According to the Articles of Association, Bonava's Board of Directors shall have a minimum of three and a maximum of eight members. The AGM on 3 April 2023 resolved to re-elect Viveca Ax:son Johnson, Mats Jönsson, Per-Ingemar Persson and Nils Styf as Board members, and to elect Olle Boback, Anette Frumerie and Tobias Lönnevall as new Board members. The AGM also resolved to elect Mats Jönsson as Chairman of the Board.

At the same time, Åsa Hedenberg, Angela Langemar Olsson and Andreas Segal left the Board. For information on Board members, their assignments outside the Group and their shareholdings in Bonava, see the "Board of Directors" section. The Board of Directors also adopts the Rules of Procedure for the Board and instructions for the CEO. The Board of Directors has also decided on a number of general policies relating to the company's operations, see pages 45–47. These internal policy documents are reviewed at least once a year and are also updated continuously to comply with legislation as and when required.

The Board of Directors and non-affiliation

Bonava's Board of Directors was deemed to satisfy the Code's requirements of non-affiliation as all seven of the members elected by the AGM are not affiliated with the company and the Executive Management Group.

All Board members, with the exception of Viveca Ax:son Johnson and Tobias Lönnevall, are deemed to satisfy the requirement for non-affiliation with regard to major shareholders (in both cases this relates to Nordstjernan AB).

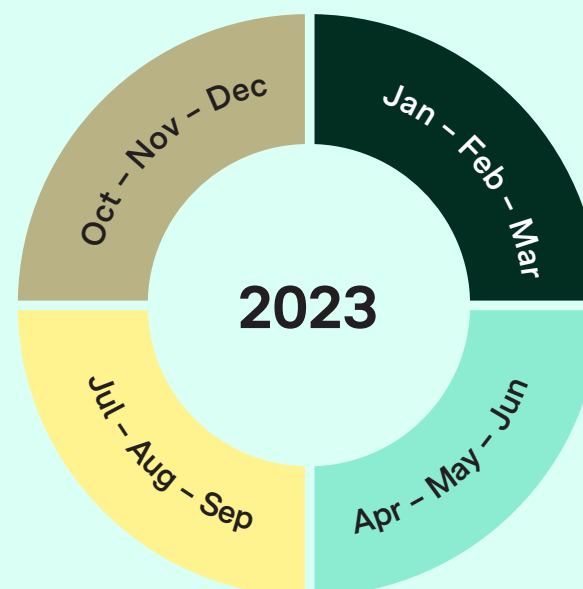
Overview of the Board's work in 2023¹⁾

Fourth quarter (Oct-Nov-Dec)

- Interim Report Q3
- Budget meeting
- Discussions concerning STI 2023 outcome and STI 2024
- Preparation of long-term financing package
- Divestment of operations in St. Petersburg

Third quarter (Jul-Aug-Sep)

- Interim Report Q2
- Strategy meeting
- Preparation of long-term financing package
- Wind-down of the operations in St. Petersburg



First quarter (Jan-Feb-Mar)

- Year-end Report Q4
- Outcome STI 2022
- Decision wind-down in Norway
- Notice, AGM documentation
- Annual and Sustainability Report

Second quarter (Apr-May-Jun)

- Statutory meeting
- Decision, Board of Directors' Rules of Procedure and other Group policies
- Decision, Board Committees
- Interim Report Q1
- Divestment of the operations in Norway
- Discussion, implementation of revised strategy
- Preparation of long-term financing arrangements
- Update, health and safety

¹⁾ In addition to topics specifically detailed above, there are other areas that are continuously discussed, such as CEO updates on the business, divestments and investments, and summary of large exposures.

Chairman

The Chairman of the Board is elected by Bonava's AGM and leads the work of the Board. At the AGM on 3 April 2023, Mats Jönsson was elected as the Chairman of the Board.

Work of the Board of Directors in 2023

In 2023, the Board held 19 meetings. The

agenda for every regular Board meeting includes a number of standing items: the CEO's summary of operations, divestments and investments, financial reporting, a summary of major exposures and reports on any potential health and safety and Code of Conduct incidents.

In 2023, the Board of Directors worked with issues relating to the changed market

situation in the business units and the divestment of Bonava's operations in St. Petersburg and Norway, and the development of a long-term financing solution for the company in the form of the refinancing package announced on December 20, 2023. In addition, the Board decided on a number of major land and project sales and investments.

Remuneration of Board members

The AGM on 3 April 2023 resolved to pay, in accordance with the proposal from the Nomination Committee, in the period until the next AGM is held, annual fees of SEK 800,000 to the Chairman and SEK 320,000 to each of the other Board members who are not employed by the company. Furthermore, the AGM resolved that, in addition to this remuneration, Board members living in Europe but outside of the Nordic region would receive a meeting fee of SEK 20,000 for each physical Board meeting held in the Nordic region. Additionally, the AGM resolved to pay for work on the Audit Committee, in the period until the next AGM is held, annual fees of SEK 150,000 to the Chairman and SEK 75,000 to each of the other committee members who are not employed by the company, and for work on the Remuneration Committee, an annual fee of SEK 75,000 will be paid to the Chairman and SEK 35,000 to each of the other committee members who are not employed by the company. No special remuneration was paid for any other committee work.

Evaluation of the Board of Directors

In accordance with the Board of Directors' Rules of Procedure, the Chairman of the Board evaluates the Board's work annually. In 2023, an evaluation was carried out whereby the Chairman interviewed each of the Board members and compiled the results, after which these were reviewed and discussed at a Board meeting. The purpose of the evaluation was to gather information about the views of Board members on the Board's work and what measures can be implemented to improve its efficiency.

The intention was also to gain an understanding of the issues that the Board of Directors considers should be given more prominence, and in which areas the Board

Remuneration and attendance at Board meetings 2023

Members appointed by General Meeting	Elected year	Board of Directors	Audit Committee	Remuneration Committee	Non-affiliated, shareholders	Non-affiliated, company	Total paid annual fees, SEK
Total number of meetings		19	5	3			
Chairman Mats Jönsson	2020	19	–	3	Yes	Yes	856,250
Viveca Ax:son Johnson	2015	19	–	–	No	Yes	320,000
Per-Ingemar Persson	2021	19	5	–	Yes	Yes	395,000
Nils Styf	2022	19	4	1	Yes	Yes	385,000
Angela Langemar Olsson (until 3 Apr)	2020	2	1	1	No	Yes	126,250
Åsa Hedenberg (until 3 Apr)	2015	2	1	–	Yes	Yes	98,750
Andreas Segal (until 3 Apr)	2022	1	–	–	Yes	Yes	100,000
Olle Boback (as of 3 Apr)	2023	17	–	–	Yes	Yes	340,000
Anette Frumerie (as of 3 Apr)	2023	16	–	2	Yes	Yes	266,250
Tobias Lönnevall (as of 3 Apr)	2023	17	4	2	No	Yes	378,750

may be in need of additional experience and competence. The results of the evaluation were presented to the Board of Directors, and the Chairman shared the results with the Nomination Committee.

Board committees

The Board currently has two committees: the Audit Committee and the Remuneration Committee. The committees' assignments are regulated more closely in the annually revised committee instructions.

5a Audit Committee

The tasks of the Audit Committee include monitoring the company's financial reporting and the efficiency of the company's internal control and risk management.

The Audit Committee works according to an agenda that is set annually and has since AGM 3 April 2023 consisted of Board members Tobias Lönnevall (who also served as Chairman), Per-Ingemar Persson and Nils Styf, none of whom is employed by the company.

In 2023, the Audit Committee held five meetings. Bonava's auditor was present at all meetings. The meetings addressed matters such as the company's interim reports and financing, the focus of the external audit and

the company's internal control of its financial reporting and preparation of long-term financing package.

5b Remuneration Committee

The tasks of the Remuneration Committee include addressing matters relating to the principles governing remuneration to the CEO and senior executives, as well as individual remuneration to the CEO in accordance with the remuneration principles.

The Remuneration Committee works according to an agenda that is set annually and as of the AGM on 3 April 2023, the Remuneration Committee comprised Board members Mats Jönsson (who also served as Chairman), Anette Frumerie and Tobias Lönnevall.

The remuneration principles include the relationship between fixed and variable remuneration, and the correlation between performance and remuneration, mainly the terms applying to potential bonuses and incentive programmes, and the primary terms of non-monetary benefits, pension, termination of employment and severance pay. The whole Board determines the CEO's remuneration and other employment terms. Share-based incentive programmes for the Executive Management Group and other

senior executives are decided by the AGM.

In 2023, the Remuneration Committee held three regular meetings. The members were present at all meetings. The meetings addressed matters such as variable and other remuneration to senior executives, guidelines for such remuneration, the proposed remuneration report for the company regarding 2023 and the proposed basis for a share-based incentive programme for the Executive Management Group and certain key executives for resolution in 2023.

6 CEO and Executive Management Group

The division of responsibilities between the CEO and the Board of Directors is defined in the Board's Rules of Procedure, and the instructions to the CEO are prepared by the Board of Directors. The CEO serves as the head of the Executive Management Group and makes decisions in consultation with members of the Executive Management Group.

The Board of Directors reviews the work and performance of the CEO on an ongoing basis. A comprehensive CEO evaluation was carried out in autumn 2023 and discussed at a Board meeting. The Executive Management Group comprises the CEO, CFO, and

presidents of the Germany, Sweden, Finland and Baltics business units, and SVP Brand and Culture and Group Head of Legal.

With the divestment of Bonava's operations in Norway, the role of Business Unit President for Norway was eliminated from the Executive Management Group.

The Executive Management Group meets regularly and supplementary meetings are held as and when required. During 2023, the Executive Management Group held 16 meetings, of which six were extraordinary meetings. In addition to this, the Executive Management Group has had ongoing reconciliations and close contact by phone and e-mail during the year.

Guidelines for remuneration to senior executives

In this context, senior executives are defined as the CEO and other members of the Executive Management Group. For more information on remuneration to senior executives, refer to Note 4. In accordance with the guidelines adopted by the AGM on 3 April 2023, Bonava offers remuneration on market terms that enable the company to recruit and retain individuals with the highest possible competence levels. The total remuneration package should support the company's long-term strategy. Remuneration to management comprises fixed salary, short-term variable cash-based remuneration, long-term variable share-based remuneration, pensions and other benefits. When determining fixed salaries, individual employees' area of responsibility, experience and

achieved results are considered. Fixed salaries are reviewed either annually or biannually. All variable remuneration is related to a fixed salary, and rewards the fulfilment of pre-determined targets, primarily of a financial nature. All variable remuneration at Bonava is designed to motivate and reward value-creating activities that support the company's long-term operational and financial objectives.

With regard to pension, Bonava offers defined-contribution solutions, which means that Bonava pays premiums comprising a specific portion of the employee's salary. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

Share-based incentive programmes

During the year, Bonava had four share-based incentive programmes, to which approximately 50 key executives are invited to participate in each programme.

The AGM on 3 April 2023 resolved in line with the Board of Directors' proposal to introduce a share-based incentive programme for the Executive Management Group and certain key executives. As with the previous programmes, participation in the programme requires an independent shareholding in Bonava. The aim of the long-term incentive programmes is to align the interests of the shareholders and those of the Executive Management Group and certain key executives in order to ensure maximum long-term value creation.

The AGM also resolved to authorise the Board of Directors to repurchase Class B shares to ensure the implementation of the incentive programme. On 3 April 2023, the Board decided not to exercise this mandate.

The Board of Directors intends to propose that Bonava's future AGMs introduce long-term incentive programmes based on similar principles to the programme implemented in 2023. The share-based incentive programme adopted at the AGM in 2020 was concluded

in 2023. Under the terms of the programme, at least the minimum level for each of the adopted performance targets had to be achieved in order to allocate share rights relating to the relevant performance target to the participants at the conclusion of the programme. Since the minimum level was not achieved for any of the adopted performance targets, the outcome was thus zero for the 2020 programme and no share rights were allocated to the participants.

The Board of Directors' report on internal control

Internal control of financial reporting and risk management

Bonava's internal control regarding financial reporting is designed to manage risk and ensure a high degree of reliability in the processes surrounding the preparation of the financial statements, and to ensure compliance with applicable accounting standards and other requirements placed on Bonava as a listed company. Bonava complies with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") framework for evaluating a company's internal control over its financial reporting, "Internal Control—Integrated Framework." The Framework includes the following five components: control environment, risk assessment, control activities, information and communication, and follow-up. The process has been designed to ensure appropriate risk management, including reliable financial reporting in accordance with IFRS, applicable legislation and regulations as well as other stipulations with which companies listed on Nasdaq Stockholm are required to comply. This work involves the Board of Directors, the Executive Management Group and other employees.

Process for risk assessment and internal control

Bonava has a central Risk Committee and an annual process for systematic risk assessment and internal control for financial and non-financial risks. The Risk Committee consists of the company's CFO, Group Head of Legal, Senior Advisor and Group Head of Risk & Compliance. This process was further developed in 2023 to focus more intently on the internal controls most material to Bonava's operations. At the beginning of the year, all of the relevant special functions defined the key internal controls for a number of different areas, with a special focus on the main risks for the company in accordance with the risk assessment process carried out in the preceding year. Subsequently, the Risk Committee defined the selected internal controls encompassed by the internal control conducted in 2023. During the spring and summer, each respective Bonava business unit and Group function evaluated its internal control on the basis of the controls defined above. This self-evaluation was then discussed and analysed in more detail in an interactive process that included the Risk Committee. After sharing the results of

Share-based long-term incentive programme	LTIP 2023	LTIP 2022	LTIP 2021	LTIP 2020
No. of employees invited to participate	44	44	45	52
No. of employees opting to participate ¹⁾	21	28	36	35

¹⁾ Of these, 12 people were prevented from investing during the standard investment period on account of inside information. In connection with the extended investment period, 11 of these chose to accept.

this work with the company's auditors, the Committee compiled Bonava's annual report on risk management and regulatory compliance based on the process described above. This report was approved by the CEO and the Audit Committee, adopted by the Board of Directors and delivered to the Executive Management Group. During the autumn, the Executive Management Group and Risk Committee carried out the company's annual risk assessment which, among other uses, forms the basis for the risk section of the Annual Report and next year's internal control process.

Control environment

The division and delegation of responsibilities has been documented and communicated in company policies that govern the Board of Directors and the company. The Board of Directors reviews and approves the following policies annually:

- The Board of Directors' Rules of Procedure
- Instructions to the CEO
- Decision order
- Finance Policy
- Code of Conduct
- Corporate governance policy
- Insider policy
- Sustainability Policy

All policies are decided by the Board of Directors. In addition to these policies, Bonava also has other kinds of binding policy documents including a number of Group procedures determined by the CEO. All internal policy documents are updated regularly in connection with changes to legislation, accounting standards or listing requirements, and as and when necessary. All the Group's policies and other policy documents are available to all employees on the company's intranet. The Board of Directors monitors and ensures the quality of the compa-

ny's internal control in accordance with the Board's Rules of Procedure and instructions to the Audit Committee. The Board of Directors has also adopted a number of fundamental guidelines that govern risk management efforts and internal control activities. These guidelines include risk assessment, demands for control activities to manage the most material risks, in accordance with the aforementioned risk assessment and internal control process, and reporting. Bonava's control environment is comprised of responsibilities, authorisations and policy documents as well as laws and regulations. Within company management, relevant named document owners have primary responsibility for ensuring compliance with the relevant policy documents. In addition, the company considers that all employees have a responsibility to ensure compliance with all governing regulations and processes. The company makes it possible for employees to assume this responsibility by means of various information and training initiatives.

Risk assessment

In accordance with the Board's Rules of Procedure, the Board of Directors and the Audit Committee review the company's internal control annually. This review is based on the risk assessment and internal control process described above. The Group's overarching risk analysis primarily encompasses risks in the following areas:

- Bonava's operating environment
- Strategic
- Operational
- Health and safety
- Climate and environment
- Customer-related
- Financial
- Legal

The risks identified in each area are evaluated on the basis of their estimated probability and impact. The outcome of the risk analysis is part of the aforementioned risk assessment and internal control process and is included in the annual risk and regulatory compliance report. For more information about the Group's risks and risk management, see pages 60–62 and Note 24.

Control activities

Bonava's risk management is based on a number of control activities being carried out at different levels throughout the business operations and within various functions. The control activities are intended to ensure that Bonava's processes are efficient and that the risks identified are managed effectively. For the business operations, ERP systems form the basis of the control structure, focusing on key stages of the business operations such as investment decisions, production start and sales. Bonava places considerable emphasis on monitoring its projects. It has established functions such as Human Resources Operations, which manages payroll administration for the Nordic countries, and a Treasury function that controls financial risks in various respects. In addition, there is the IT function that bears central responsibility for the most essential IT systems at Bonava. All these functions stipulate that processes must include control activities that manage identified risks effectively.

Other control activities in addition to the risk assessment and internal control process described above primarily include quarterly Board meetings in each business unit. Central elements in these meetings include reporting and discussion of financial forecasts and outcomes, the structured risk assessment of the business units, etc.

Bonava has also implemented a comprehensive compliance programme ("Our Foundation"). The programme aims to minimise risk relating to regulatory compliance and business ethics, and includes written guidelines on anti-corruption and competition legislation, central and local advisers on these issues, compulsory training in business ethics, annual group discussions, and a whistle-blower function. For more information, refer to pages 60–62.

Information and communication

Bonava has established an organisation to ensure correct and efficient financial and non-financial reporting. The internal policy documents specify the division of responsibilities, and daily interaction between the individuals concerned means that relevant information and communication reaches all the relevant parties. Guidelines, instructions and manuals of significance to financial reporting are communicated to the relevant employees through Bonava's intranet. Instructions for non-financial reporting were developed during the year to ensure correct and efficient reporting.

The Board of Directors regularly receives financial reports regarding Bonava's financial position and earnings performance. The Executive Management Group receives monthly financial information about the progress of Bonava's sales, profit, reviews and follow-up of ongoing and future investments, and liquidity planning.

The company's communication policy ensures that all external and internal information is accurate and is presented in a timely manner. Bonava's employees are invited to participate, directly or indirectly, in the preparation of internal policies and guidelines, and have thus been part of preparing these internal policy documents.

Follow-up and improvements

Follow-up continuously takes place at all levels of Bonava. The Board of Directors regularly evaluates the information provided by management and the auditors. The company's auditor also reports observations based on his review, as well as an assessment of internal control, directly to the Board of Directors and to the Audit Committee.

The Board assesses the information provided by the Executive Management Group on a continual basis. Bonava's financial position, investments and ongoing operations are discussed at each Board meeting. The Board is also responsible for monitoring and improving internal control, and ensuring that measures are taken to address any weaknesses or proposals that emerge. This work includes ensuring that measures are taken to handle any shortcomings, as well as following up on suggested measures arising from the external audit. The main basis for the Board's monitoring consists of the previously described risk assessment and internal control process.

Evaluation of the need for a dedicated internal audit function

Bonava does not currently have an internal audit function, apart from the established Risk Committee whose operations have some characteristics of an internal audit. The Board of Directors has reviewed the matter and considers the existing structures for follow-up and evaluation to be satisfactory. In conclusion, this means that it is currently not justified to establish an internal audit function. The matter is reviewed annually.

Sustainability

The Board of Directors determines Bonava's sustainability agenda and overarching

Group sustainability targets, and issues the Sustainability Report. Sustainability is included in the company's strategy and strategic longterm goals.

The key policy document for Bonava's sustainability work is the company's Code of Conduct, which is based on the principles for compliance with the UN Global Compact and the company's Sustainability Policy. Like all our other policies, these are revised annually and adopted by the Board. The Board follows up on the sustainability agenda in its entirety, with all the sustainability targets, at least once a year. Areas such as health and safety and employees are routinely followed up at every Board meeting. Monthly reports are also submitted to the Board that include any incidents and accidents at the worksites. The CEO and Legal address any other serious incidents or events in other areas, such as the environment, at the Board meetings.

During the year, no incidents or events occurred that were of the degree of severity that required reporting to the Board.

The Board receives an annual review of current and future changes to national, EU, or other relevant legislation and regulations concerning sustainability initiatives or reporting of same. On two occasions, the Board received information concerning CSRD and the company's process, organisation and work with double materiality assessment and stakeholder dialogue.

The Board has opportunities for relevant training, such as digital training in workplace safety, which is also a requirement for being permitted to visit a Swedish construction worksite. The Board's annual evaluation of its activities includes sustainability. Every two years, a self-assessment is carried out and every two years, an external party evaluates Bonava's Board members by conducting interviews that address sustainability. The

members of the Board possess expertise that includes broad experience on boards of directors and in management, as well as specific proficiencies that also include aspects of our sustainability agenda. The Board is of the opinion that the relevant competence is on hand for the operations that Bonava pursues. The Rules of Procedure for the Board of Directors contains clear instructions as regards issues such as conflicts of interest.

The Board of Directors issues the Sustainability Report, which forms part of Bonava's Annual Report and has been prepared in accordance with the Global Reporting Initiative (GRI Universal Standards 2021). The Sustainability Report has been assured by PwC. The period of the report is the full-year 2023 and the reporting cycle is annual. Read more about Bonava's sustainability agenda and reporting on pages 3–29, 45–47, 60–62 and 105–152, which constitute the statutory Sustainability Report.

Sustainability organisation

The Board of Directors holds ultimate responsibility for reviewing, monitoring, and guiding Bonava's sustainability initiatives. Bonava's CEO delegates the strategic responsibility for the sustainability agenda to the SVP Brand & Culture. The operational responsibility is held by the Group Head of ESG Control & Reporting, who coordinates the sustainability work with the other responsible functions. The Group Head of ESG Control & Reporting reports to SVP Brand & Culture.

An ESG Committee was established in 2022 as a supporting body for Bonava's Executive Management Group and is tasked with ensuring the implementation of the company's Sustainability Policy and coordinating issues in the ESG agenda together with the company's business units. The ESG

Committee is led by the Group Head of ESG Control & Reporting and also includes the Group Head of Legal, CFO, SVP Brand & Culture, Senior Advisor and Group Head of Health & Safety.

The Group Head of ESG Control & Reporting is also a member of Bonava's Sustainable Financing Committee, which also includes the Senior Advisor and Group Head of Treasury.

In addition, Bonava has a Group Head of Health & Safety who has overarching responsibility for developing Group-wide processes and driving the development process for the sustainability aspect of health and safety. The Group Head of Health & Safety leads Bonava's Council for Health and Safety with the aim of preparing supporting documentation for the management team, and implementing decisions. The Council for Health and Safety includes representatives from each business unit. Bonava has a Group Head of Risk & Compliance, who is responsible for developing Bonava's procedures for deliberate and proactive work on risk and compliance management and leads Bonava's Risk Committee.

Board of Directors



Mats Jönsson

Board member since 2020, Chairman since 2021. Born in 1957.

Education: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

Other current assignments: Chairman of the board of the Tengbom Group, Lekolar, and Assemblin, and Board member of NCC.

Previous experience: CEO and President of Coor Service Management, Business Unit Director at Skanska Services, Division Head at Skanska Sverige.

Holdings in Bonava (incl. related parties): 30,000 Class B shares*.



Viveca Ax:son Johnson

Board member since 2015. Born in 1963.

Education: Social science secondary education.

Other current assignments: Chairman of Nordstjernan, the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, and Bokförlaget Stolpe AB. Board member of FPG Media AB, Prima Vård Sverige AB, the Axel and Margaret Ax:son Johnson Foundation and Parkinson Research Foundation.

Holdings in Bonava (incl. related parties): 25,000 Class A shares and 123,000 Class B shares*.



Per-Ingemar Persson

Board member since 2021. Born in 1956.

Education: M.Sc. in Civil Engineering, Lund University, LTH Faculty of Engineering

Other current assignments: Board member of Veidekke and Assemblin group AB.

Previous experience: CEO of Veidekke Sweden, CEO of NVS Installation and various senior management positions within the Skanska Group. Chairman of the board of ELU Konsult AB and board member of NEWS AB (Northern Environmental and Water Solutions AB)

Holdings in Bonava (incl. related parties): 9,900 Class B shares*.



Nils Styf

Board member since 2022. Born in 1976.

Education: M.Sc. in Economics, Stockholm School of Economics.

Other current assignments: President and CEO, Hemsö Fastighets AB. Board member in all wholly-owned and partly-owned subsidiaries of the Hemsö Group. Chairman of the Board of NP3 Fastigheter AB and board member of Mattssons Fastighetsutveckling AB.

Previous experience: Chief Investment Officer at Citycon, Director at Areim, Principal at Doughty Hanson & Co, Associate at Deutsche Bank and Analyst at Merrill Lynch.

Holdings in Bonava (incl. related parties): 10,926 Class B shares*.



Anette Frumerie

Board member since 2023. Born in 1968.

Education: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm, Sweden.

Other current assignments: CEO of Rikshem. Board member of Lindab.

Previous work experience: CEO of BESQAB, Business Area Manager Residential Development Nordic at Skanska.

Holdings in Bonava (incl. related parties): 0*.



Olle Boback

Board member since 2023. Born in 1953.

Education: M.Sc. in Engineering, Rudbecksskolan in Örebro, Sweden.

Other current assignments: Chairman of the Board of Sun-paradise AG.

Previous experience: Senior adviser for Bonava Group, CEO of NCC's German operation.

Holdings in Bonava (incl. related parties): 23,504 Class B shares*.



Tobias Lönnevall

Board member since 2023. Born in 1980.

Education: B.Sc. in Economics, Stockholm School of Economics

Other current assignments: Investment Director at Nordstjernan. Board member of Attendo AB and Diös Fastigheter AB.

Previous experience: CFO at Landic Property, and consultant at Accenture Management Consulting.

Holdings in Bonava (incl. related parties): 0*.

Auditor

Patrik Adolfson

PwC (Öhrlings PricewaterhouseCoopers AB)
Auditor in Charge since 2018
Born in 1973

Other significant assignments:

Other audit assignments include AcadeMedia AB (publ), Dometic Group AB (publ), Nordstjernan AB and Pandox AB (publ). Member of FAR.

* Holdings in Bonava , including related parties, as per 9 February 2024.

Executive Management Group



Peter Wallin

President and CEO since 2021.
Born in 1967.

Education: M.Sc. in Economics, Uppsala University.

Professional experience: CFO and Business Area Manager at Ratos. Prior to this, 18 years of experience from senior roles in the Skanska Group, including as CFO and Line Manager with responsibility for Skanska's construction operations in the UK, Poland and the Czech Republic. Executive Chairman of the Board of the Norwegian construction company HENT and Board member of the Norwegian offshore company Aibel.

Holdings in Bonava (incl. related parties): 85,989 Class B shares*.



Michael Björklund

Business Unit President Sweden-Baltics since 2016. Born in 1969.

Education: M.Sc. in Engineering, KTH Royal Institute of Technology, Stockholm, and B.Sc. in Economics, Stockholm University.

Professional experience: 16 years' experience in senior positions in the property sector, including IKEA Real Estate Russia, Skanska International, Kingfisher Plc and NCC.

Holdings in Bonava (incl. related parties): 2,285 Class B shares*.



Lars Ingman

Interim CFO since 2024.
Born in 1960.

Education: Economics, Uppsala University.

Other current assignments: Board member, Lars Ingman Consulting AB.

Professional experience: Interim CFO Grimaldi Industri AB, John Mattson Fastighets AB, Volati AB, Onemed AB, Evidensia AB.

Holdings in Bonava (incl. related parties): 0*.



Sabine Helterhoff

Business Unit President Germany since 2019.
Born in 1962.

Education: Law degree, Leipzig University.

Other current assignments: Board member of German building society Bauindustrieverband Ost.

Professional experience: Head of Legal in Germany since 1999 and responsible for investor transactions in Germany since 2007.

Holdings in Bonava (incl. related parties): 9,893 Class B shares*.



Riku Patokoski

Business Unit President Finland since 2021.
Born 1973.

Education: M.Sc. in Architecture, University of Oulu.

Professional experience: More than 20 years of experience in construction, residential and property development. Executive Vice President of Hoivatilat (2018–2020) with responsibility for the company's operations in southern Finland and Sweden. Prior to this, various senior positions at Peab and Skanska.

Holdings in Bonava (incl. related parties): 12,050 Class B shares*.



Hedvig Wallander

Group Head of Legal since October 2021.
Born 1973.

Education: Law degree, Uppsala University.

Professional experience: Head of Legal at Bonava Sweden since 2016. Company lawyer at Peab and lawyer at Mannheimer Swartling.

Holdings in Bonava (incl. related parties): 15,000 Class B shares*.



Anna Wenner

SVP Brand and Culture since 2022.
Born in 1971.

Education: M.Sc. in Political Science, Örebro University and Marketing Communication Program (IHR), Stockholm University.

Professional experience: A total of 20 years of experience from senior roles within the Skanska Group, including HR, Communication and marketing and Head of Media Relations at Skanska AB. Senior Vice President HR and Communication at Skanska Sweden 2016–2021.

Holdings in Bonava (incl. related parties): 7,892 Class B shares*.

Changes in the Executive Management Group; 2023 through February 2024

Lars Granlöv, CFO, was a member of the Executive Management Group until 9 January 2024. Alexandra Laurén, Business Unit President, Bonava Sweden, was a member of the Executive Management Group until 31 August 2023.

Jonas Granström, acting Business Unit President, Bonava Norway, was a member of the Executive Management Group until 30 June 2023.

* Holdings in Bonava, including related parties, as per 9 February 2024.

Auditor's Report on the Corporate Governance Statement

Stockholm, 15 March 2024

Mats Jönsson
Chairman of the Board

Viveca Ax:son Johnson
Board member

Per-Ingemar Persson
Board member

Nils Styf
Board member

Anette Frumerie
Board member

Olle Boback
Board member

Tobias Lönnevall
Board member

Peter Wallin
CEO

**To the general meeting of the shareholders in Bonava AB (Publ),
corporate identity number 556928-0380**

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 40–49 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 15 March 2024
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
*Authorised Public Accountant
Auditor in Charge*

Linda Andersson
Authorised Public Accountant

Financial reporting



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Report of the Board of Directors

The Board of Directors and Chief Executive Officer of Bonava AB (publ.), corporate identity number 556928-0380, with its registered office in Stockholm, Sweden, hereby present the Annual Report and consolidated financial statements for the 2023 financial year.

Group

Operations

Bonava is a leading residential developer in Europe. With our 1,300 employees, Bonava has operations in Germany, Sweden, Finland, Estonia, Latvia and Lithuania. Germany is our largest market. The operations in St. Petersburg and Norway are recognised as discontinued operations. The numbers in the Report of the Board of Directors concern continuing operations, unless otherwise stated.

Bonava focuses on 19 major city regions with pronounced growth and with stable local labour markets, which generates demand for new housing over time. Bonava develops land into affordable and sustainable neighbourhoods, where the housing units are adapted to customers' wants and needs as well as the unique circumstances of each location.

Bonava provides multi-family and single-family housing units, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. Bonava thus contributes to the creation of new and vibrant neighbourhoods.

Bonava's share and green bond are listed on Nasdaq Stockholm.

Performance of operations

Net sales

Net sales amounted to SEK 13,269 M (13,987). During the period, 2,419 (2,744) housing units for consumers were recognised in profit, with net sales of SEK 9,308 M (9,731). The average price per housing unit recognised in profit was somewhat higher compared with the year-earlier period, totalling SEK 3.8 M (3.5).

Net sales to investors totalled SEK 3,871 M (4,180), and the number of housing units recognised in profit was 1,550 (1,625). Exchange rate fluctuations had a positive translation effect of SEK 782 M on consolidated net sales compared with the year-earlier period.

Operating profit/loss

Operating profit before items affecting comparability was SEK 660 M (858) and the operating margin was 5.0 per cent (6.1). Operating loss after items affecting comparability amounted to SEK -619 M (802) and the operating margin was -4.7 per cent (5.7). Exchange rate fluctuations had a positive translation effect of SEK 53 M on operating profit/loss compared with the year-earlier period.

Items affecting comparability amounted to SEK -1,279 M (-56). Bonava has initiated further restructuring of its operations in Ger-

many, Sweden and Finland in order to create a lower cost base and conditions for increased flexibility. Costs of SEK -435 M pertaining to restructuring were reserved in 2023. Property held for future development was subject to a total impairment of SEK -686 M. One completed housing project in Germany was also impaired by SEK -35 M. Additionally, one project in Sweden with rental apartments intended for Build-to-Manage (B2M) was revalued by SEK -123 M. After the impairments were completed at 30 September, the assessed market value of Bonava's property held for future development totalled SEK 9.5 Bn, corresponding to a surplus value of SEK 1.2 Bn.

Items affecting comparability for full-year 2022 pertain to costs of SEK -56 M resulting from decided organisational changes. For more information, refer to Note 25.

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

Net financial items were SEK -518 M (-193), attributable to increased interest expenses due to higher underlying market interest rates. Loss before tax totalled SEK -1,137 M (609). Tax on profit for the year was SEK -5 M (-169), corresponding to a tax rate of 0 per cent (28). The low tax rate is attributable primarily to deferred tax not being reported for tax losses generated in 2023. Loss for the year for continuing operations amounted to SEK -1,143 M (441).

	2023	2022	2021	2020	2019
Net sales	13,269	13,987	13,959	15,203	13,990
Operating profit before items affecting comparability	660	858	1,111	860	942
Operating profit/loss after items affecting comparability	-619	802	1,081	860	683
Profit/loss for the year	-1,143	441	761	528	414
Net debt ¹⁾	4,951	7,259	3,313	3,311	6,873
Equity/assets ratio, % ¹⁾	34.6	31.2	35.1	34.6	32.1
Cash flow before financing ¹⁾	716	-3,345	631	3,662	-138
Average no. of employees	1,486	1,787	1,740	1,696	1,720

¹⁾ Including discontinued operations.

Discontinued operations

In 2022, Bonava announced its intention to divest its operations in St. Petersburg and the sale was finalised in October 2023. The operations in Norway were divested in June 2023. In light of this, the Group's

income statement is presented in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. This entails recognising the result from the operations in St. Petersburg and Norway on a separate line in the income statement as discontinued operations and restating historical comparative figures. Assets and liabilities attributable to the operations in St. Petersburg were recognised on a separate line for assets and a line for liabilities in the balance sheet until the divestment. In the cash flow statement, cash flow attributable to discontinued operations is indicated as a separate disclosure.

Loss for the year for discontinued operations totalled SEK -194 M (-743), of which SEK -824 M pertained to capital losses for Norway and SEK 52 a capital gain for St. Petersburg.

Financial position (continuing and discontinued operations)

Total assets

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

Net debt

Net debt decreased year-on-year to SEK 4,951 M (7,259) at year end. The decrease was primarily due to the divestment of operations.

Capital employed and return on capital employed

Capital employed amounted to SEK 12,422 M (15,568) at year-end. The decline is primarily due to decreased borrowing as outlined above as well as lower levels of shareholders' equity as a result of the items affecting comparability that were recognised in 2023.

Return on capital employed was 4.3 per cent (6.9), with the decline due to lower earnings.

Equity/assets and debt/equity ratio

As of 31 December, the equity/assets ratio was 34.6 per cent (31.2). The debt/equity ratio was 0.8 (0.9) per cent.

Cash flow (continuing and discontinued operations)

Cash flow before financing activities was SEK 716 M (-3,345). Purchase prices received that pertain to divested operations and reduced investments in housing projects improved the cash flow.

Cash flow from operating activities before change in working capital totalled SEK 229 M (527).

Cash flow from changes in working capital amounted to SEK –567 M (–3,769). Sales of housing projects amounted to SEK 11,293 M (13,312) and investments in housing projects declined to SEK –8,099 M (–16,037), with investments decreasing in all markets except the Baltics. Cash flow from other changes in working capital amounted to SEK –3,760 M (–1,045) with a reduction in customer advances, primarily in Germany and Finland, decreasing cash flow.

The divestment of the Norwegian operations had a positive effect of SEK 737 M on cash flow, and the divestment of the operations in St. Petersburg impacted the cash flow positively by SEK 502 M.

Housing sales, housing starts and building rights

Housing units in production

At the end of the year, there were 2,153 housing units (3,871) for consumers and 902 housing units (2,627) for investors in production. As of 31 December, the sales rate for ongoing production was 36 per cent (51) for housing units for consumers and 100 per cent (100) for housing units for investors. At the end of the period, the completion rate was 61 per cent (56) for consumers and 45 per cent (47) for investors.

Building rights

The total number of building rights at the end of the year was 28,900 (29,400). Sweden and Finland had a net increase of building rights during the year, while Germany and the Baltics reported a decrease.

	2023	2022
Number of building rights	28,900	29,400
of which, off-balance sheet building rights	8,200	11,350
Housing development for consumers		
Number of housing units sold	1,242	1,682
Sales value of housing units sold	4,795	6,096
Number of housing units started	1,082	1,428
Number of housing units in ongoing production	2,153	3,871
Sales rate for housing units in ongoing production, %	36	51
Number of housing units recognised in profit	2,419	2,744
Housing development for investors		
Number of housing units sold	251	854
Sales value of housing units sold	802	2,162
Number of housing units started	251	1,085
of which investment properties		231
Number of housing units in ongoing production	902	2,627
of which investment properties		426
Sales rate for housing units in ongoing production, % ¹⁾	100	100
Number of housing units recognised in profit	1,550	1,625

¹⁾ Excluding investment properties.

Sold completed housing units not recognised in profit

The number of sold completed housing units not recognised in profit at year-end was 45 (35).

Unsold completed housing units

The number of unsold completed housing units at year-end was 505 (141). The increase was primarily attributable to Sweden and the Baltics.

The share and shareholders

Bonava has two share classes, Class A and Class B. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on the balance sheet date, divided between 108,435,822 shares and 208,829,760 votes. As of 31 December 2023, Bonava had 11,154,882 Class A shares and 97,280,940 Class B shares. The number of Class B shares in treasury totalled 1,245,355, corresponding to 1.2 per cent of the capital and 0.6 per cent of the votes. At the end of the quarter, the number of shareholders was 30,385 (32,468). Bonava's largest shareholders were Nordstjernan AB, with 24.5 per cent of the capital and 49.4 per cent of the votes; followed by the Fourth Swedish National Pension Fund with 9.2 per cent of the capital and 5.4 per cent of the votes; and Schrodgers, with 5.6 per cent of the capital and 2.9 per cent of the votes. The ten largest shareholders controlled 59.4 per cent of the capital and 68.2 per cent of the votes in total. In February 2024 Bonava carried out a rights issue. More information on Bonava's share, owners and about the carried out rights issue can be found on bonava.com/investor-relations and pages 158–159.

Organisation and employees

The average number of employees in the Group for the year was 1,486 (1,787).

Nomination activities

Bonava's 2023 AGM appointed the following Nomination Committee ahead of the 2023 AGM: Peter Hofvenstam (Nordstjernan AB), Lennart Francke (Swedbank Robur Fonder), Olof Nyström (Fourth Swedish National Pension Fund), with the Chairman of the Board as a co-opted member. Peter Hofvenstam was elected Chairman of the Nomination Committee. For more information about the composition of the Board, refer to the Corporate Governance Report.

Corporate Governance Report

The Corporate Governance Report is included as a separate section of Bonava's Annual Report and does not constitute a part of the formal Annual Report documents; refer to the Corporate Governance section on pages 40–49.

Significant events during the year

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 28.

On 18 October 2023, Bonava signed an agreement with Star Development LLC for the divestment of its operations in St. Petersburg for EUR 50 M (SEK 564 M less selling costs) and received the purchase price at the same time. In conjunction with the conclusion of the transaction, Bonava has chosen to terminate the agreement with RBI Group that was signed on 31 May 2023. Approval from the Russian competition authorities was granted on 2 November 2023, meaning that the divestment of the operations in St. Petersburg was finalised on the same day; for further information refer to Note 28.

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

Significant events after year-end

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

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

Bonava has finalised negotiations with its lenders concerning the extension of credit facilities by three years based on the main conditions that were set in December 2023 and an agreement was signed in 1 February.

On 1 February 2024, Bonava announced revised financial targets. The target for the operating margin to amount to at least 10 per cent by 2026 remains valid, as does our long-term dividend policy stating that Bonava is to disburse 40 per cent of the Group's earnings after tax over time. The net debt/equity ratio target will no longer apply. A new target has been added: return on equity is to be at least 15 per cent over time. The targets are based on a financing framework that is meant to balance the financial risks in the business. Equity/assets ratio is to exceed 30 per cent and the Group's net debt is not to exceed net project assets. This clarifies that investments in building rights or dividends to shareholders may only be made using shareholders' equity.

In February 2024, Bonava completed a fully underwritten rights issue that provided approximately SEK 1,050 M before the deduction of issue costs. The issue was oversubscribed by 169.7 per cent. As a

result of the rights issue, Bonava's share capital increased with SEK 104,580,931 to SEK 538,324,219. The total number of shares increased by 22,139,706 Class A shares and 192,241,228 Class B shares, to a total of 321,571,401 shares, of which 33,209,559 as Class A shares and 288,361,842 as Class B shares.

Bonava's credit facility agreement and bond loan obligations will be secured by a pledge of shares in the wholly owned subsidiary Bonava East Holding AB, in which the ownership of all of the Group's subsidiaries has been concentrated through shareholder contribution or share issue in kind. Shares in other material subsidiaries and some intra-loans will also be pledged as security for Bonava's obligations under the credit facility agreement.

Remuneration

The 2023 AGM resolved that the maximum outcome for variable cash-based remuneration shall amount to at most 60 per cent of fixed annual cash-based remuneration for the CEO and 50 per cent for other senior executives during the measurement period for such criteria. The foundation for the applicable guidelines will be valid for the period up until the 2027 AGM. These guidelines cover the Executive Management Group including the CEO, totalling seven (nine) senior executives.

Bonava applies remuneration levels and employment terms that are necessary to enable the recruitment and retention of a management possessing high competence and the ability to achieve the targets set. The remuneration principles and structures should motivate senior executives to do their utmost to safeguard the shareholders' interests. Accordingly, remuneration should be on market terms and competitive. It should be straightforward, long-term and measurable. The total remuneration package should support the company's long-term strategy. Remuneration to company management comprises fixed salary, variable remuneration, long-term performance-based incentive programmes, pensions and other benefits.

Fixed cash-based salary

Fixed salary to senior executives should be on market terms and based on areas of responsibility, experience and results achieved. Fixed remuneration is reviewed either annually or biannually.

Variable cash-based remuneration

Short-term variable remuneration is to be maximised and related to fixed salary, and based on the outcome in relation to the targets set, of which the absolute majority correspond to financial targets.

In 2023, short-term variable remuneration to the CEO was capped at 60 per cent of fixed salary, and for other members of the Executive Management Group maximised at 50 per cent of fixed salary.

Variable share-based remuneration

At the AGM on 3 April, a resolution was passed to authorise a long-term performance-based share programme (LTIP 2023) for senior executives and key individuals within the Bonava Group. The allocation of Class B shares and the disbursement of cash remuneration by

virtue of the performance share rights require two performance targets to be met. 60 per cent of the performance share rights must pertain to target 1 (EBIT) and 40 per cent must pertain to target 2 (absolute Total Shareholder Return, TSR). It is the view of the Board of Directors that this type of incentive programme benefits the company's long-term progress. LTIP 2023 covers a total of some 44 participants within the Bonava Group. More details on the incentive programme and previously introduced long-term incentive programmes are available at bonava.com. See also Note 4, Number of employees, personnel costs and remuneration of senior executives.

Pensions and other benefits

With regards to pensions, Bonava offers defined-contribution solutions, which means that Bonava pays premiums that comprise a specific proportion of the employee's salary. For all members of company management (who are not covered by ITP plans under collective bargaining agreements), the pension premium in fixed cash salary is not to exceed 30 per cent. For the CEO, the pension premium in fixed cash salary is not to exceed 35 per cent. Variable cash remuneration will not be pensionable, provided this does not follow from obligatory provisions in a collective bargaining agreement.

Other benefits may include features such as life insurance, health-care insurance and company vehicles. All together, premiums and other costs for benefits of this kind may total a maximum of 10 per cent of the fixed cash salary. For members of company management working outside Sweden, pension and other benefits are arranged in accordance with fixed or mandatory local practice, but in that case adjustment must be kept as far as possible within the boundaries of these guidelines.

Termination of employment

A senior executive who terminates his/her employment on the company's initiative is normally entitled to a maximum of nine months' notice with severance pay corresponding to nine months' fixed salary. The company shall be entitled to deduct from the severance pay for compensation paid during the said nine months from a new employer. For the CEO, a notice period of twelve months may instead be applied with severance pay corresponding to twelve months' fixed salary. The notice period is a maximum of six months in the event of termination on the initiative of the senior executive. In this context, senior executives are defined as the CEO, CFO and other members of the Executive Management Group. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

The Parent Company

Net sales and profit

The Parent Company comprises the operations of Bonava AB (publ). The company's net sales for the period totalled SEK 213 M (269). Loss after financial items was SEK -1,109 M (345). During the year, a capital contribution of SEK -480 million was made to Bonava Sverige AB, which was impaired in its entirety. A previously recognised anti-

pated dividend to the Group's German company of SEK -390 million was reversed. The Group company Bonava Norge AS was divested at a loss of SEK -812 M, including SEK 30 M in selling costs.

The operations in St. Petersburg were divested for a capital gain of SEK 564 M, including transaction costs of SEK 14 M.

The average number of employees for the year was 60 (71).

Environmental impact

Bonava does not conduct any operations subject to permits under the Swedish Environmental Code within the Parent Company or subsidiaries.

Statutory sustainability report

The statutory Sustainability Report comprises pages 3-29, 45-47, 60-62 and 105-152. Refer to Note S1 and S2 in the Sustainability Report for accounting policies and changes to this year's report. The Sustainability Report is issued by the Board of Directors and is externally reviewed and authorised.

Seasonal effects

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

Amounts and dates

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). The relevant period is 1 January-31 December for income statement-related items, and 31 December for balance sheet-related items. Rounding differences may occur.

Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK	5,692,966,843
<i>Be appropriated as follows:</i>	
Carried forward	5,692,966,843
Total SEK	5,692,966,843

Group contributions of SEK 170 M were made to Swedish subsidiaries during the year. The assessment is that it will be possible to continue to profitably pursue the company's and the Group's operating activities and that the equity/assets ratio and liquidity can be maintained at a satisfactory level after the Group contributions. The Board of Directors is of the opinion that the Group contributions do not prevent the company and the other companies included in the Group from fulfilling their short and long-term obligations.

Segments

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, offering apartments and single-family homes to consumers, and multi-family housing with rental apartments to investors.

The number of housing starts for consumers was 610 (651) and the number of housing starts for investors was 176 (228).

The number housing units sold to consumers was on a par with the preceding year, 724 (744). The sales rate for ongoing production was 44 per cent (51). The number of housing units sold to investors was 176 (228). The sales rate for ongoing production was 100 per cent (100).

Building rights were slightly lower than the preceding year, totaling 9,000 (9,800).

Net sales decreased year-on-year to SEK 7,283 M (7,785). The number of housing units for consumers recognised in profit amounted to 1,125 compared to 1,126 in the preceding year. Housing units for investors recognised in profit declined to 385 compared with 762 in the preceding year. The gross margin declined to 12.6 per cent (15.6), driven by price adjustments in selected consumer projects, whereas a number of high-margin projects were delivered in the preceding year. Operating profit before items affecting comparability decreased to SEK 628 M (904), with an operating margin of 8.6 per cent (11.6). Costs for restructuring of SEK -402 M and impairment of land and a completed project of SEK -477 M, SEK -879 M in total, have been classified as items affecting comparability. Operating profit after items affecting comparability amounted to SEK -251 M (872) with an operating margin of -3.5 per cent (11.2).

Capital employed amounted to SEK 6,936 M (7,074) and the return on capital employed was 8.2 per cent (15.3). The return fell owing to lower earnings and higher average capital employed.

	2023	2022
Net sales	7,283	7,785
Operating profit before items affecting comparability	628	904
Operating margin before items affecting comparability, %	8.6	11.6
Capital employed	6,936	7,074
Return on capital employed, %	8.2	15.3
Average no. of employees	836	932
Building rights		
Number of building rights	9,000	9,800
of which, off-balance sheet building rights	1,600	3,100
Housing development for consumers		
Number of housing units sold	724	744
Sales value of housing units sold	3,690	3,825
Number of housing units started	610	651
Number of housing units in ongoing production	1,446	2,033
Sales rate for housing units in ongoing production, %	44	51
Number of housing units recognised in profit	1,125	1,126
Housing development for investors		
Number of housing units sold	176	228
Sales value of housing units sold	637	723
Number of housing units started	176	228
Number of housing units in ongoing production	484	693
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	385	762

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.

The number of housing starts for consumers totalled 88 (143). No housing units (231) were started for investors.

The number of housing units sold to consumers was 110 (256). The sales rate for ongoing production was 24 per cent (61). No housing units were sold to investors during the year, or in the preceding year.

Building rights increased during the year and was 9,500 (8,700) at year-end. During the year, the previous assessment of potential building rights was reviewed, which led to an increase in building rights without any additional investment.

Net sales amounted to SEK 2,685 M (2,745). The number of housing units for consumers recognised in profit was somewhat lower than in the preceding year, totalling 467 (507). The number of housing units for investors recognised in profit increased compared with the preceding year, totalling 420 (374).

Operating profit before items affecting comparability amounted to SEK 77 M (-54) and the operating margin was 2.9 per cent (-2.0).

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

Capital employed amounted to SEK 3,189 M (3,825) and the return on capital employed was 1.9 per cent (-1.7). The return was higher due to higher operating profit.

	2023	2022
Net sales	2,685	2,745
Operating profit/loss before items affecting comparability	77	-54
Operating margin before items affecting comparability, %	2.9	-2.0
Capital employed	3,189	3,825
Return on capital employed, %	1.9	-1.7
Average no. of employees	153	232
Building rights		
Number of building rights	9,500	8,700
of which, off-balance sheet building rights	2,500	2,900
Housing development for consumers		
Number of housing units sold	110	256
Sales value of housing units sold	454	1,035
Number of housing units started	88	143
Number of housing units in ongoing production	180	675
Sales rate for housing units in ongoing production, %	24	61
Number of housing units recognised in profit	467	507
Housing development for investors		
Number of housing units sold		
Sales value of housing units sold	10	12
Number of housing units started		231
of which investment properties		231
Number of housing units in ongoing production		651
of which investment properties		231
Sales rate for housing units in ongoing production, % ¹⁾		100
Number of housing units recognised in profit	420	374

¹⁾ Excluding Build-to-Manage. Including Build-to-Manage the sales rate was 63 per cent.

Finland

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

No housing units were started for consumers, compared to 139 in the preceding year. 75 (626) housing units for investors were started.

The number of housing units sold to consumers was 87 (212). The sales rate for ongoing production was 0 per cent (55). The number of housing units sold to investors was 75 (626). The sales rate for ongoing production was 100 per cent (100).

Building rights increased during the year and was 3,600 (3,400) at year-end.

Net sales amounted to SEK 2,531 M (1,759). The number of housing units for consumers recognised in profit decreased compared with the preceding year to 306 (414), and the number of housing units for investors recognised in profit increased to 745 (304).

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

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

Capital employed amounted to SEK 789 M (974) and the return on capital employed was 11.3 per cent (9.0). The return was higher owing to a higher operating profit.

	2023	2022
Net sales	2,531	1,759
Operating profit before items affecting comparability	107	88
Operating margin before items affecting comparability, %	4.2	5.0
Capital employed	789	974
Return on capital employed, %	11.3	9.0
Average no. of employees	168	232
Building rights		
Number of building rights	3,600	3,400
of which, off-balance sheet building rights	2,100	2,100
Housing development for consumers		
Number of housing units sold	87	212
Sales value of housing units sold	191	582
Number of housing units started		139
Number of housing units in ongoing production		382
Sales rate for housing units in ongoing production, %		55
Number of housing units recognised in profit	306	414
Housing development for investors		
Number of housing units sold	75	626
Sales value of housing units sold	154	1,427
Number of housing units started	75	626
Number of housing units in ongoing production	418	1,088
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	745	304

Baltics

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

The number of housing starts for consumers was 384 (495) and there were zero housing starts for investors, neither in the current or the preceding year.

The number of housing units sold to consumers was 321 (470). The sales rate for ongoing production was 19 per cent (39). During the current and preceding year, zero housing units were sold to investors.

In 2023, the two B2M projects were completed. The properties are expected to generate rental income in 2024, which will gradually increase during the year as the rental rate increases. These housing units are classified as investment properties.

Building rights decreased during the year and totalled 6,800 (7,500) at year-end.

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

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

Capital employed amounted to SEK 1,409 M (1,085). The return on capital employed was 5.2 per cent (11.3). The return fell owing to a higher average capital employed and lower operating profit.

	2023	2022
Net sales	770	832
Operating profit	68	108
Operating margin, %	8.9	13.0
Capital employed	1,462	1,085
Return on capital employed, %	5.2	11.3
Average no. of employees	257	289
Building rights		
Number of building rights	6,800	7,500
of which, off-balance sheet building rights	2,000	3,250
Housing development for consumers		
Number of housing units sold	321	470
Sales value of housing units sold	460	654
Number of housing units started	384	495
Number of housing units in ongoing production	527	781
Sales rate for housing units in ongoing production, %	19	39
Number of housing units recognised in profit	521	676
Housing development for investors		
Number of housing units sold		
Sales value of housing units sold		
Number of housing units started		
of which investment properties		
Number of housing units in ongoing production		195
of which investment properties		195
Sales rate for housing units in ongoing production, %		
Number of housing units recognised in profit		

Risks and risk management

Bonava is exposed to risks with varying degrees of impact on the company. These risks may be attributable to events or decisions beyond Bonava's control but may also be the result of decisions by the company. Through structured and proactive risk management, Bonava's ambition is to ensure that the risks are either minimised as much as possible or remain potential risks. The Audit Committee is tasked with monitoring and evaluating Bonava's risk management, including the internal control environment.

In the risk assessment process, a number of risks were identified and assessed based on the probability that they could occur and the impact they would have on the operations. Additionally, the effectiveness of existing internal controls to mitigate risks has been evaluated. In the table below, Bonava presents selected risks that the company has identified to have an impact on operations and the ability to achieve set goals as well as factors to mitigate those risks. The residual risk exposure is a result of risk assessment and internal control process. Bonava has, with one exception, chosen not to include risks

with both low probability and impact in the table. Qualitative and quantitative measurements have been applied to provide a tangible and consistent approach in evaluating the effect of risks on Bonava's operations.

Bonava has a Risk Committee consisting of the company's CFO, Group Head of Legal, Senior Advisor, and Group Head of Risk & Compliance. The Risk Committee is responsible for centrally organising, coordinating and driving Bonava's risk management work. The Risk Committee regularly reports to the Audit Committee and Executive Management.




The demand for housing units is significantly affected by macroeconomic factors that are beyond Bonava's control, such as the general economic situation, inflation and interest rates, the level of employment, the pace of housing construction, changes in infrastructure and demographic trends. In 2023, interest rates, energy costs and inflation rates remained at an increased level which limited the possibilities for customers to purchase a new home. This effect was felt in all

markets that Bonava is operating in and led to lower sales and decreased construction starts.





Housing units are developed over long periods of time and properties held for future development, ongoing housing projects and completed housing units require long-term financing. Bonava therefore needs access to long-term financing and liquidity to conduct its operations. In December 2023 Bonava renegotiated its previous loan agreements, including covenants, within these loan agreements and on February 1 2024, Bonava entered into a new credit facility agreement with its lenders.

If Bonava is unable to secure financing for acquisitions, development and production, extension or expansion of existing financing or refinancing of previously secured financing or can only obtain such financing on unfavourable terms, this could have an adverse impact on Bonava's financial position and ability to conduct its operations.

























Measures to assess risk



















	Probability	Impact	
		Effect on EBT	Reputational damages
High 	Certain or almost certain that risk will materialise in 2024	EBT decrease of >500 SEK M over next 4 years	Sustained national and international negative media coverage (front page of business section) with impact on relationships with investors and public authorities
Medium 	Possible to likely that risk will materialise in 2024	EBT decrease of up to 500 SEK M over next 4 years	Negative media coverage in a specific region with limited impact on relationship with investors and public authorities
Low 	Highly unlikely that risk will materialise in 2024	EBT decrease of up to 50 SEK M over next 4 years	No press exposure

Macroeconomic risk




























Description	Mitigating factors
Regulation The company is faced with regulatory changes that significantly impact its operations (e.g., building permit regulations, construction guidelines or financing rules). Probability  Impact 	
Bonava is in continual dialogue with stakeholders who have an influence over the political agenda. This is complemented by an external analysis focused on identifying causes, trends and ongoing changes to laws, ordinances, and other regulations. Bonava continually adjusts its processes, decisions, and its strategy as needed when significant changes occur.	
Housing market and competition The company is faced with changes in the housing market that adversely affects the supply of land, services, and goods or demand for its housing units. Probability  Impact 	
The housing market is continuously monitored by internal and external experts to foresee changing market conditions as soon as possible. Bonava carries out structured customer surveys and constantly optimises its production costs in order to always offer customers the products they demand.	



























Operational risk

Description	Mitigating factors
Portfolio management	
The company takes multiple inopportune decisions regarding the investment and divestment in land and housing projects.	Investments in and divestments of land are regulated through a multi-level control environment that includes a properly developed due diligence process and requires Board approval in conjunction with larger contracts.
Probability    Impact   	
Project development	
The company is running housing projects that fall short of initially projected key performance indicators.	Project development risks are managed through a structured internal corporate governance process. Bonava evaluates and manages risks through operational systems and developed processes and routines concerning, for example, preliminary project and detailed project planning processes as well as centralised procurement.
Probability    Impact   	
Procurement	
The company's procurement operations do not ensure satisfactory supply with services and goods in terms of volume, price, and compliance principles (e.g. human rights, working conditions, product safety, environmental aspects, and anti-corruption).	<p>Bonava has created a framework for the selection and review of its suppliers to increase control over and improve the coordination of procurement.</p> <p>Bonava has identified the requirements that each supplier must fulfil to qualify as a supplier, with the principles of the UN Global Compact and Bonava's Code of Conduct as a starting point.</p>
Probability    Impact   	
Design and production	
The company's design and production organisation does not deliver the planned housing units within the time frame, at the quality, and at the costs that have been initially projected.	Bonava seeks to increase the industrialisation of its production. Increased repetition and a greater exchange of know-how within the Group reduces the risk of repeating mistakes.
Probability    Impact   	

Description	Mitigating factors
Environment and climate	
The company's activities do not comply with internally decided and externally required environmental standards.	Bonava's internal corporate governance in each market ensures compliance with national and local directives. Bonava's long term climate risk scenario analysis has informed the decision to set full scope science-based targets for urgent climate action, aligned with the pathway to minimise global warming to 1.5 degree Celsius. Responsibility to contribute to the targets is distributed according to business plan. Local and group-wide initiatives are initiated to support the targets. Bonava has internal local resources and/or employs external experts to plan and carry out soil remediation or post-treatment as well as planning of nature protection measures in close dialogue with local authorities. Bonava has Group-wide procedures and systems for alerts and communication regarding accidents and serious incidents as well as a professional Group-wide sustainability network.
Probability    Impact   	
Staffing	
The company does not maintain an attractive and motivating work environment that attracts and retains a competent workforce to enable the achievement of the company's business objectives.	Bonava has a structured recruitment process and places considerable emphasis on strengthening its reputation as an employer. The company offers competitive employment terms and has established a feedback culture that is complemented by anonymous employee surveys.
Probability    Impact   	
Health and safety	
The company's workplaces do not meet internal or external health and safety requirements.	Bonava makes no distinction between its employees and subcontractors' employees at sites managed by Bonava with the ultimate objective of preventing the occurrence of all injuries and occupational illnesses. Bonava has established organisational structures and procedures to utilise synergies, govern operations and monitor occupational health and safety work across the Group. Bonava has implemented crisis management plans as well as Group-wide routines and systems for hazard and incident management that include notifications and alerts for severe accidents or incidents. A Group-wide health and safety network has also been established.
Probability    Impact   	

Operational risk cont.

Description	Mitigating factors
IT	
The company's IT environment does not meet operational requirements in terms of functionality, reliability, and data security.	Bonava has implemented a centralised IT organisation that continuously monitors and evaluates the company's business needs.
Probability    Impact  	
Breach of internal and external regulations	
The company significantly violates rules and regulations.	Bonava pursues a comprehensive compliance programme to manage compliance risks. Key elements of the programme include team discussions and online training programmes, extensive advisory services, a whistle-blower function, risk assessments as well as regular internal reporting and communication.
Probability    Impact   	
Sales and marketing	
The company's sales and marketing activities are inefficient and do not sufficiently promote sales of housing units.	The company benefits from centralised expertise that establishes marketing and sales processes supplemented by a well-established network of local experts and empirical analyses.
Probability    Impact  	
Customer service	
Bonava's customer service is not effective in guiding the customer through their journey until the end of the warranty period causing controversy with customers and is not providing the organisation with feedback on common defects.	The company works according to documented and monitored customer service procedures that include feedback to design & production functions and the measurement of KPIs such as average response times.
Probability    Impact  	
Strategy Implementation	
The company does not manage to maintain effective processes to implement strategy updates in the organisation and monitor progress.	Bonava has established a process to implement strategy updates and monitor their implementation by the appropriate parts of the organisation.
Probability    Impact   	

Description	Mitigating factors
Crises	
The company is not able to adequately respond to crisis situations such as a global pandemic.	The company has established crisis management teams in all organisational units that ensure crisis preparedness and the management of crises based on documented procedures.
Probability    Impact  	
Financial risk	
Liquidity	
The company is unable to meet its payment obligations on time.	Bonava has stipulated a specific level relating to its payment capacity. The company also has a structured process for continuously monitoring and forecasting Group liquidity to ensure optimal financing and liquidity at any given time.
Probability    Impact   	
Reporting	
The company submits inaccurate financial and non-financial (environmental, social and governance) reports to the external market or to authorities.	For financial reporting, Bonava applies the completed contract method, which implies that revenue and costs are known at the time of profit recognition. The company also has a structured process for budgeting outstanding costs at the time of profit recognition. A structured process is also used for non-financial items.
Probability    Impact  	
Guarantees	
The company exceeds its guarantee facilities and guarantors decide to deny additional guarantees.	Bonava closely monitors its volume of guarantees utilised and obtains sureties from a centrally selected group of guarantors. The company also ensures that guarantees outstanding after the expiration of the guarantee period are reclaimed.
Probability    Impact  	
Valuation	
The company performs inaccurate valuations of its assets.	Bonava prepares a thorough forecast in which the future sale value and cost of housing projects are regularly evaluated and assessed. In addition, impairment tests are conducted annually for properties held for future development. All impairment losses are reflected in the income statement.
Probability    Impact  	

Consolidated Income Statement

	Note	2023	2022
Continuing operations	1, 12		
Net sales	2, 3	13,269	13,987
Production costs	4, 5, 7, 9, 11, 15, 21	-11,849	-12,298
Gross profit		1,421	1,689
Selling and administrative expenses	4, 5, 6, 7, 9, 11, 21	-760	-831
Operating profit before items affecting comparability	2	660	858
Items affecting comparability	25	-1,279	-56
Operating profit/loss after items affecting comparability		-619	802
Financial income		19	7
Financial expenses		-537	-200
Net financial items	8	-518	-193
Profit/loss before tax		-1,137	609
Tax on profit/loss for the year	14	-5	-169
Profit/loss for the year¹⁾		-1,143	441
Discontinued operations			
Profit/loss for the year from discontinued operations	28	-194	-743
Profit/loss for the year from continuing operations and discontinued operations		-1,337	-303
Per share data (before and after dilution)			
Profit for the year relating to continuing operations, SEK	26	-10.66	4.10
Profit/loss for the year relating to continuing operations and discontinued operations, SEK	26	-12.47	-2.82
Profit/loss for the year relating to discontinued operations, SEK	26	-1.81	-6.92
Cash flow from operating activities, SEK		-3.15	-30.25
Shareholders' equity, SEK		61.58	74.49
Number of shares at end of the year, million		107.2	107.2

¹⁾ Profit for the full year is attributable to Bonava AB's shareholders.

Consolidated statement of comprehensive income

	Note	2023	2022
Profit/loss for the year		-1,337	-303
<i>Items that have been or may be reclassified to profit for the period</i>			
Translation differences during the year on translation of foreign operations		-3	186
Translation differences during the year on translation of discontinued operations	28	-43	157
<i>of which reclassified to the income statement</i>	28	-7	
Other comprehensive income for the year		-47	344
Comprehensive income for the year¹⁾		-1,384	41

¹⁾ Comprehensive income for the full year is attributable to Bonava AB's shareholders.

Consolidated Balance Sheet

	Note	2023	2022
ASSETS	1, 12, 23		
Fixed assets			
Goodwill	9	22	77
Other intangible assets	9		6
Investment properties	10	239	262
Real estate used in business operations	11	38	52
Right-of-use assets, buildings		84	141
Machinery and equipment	11	126	123
Right-of-use assets, machinery and equipment		47	53
Non-current receivables	13	665	78
Deferred tax assets	14	136	178
Total fixed assets	24	1,358	971
Current assets			
Housing projects			
Properties held for future development	15	8,138	9,836
Ongoing housing projects	15	6,933	12,055
Right-of-use assets, ongoing housing projects		33	37
Completed housing units	15	1,593	799
Housing projects		16,697	22,726
Materials and inventories			8
Tax receivables		20	22
Accounts receivable		236	317
Prepaid expenses and accrued income		173	150
Other receivables	13	432	351
Cash and cash equivalents	23	180	119
Assets held for sale	28		915
Total current assets	24	17,738	24,607
TOTAL ASSETS		19,097	25,579

	Note	2023	2022
SHAREHOLDERS' EQUITY			
Share capital	16	434	434
Other capital contributions		4,569	4,569
Reserves		366	413
Profit brought forward incl. comprehensive income for the year		1,226	2,563
Shareholders' equity attributable to Bonava AB's shareholders		6,596	7,979
Non-controlling interest		5	5
Total shareholders' equity		6,601	7,984
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	17	126	3,457
Non-current interest-bearing lease liabilities	17	102	136
Other non-current liabilities	19	11	369
Deferred tax liabilities	14	30	52
Provisions	18	1,184	970
Total non-current liabilities	24	1,452	4,983
Current liabilities			
Current interest-bearing liabilities	17	5,536	3,442
Current interest-bearing lease liabilities	17	58	90
Accounts payable		337	652
Tax liabilities		264	407
Accrued expenses and deferred income	20	1,244	1,248
Other current liabilities	19	3,604	5,858
Liabilities attributable to assets held for sale	28		915
Total current liabilities	24	11,044	12,612
Total liabilities		12,496	17,595
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		19,097	25,579

Consolidated Statement of Changes in Shareholders' Equity

	Shareholders' equity attributable to Bonava AB's shareholders					Non-controlling interest	Total shareholders' equity
	Share capital	Other capital contributions	Translation reserve	Profit brought forward	Total		
Opening shareholders' equity, 1 January 2022	434	4,569	70	3,245	8,318	5	8,322
Profit/loss for the year				-303	-303		-303
Other comprehensive income			344		344		344
Total comprehensive income	0	0	344	-303	41	0	41
Dividend				-375	-375		-375
Performance-based incentive programme				-4	-4		-4
Total transactions with shareholders	0	0	0	-379	-379	0	-379
Closing shareholders' equity, 31 December 2022	434	4,569	413	2,563	7,979	5	7,984
Profit/loss for the year				-1,337	-1,337		-1,337
Other comprehensive income			-47		-47		-47
Total comprehensive income	0	0	-47	-1,337	-1,384	0	-1,384
Performance-based incentive programme				0	0		0
Total transactions with shareholders	0	0	0	0	0	0	0
Closing shareholders' equity, 31 December 2023	434	4,569	366	1,226	6,596	5	6,601

Change in shareholders' equity

The change in shareholders' equity consists of profit for the year and other comprehensive income for the year, dividends, repurchases of treasury shares and effects of the long-term performance-based incentive programme.

Other capital contributions

Shareholders' equity paid up by shareholders.

Reserves

Reserves pertain to translation reserves that include all exchange rate differences from 1 January 2013 and onwards arising from the translation of the financial statements of foreign operations prepared in a currency other than that used in Bonava's financial statements, i.e. SEK.

Profit brought forward including comprehensive income for the year

This item includes accrued earnings in Bonava and transactions with shareholders such as dividends, repurchases of treasury shares and performance-based incentive programmes.

Consolidated Cash Flow Statement

	Note	2023	2022
OPERATING ACTIVITIES			
Profit/loss before tax		-1,297	-92
Adjustments for items not included in cash flow:			
– Depreciation/amortisation	5	132	176
– Impairment losses		938	877
– Exchange rate effects		81	-510
– Changes in provisions		273	193
– Other including capital gain on divested operations		241	31
Total items not included in cash flow		1,665	768
Tax paid		-139	-149
Cash flow from operating activities before change in working capital		229	527
Cash flow from change in working capital			
Sales of housing projects		11,293	13,312
Investments in housing projects		-8,099	-16,037
Other changes in working capital		-3,760	-1,045
Cash flow from change in working capital		-567	-3,769
Cash flow from operating activities		-337	-3,242

	Note	2023	2022
INVESTMENT ACTIVITIES			
Sale of Group companies	28	1,239	
Acquisitions of buildings and land		-167	-78
Acquisitions of property, plant and equipment and intangible assets		-42	-29
Sales of property, plant and equipment and intangible assets		24	3
Cash flow from investment activities		1,054	-104
Cash flow before financing activities		716	-3,345
FINANCING ACTIVITIES			
Dividend paid			-375
Increase in interest-bearing financial liabilities		6,662	4,762
Decrease in interest-bearing financial liabilities		-7,495	-1,991
Increase (-)/decrease (+) in current interest-bearing receivables			91
Cash flow from financing activities		-833	2,486
Cash flow for the year		-117	-859
Cash and cash equivalents at 1 January	23	303	1,066
Exchange rate difference in cash and cash equivalents		-6	97
Cash and cash equivalents at 31 December	23	180	303
	Note	2023	2022
OF WHICH CASH FLOW FROM DISCONTINUED OPERATIONS			
Net cash flow from operating activities	28	360	-581
Net cash flow from investment activities		1,248	28
Net cash flow from financing activities		-375	518
Net increase in cash and cash equivalents from subsidiaries		1,233	-35

Notes for the Group

1 Significant accounting policies

Bonava's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Group additionally applies RFR 1 Supplementary Accounting Rules for Corporate Groups.

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 15 March 2024. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the AGM for adoption on 10 April 2024.

New standards applied by Bonava

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosures of accounting policies*.

The amendments require companies to disclose only significant accounting policies. The purpose of the amendments is to enhance the usefulness of disclosures concerning accounting policies applied by describing only significant policies and explaining how the entity applies those policies on the basis of its specific circumstances. The Group has reviewed the accounting policies described in the Annual Report and adjusted them accordingly.

Other changes to IFRS that came into effect in 2023 did not have any material impact on Bonava.

New standards and interpretations that have not yet been applied by Bonava

The IASB has made additional amendments to IAS 1 regarding the classification of liabilities as current or non-current in the statement of financial position when the liabilities are subject to covenants. The IASB has clarified that covenants that an entity must comply with after the balance sheet date do not affect whether the liability should be classified as current or non-current. The amendment to IAS 1 introduces disclosure requirements regarding covenants that an entity is required to comply with within 12 months of the reporting date in order for the liabilities not to fall due for payment. The amendments will enter into force from 1 January 2024.

None of the other new or amended IFRS that have not yet come into effect are expected to have any material impact on Bonava.

Consolidated accounts

Business combinations deriving from parties who are not under joint control are recognised by applying the acquisition method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby Bonava indirectly acquires the subsidiary's assets and takes over its liabilities.

Companies in which Bonava has a controlling influence, in practice through a direct or indirect holding carrying more than 50 per cent of the voting rights, are consolidated in their entirety. Regarding tenant-owner associations and housing companies, Bonava is deemed to have a controlling influence over these, and they are subsequently consolidated in full.

Joint operations are defined as projects conducted in Bonava in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. In Bonava's financial statements, joint operations are recognised in accordance with the proportional method. Refer to Note 12.

Revenue

Bonava's net sales primarily comprise three revenue streams: sales of housing units for consumers, sales of housing projects to investors and – to a lesser extent – sales of land. For all revenue flows, estimated losses are charged in their entirety to profit or loss for the period.

Housing projects for consumers

Bonava's business model for sales of housing units with ownership rights entails that Bonava enters into a written agreement to build a housing unit with each respective owner. During the construction of the housing unit, accrued costs are recognised in the "Housing projects" asset class. Bonava's obligations to its customers are viewed as a single performance obligation in the form of transferring a housing unit to the customer. Revenue is recognised when the housing units are completed and the customer has taken up occupancy of the home. The transaction price is a fixed price stipulated in the contract. Bonava's customers pay advances at various points in the process and to varying extents depending on the market. Advance payments are conditional on the completion of Bonava's performance obligation and thus do not affect Bonava's assessment that the performance obligation is fulfilled only when the buyer takes possession of the housing unit.

In Sweden and Finland, Bonava also develops housing projects by entering into a construction contract with a client, either a tenant-owner association in Sweden or a housing company in Finland. In Sweden, the end customer purchases a right of use in the tenant-owner association corresponding to an individual apartment. In Finland, the customer purchases shares in the housing company corresponding to an individual apartment. Bonava's business model means that control is transferred to the customer who acquires the housing unit when the customer takes possession of the housing unit. Since Bonava exercises control over both the tenant-owner association and the housing com-

pany during construction up until the end customers take possession of the housing unit, these entities are consolidated. As a result, there is no contract with any external party until the end customer has signed a contract. Revenue is based on the actual revenue for the housing project sold. Recognised revenue per housing unit is offset by a share of the housing unit's estimated cost when the project is completed.

Housing projects for investors

Sales of housing projects to investors are recognised at the time when control is transferred to the buyer. Depending on the wording of the contract and local laws and regulations, this may occur on the signing date, continuously during production, or when the buyer takes possession of the housing units.

Sales of land

Sales of land are recognised on the date when control is transferred to the buyer, which normally coincides with the buyer taking possession of the land.

Depreciation/amortisation

Straight-line depreciation/amortisation according to plan is applied in accordance with the estimated useful life, with due consideration for any residual values at the end of the period. Bonava applies component depreciation/amortisation, whereby each asset with a considerable value is divided into a number of components that are depreciated/amortised on the basis of their particular useful life.

The period of depreciation/amortisation varies in accordance with the table below:

Software	1–5 years
Other intangible assets	3–10 years
Real estate used in business operations	8–25 years
Machinery and equipment	3–20 years

Leases

The right to use a leased asset is recognised either as property, plant and equipment (buildings – premises in which Bonava conducts its operations, machinery and equipment – primarily cars and office equipment) or a current asset (ongoing housing projects) depending on how the leased asset would be classified if it were owned instead. Leases for land (ongoing housing projects) are recognised only when

there is a confirmed zoning plan or the building permit can no longer be appealed. Before that point, Bonava has neither control of the land nor the rights and obligations associated with the land.

Variable costs such as property tax and maintenance costs, including electricity, heating and water, have been excluded from the calculation of lease liabilities to the extent they can be separated from rental costs. There are no substantial variable lease payments that depend on an index or rate.

With respect to land leases, Bonava applies the rate implicit in the lease. For the remaining leases, the incremental borrowing rate is applied; this is established by taking the geographical market and term of the lease into account.

Bonava has essentially chosen not to consider the possibility of extending lease contracts. This is not financially beneficial because the assets are not business-critical or specialised, and other suitable alternatives are deemed to be available. In addition, the costs associated with not extending the leases (e.g. costs for negotiation and relocation or costs for identifying another appropriate asset) were deemed to be immaterial.

Bonava has not applied exceptions for assets of a low value or short-term leases.

Items affecting comparability

This heading includes events and transactions such as substantial legal disputes, major impairment losses, restructuring and other substantial non-recurring costs or revenue, the profit effect of which is important to note when the profit/loss for the period is compared with earlier periods. Tax on items affecting comparability and tax items that are themselves classified as items affecting comparability are recognised under tax in the consolidated income statement. Items recognised as affecting comparability in one period are recognised consistently in future periods by any potential reversal of these items also being recognised as items affecting comparability. Refer also to Note 25.

Intangible assets

Intangible assets are recognised at cost less accumulated amortisation and impairment losses. Goodwill is not amortised but is impairment tested on an annual basis instead. Refer also to Note 9.

Property, plant and equipment

Investment properties

Investment properties are properties held for the purpose of generating rental income and capital appreciation. Bonava has chosen to report its investment properties at fair value with changes in value recognised in profit or loss, and therefore these properties are not depreciated. Refer also to Note 10.

Real estate used in business operations

Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. These properties are recognised at cost less accumulated depreciation and any impairment losses. Refer also to Note 11.

Current assets

Housing projects

Bonava's property holdings designated as housing projects are recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. Property holdings are measured at the lower of cost and net realisable value.

Housing projects in Bonava are divided among:

- Properties held for future development
- Ongoing housing projects
- Completed housing units

For a distribution of amounts, refer to Note 15. Properties held for future development are reclassified as ongoing projects when construction on a project has started.

Properties held for future development

Properties held for future development refer to Bonava's holdings of land and building rights for future housing 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 with regard to the established sales price and cost trend as well as when market trends or other circumstances so require. In the event that 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.

Ongoing housing projects

In connection with the production start, the value of land and capitalised development expenses is reclassified to ongoing projects, together with costs incurred after the production start.

Completed housing units

Project costs for completed housing units are reclassified from ongoing housing projects to completed housing units at the date of final inspection. Completed housing units are measured at the lower of cost and net realisable value.

Financial instruments

Purchases and sales of financial instruments are recognised on the transaction date, meaning the date on which the company undertakes to purchase or sell the asset. Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, non-current receivables, accounts receivable, other non-current shareholdings and derivatives. Accounts payable, current and non-current borrowings, and derivatives are recognised under liabilities. Refer also to Note 22 and 24.

Classification and measurement

The classification of an instrument is dependent on the business model in which it is held and the characteristics of the instrument. This classification determines how the financial instrument is measured, as described below.

Classification and measurement of financial assets

Bonava classifies its financial assets as follows:

Financial assets measured at fair value in profit or loss

This category includes Bonava's derivative instruments with a positive fair value. Changes in fair value are recognised in net financial items. Moreover, Bonava's other non-current shareholdings are measured at fair value through profit or loss.

Financial assets measured at amortised cost

Bonava has accounts receivable, non-current receivables and other receivables under a business model whose objective is to hold these for the purpose of collecting the contractual cash flows and the contractual terms give rise, at specific times, to cash flows that are solely payments of principal and interest on the outstanding principal amount and therefore measures them at amortised cost. Since the expected maturity of accounts receivable is short, a nominal value without discounting is recognised. Non-current receivables, other receivables and cash and cash equivalents are recognised at amortised cost.

Impairment of financial assets

The Group recognises a credit loss allowance for expected credit losses on financial assets measured at amortised cost. Bonava applies the simplified model for provisions for expected credit losses for accounts receivable that is calculated using a provision matrix, which is based on past events, current conditions and forecasts of future economic conditions. For cash and cash equivalents, the allowance is based on the banks' probability of default.

The Group only enters into banking transactions with counterparties with a long-term credit rating of at least A- since these are deemed to have a low credit risk when testing for impairment. Information about credit ratings is provided by Standard & Poor's or an equivalent independent rating agency.

The Group defines default as meaning it is deemed unlikely that the counterparty will meet its obligations due to indications such as financial difficulties and missed payments. A default is always deemed to exist if a payment is more than 180 days past due.

Classification and measurement of financial liabilities

Bonava classifies its financial liabilities as follows:

Financial liabilities measured at fair value through profit or loss

This category includes Bonava's derivative instruments with a negative fair value. Changes in fair value are recognised in net financial items.

Other financial liabilities measured at amortised cost

This group includes non-current interest-bearing liabilities, other non-current liabilities, current interest-bearing liabilities, accounts payable and other current liabilities.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are revalued at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising from the translation of operating receivables and liabilities are recognised in operating profit, while exchange rate differences relating to financing activities are recognised in net financial items.

Remuneration to employees

Share-based remuneration

The fair value of allocated share rights at the time of allocation is recognised as a personnel cost with a corresponding increase in shareholders' equity. The fair value of allocated synthetic shares is

recognised as a personnel cost with a corresponding increase in liabilities. At each reporting date, a judgement is made regarding the likelihood of performance targets being achieved. Expenses are measured based on the number of share rights and synthetic shares expected to be settled at the end of the vesting period.

In the period when services are rendered, provisions are made for estimated social security contributions based on the fair value of the share rights and synthetic shares at the reporting date.

To fulfil Bonava AB's commitments pursuant to the long-term incentive programme, Bonava AB has repurchased Class B shares. These shares are recognised in treasury as a reduction in shareholders' equity. For a description of the Bonava Group's share-based payment programme, refer to Note 4.

Post-employment remuneration – pension plans

Bonava differentiates between defined-contribution and defined-benefit pension plans. Bonava primarily has defined-contribution plans.

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions are secured through insurance in Alecta, which has been assessed as a multi-employer defined-benefit plan. For the 2023 financial year, it was recognised as a defined-contribution plan as the company did not have access to the information required for reporting its proportional share of the plan's commitment, plan assets and expenses.

Provisions

Guarantee commitments

Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be received by the Group from a contract are less than the unavoidable costs of meeting the obligations under the contract. Costs to be included when measuring onerous contracts consist of direct incremental costs and an allocation of other directly attributable costs.

Restructuring reserves

A provision for restructuring is recognised when there is an established detailed and formal restructuring plan and the restructuring has either commenced or been publicly announced.

Discontinued operations

Discontinued operations consist of material operations being disposed of or that constitute disposal groups held for sale. Profit after tax from discontinued operations is recognised on a separate line in the income statement.

The implication of classifying a group of assets and liabilities as held for sale is that their carrying amounts will be recovered principally through sale rather than through use. All assets included in the group are presented on a separate line among assets and all the group's liabilities are presented on a separate line among liabilities. The group is measured at the lower of carrying amount and fair value less deductions for selling costs.

Critical estimates and assessments

The consolidated financial statements include certain assessments and assumptions about the future. These are based in part on historical information and in part on expectations concerning future events and thus may, at a later date, be changed because of, for example, changes in factors in the business environment. This must particularly be taken into account given the current circumstances and the uncertainty caused by the geopolitical situation. The sources of estimation uncertainty that entail a significant risk that the value of assets or liabilities may need to be materially adjusted within the next financial year are described below. The description also includes important accounting assessments made in applying the Group's accounting policies.

Revenue

Bonava's assessment is that the consumer business has a controlling influence over tenant-owner associations and housing companies, which are therefore consolidated in full. This means that there are no contracts with external parties before the end customer has signed a contract.

Bonava's business model and the agreement structure of housing projects thus mean that control is transferred to the buyer at the time of delivery of the housing unit or project. Bonava satisfies the undertaking to transfer the housing unit or project upon delivery and recognises revenue and profit from sales of housing projects in full at this point. No revenue is recognised on the basis of forecast sales of housing projects. This applies to both housing units for consumers and investors.

Depending on the wording of the contract and local laws and regulations, control of residential properties may be transferred to investors on the signing date, continuously during production, or when the housing units are delivered to the buyer. Bonava's assessment is that

control is transferred upon taking occupancy of the property, and revenue during 2022 and 2023 is recognised at that date.

Valuation of housing projects and properties held for future development

Bonava's housing projects and properties held for future development are recognised at the lower of cost and net realisable value. The assessment of net realisable value is based on a series of assumptions such as sales prices, production costs, the price of land, rent levels and yield requirements as well as the possible timing of production start and/or sale. Bonava continuously monitors market conditions and tests the assumptions made on an ongoing basis. In some cases, the difference between the carrying amount and the estimated net realisable value is minor. A change in the assumptions made could give rise to impairment requirements.

Uncertainty regarding market conditions and the impact on customers' purchasing power are indicators that a decline in value has occurred. Demand for our housing units has become more cautious. Raised interest rates, higher energy prices, high inflation and increased uncertainty affected demand, primarily, but also the price trend.

Guarantee commitments

Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date. This estimate is based on historical outcomes. The scope of the provisions is based on such factors as the number of housing units per project and is adjusted as needed in accordance with prevailing conditions. The assessments by company management can also have an impact on individual cases based on experience from previous transactions, or in conjunction with other specific events that could impact the estimated amount required to settle Bonava's commitments. The guarantee provisions at year-end are presented in Note 18.

Surety and guarantee obligations, legal disputes, etc.

Within the framework of Bonava's regular business operations, Bonava occasionally becomes a party in legal disputes. In such cases, an assessment is made of Bonava's obligations and the probability of a negative outcome for the company. Bonava's assessment is based on the information and knowledge currently possessed by the company. In a number of cases, these assessments are difficult and the final outcome could differ from the assessment. Refer also to Note 22.

Bonava's operations are divided into four operating segments based on the parts of the organisation monitored by the CEO, the chief operating decision-maker. Each operating segment has a manager who is responsible for the daily operations and regularly reports the results of the operating segment's performance to the CEO. On the basis of this internal reporting, Bonava has identified the following segments: Germany, Sweden, Finland and the Baltics (Estonia, Latvia and Lithuania). All segments develop and sell housing units. Sales between the segments are not material. The table below shows continuing operations. For information about St. Petersburg and Norway, see Note 28.

2023	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	5,849	1,819	872	768		9,308
Net sales, investors	1,404	814	1,654			3,871
Net sales, land	30	44	4			78
Other revenue	1	8	1	1	1	12
Selling and administrative expenses (including depreciation/amortisation)	-289	-148	-85	-48	-190	-760
Depreciation/amortisation	-80	-8	-15	-8	-21	-132
Operating profit/loss before items affecting comparability	628	77	107	68	-219	660
Items affecting comparability	-879	-303	-90		-7	-1,279
Operating profit/loss after items affecting comparability	-251	-226	17	68	-227	-619
Net financial items						-518
Profit/loss before tax						-1,137
Fixed assets	236	173	53	247	650	1,358
Capital employed	6,936	3,189	789	1,409	98	12,422

2022	Germany	Sweden	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	5,626	1,997	1,175	831	102	9,731
Net sales, investors	2,159	704	565		752	4,180
Net sales, land		39	19			58
Other revenue		5	1	1	11	18
Selling and administrative expenses (including depreciation/amortisation)	-309	-139	-95	-44	-245	-831
Depreciation/amortisation	-84	-8	-19	-8	-42	-161
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
Fixed assets	264	307	62	116	221	971
Capital employed	7,074	3,825	974	1,085	2,610	15,568

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

Net sales by country	Germany	Sweden	Finland	Denmark	Latvia	Estonia	Lithuania
2023	7,283	2,685	2,531	0	381	313	75
2022	7,785	2,745	1,759	859	376	336	119

No customer accounts for net sales corresponding to over 5 per cent of the Group's net sales.

3 Revenue

Estimated completions per quarter

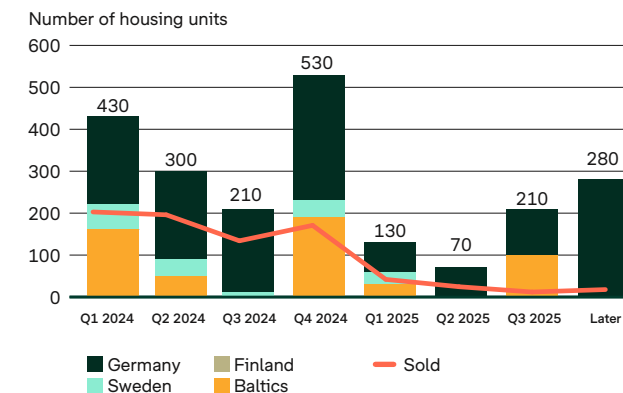
The diagrams illustrate the estimated completion dates for housing units for consumers and investors. Changes such as the date for receiving building permits, disruptions in the logistics and production chain or other factors could positively or negatively impact the estimated time of completion. This risk of changes to the estimated time of completion has increased as a consequence of the uncertainty prevailing in the market.

The number of housing units have been rounded off since they are estimates of the point in time of completion. The curves illustrate the percentage of units sold at 31 December 2023.

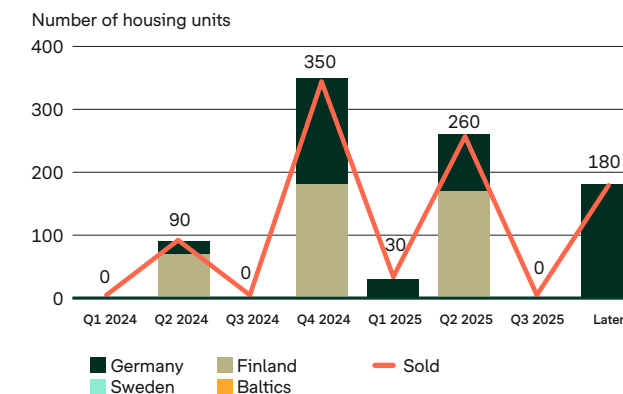
The value of housing units in production and completed housing units sold but not yet recognised in profit at 31 December 2023 was SEK 4,363 M (8,220) for consumers and SEK 2,766 M (5,746) for investors.

Customer advances	2023	2022
Carrying amount on 1 January	5,103	6,597
Less liabilities attributable to assets held for sale		-357
Divested operation	-30	
Advances paid in	7,978	8,722
Advances recognised in profit	-9,951	-10,273
Other changes in customer advances	-1	6
Translation differences for the year	29	408
Carrying amount on 31 December	3,129	5,103

Estimated completion dates for housing units for consumers



Estimated completion dates for housing units for investors



4 Number of employees, personnel costs and remuneration of senior executives

Average number of employees	2023		2022	
	No. of employees	Of which, men	No. of employees	Of which, men
Sweden	213	103	302	157
Germany	836	564	931	632
Finland	168	104	232	135
Denmark	12	5	34	11
Estonia	72	46	90	56
Latvia	157	101	169	111
Lithuania	28	13	29	16
Total	1,486	936	1,787	1,118

Gender distribution in management, percentage women (%)	2023	2022
Board of Directors	29	43
Senior executives	43	44

Senior executives are defined as the individuals who, together with the CEO, constitute the Executive Management Group.

Pension plans

Anticipated fees during the next accounting period for ITP 2 insurance taken out with Alecta amount to SEK 4 M.

The collective solvency rate consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting methods and assumptions, which do not comply with IAS 19. The collective solvency rate is normally allowed to vary between 125 and 155 per cent. If Alecta's collective solvency rate falls below 125 per cent or exceeds 155 per cent, measures must be taken to create conditions for returning the solvency rate to the normal interval. In the event of low solvency, one measure could be raising the agreed price for new subscriptions and increasing existing benefits. In the event of high solvency, one measure could be introducing premium reductions. At the end of 2023, Alecta's preliminary surplus in the form of its collective solvency rate was 157 per cent (172).

Terms and remuneration for senior executives

The Chairman of the Board and the other directors elected by the AGM receive remuneration only at an amount resolved by the AGM. No pensions are paid to the Board of Directors.

Remuneration of the CEO is proposed by the Chairman of the Board and decided by the Board of Directors. Remuneration to other members of Bonava's senior management is proposed by the CEO and approved by the Chairman of the Board.

Remuneration to the CEO and other senior executives consists of a fixed salary, variable remuneration, share-based remuneration, other benefits and pensions. At the end of 2023, the number of senior executives was seven. Of these, five were employed by the Parent Company and two by subsidiaries.

Variable remuneration

For CEO Peter Wallin, variable remuneration was capped at 60 per cent of fixed salary for 2023. The variable remuneration was based on financial targets established by the Board of Directors. Remuneration for the 2023 financial year amounted to SEK 1.9 M (2.1). For other members of the Executive Management Group, variable remuneration is capped at 50 per cent of fixed remuneration.

Salaries and other remuneration allocated between the Board and senior executives, and other employees

	2023			2022		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
Salaries and other remuneration	47	1,468	1,515	47	1,311	1,358
Social security expenses			313			333
of which, pension costs			97			94

Remuneration, provisions and other benefits in 2023

SEK 000	Total salary, remuneration and benefits ^{1) 2)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration	Pension cost
CEO Peter Wallin	10,979	9	1,878	379	2,490
Chairman of the Board Mats Jönsson	856				
Director Viveca Ax:son Johnson	320				
Director Per-Ingemar Persson	395				
Director Nils Styf	385				
Director Anette Frumerie	266				
Director Olle Boback	340				
Director Tobias Lönnevall	379				
Director Åsa Hedenberg	99				
Director Angela Langemar Olsson	126				
Director Andreas Segal	100				
Other senior executives, Group (seven individuals)	32,925	530	5,713	171	4,265
Total senior executives	47,170	539	7,591	550	6,755

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and/or other benefits and, when appropriate, severance pay.

²⁾ Board fees have been allocated from the date of the 2023 AGM and onwards. At the 2023 AGM, Åsa Hedenberg, Angela Langemar Olsson and Andreas Segal left the Board and Anette Frumerie, Olle Boback and Tobias Lönnevall were elected to the Board. Audit Committee fees were paid to Tobias Lönnevall (Chairman), Per-Ingemar Persson and Nils Styf, and Remuneration Committee fees were paid to Mats Jönsson (Chairman), Anette Frumerie and Tobias Lönnevall.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

Pension terms for the CEO

CEO Peter Wallin has a defined-contribution pension plan with a premium amounting to 33 per cent of fixed salary. Peter Wallin's retirement age is 65.

Pension terms for other senior executives

Other senior executives employed in Sweden have a defined-contribution ITP plan with a retirement age of 66.

For other senior executives employed outside Sweden, defined-contribution supplementary pension terms apply at a rate of up to 30 per cent of pensionable salary depending on the country of employment.

Remuneration, provisions and other benefits in 2022

SEK 000	Total salary, remuneration and benefits ^{1) 2)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration ⁴⁾	Pension cost
CEO Peter Wallin	10,714	9	2,105		2,204
Chairman of the Board Mats Jönsson	851				
Director Viveca Ax:son Johnson	318				
Director Åsa Hedenberg	393				
Director Angela Langemar Olsson	494				
Director Per-Ingemar Persson	393				
Director Frank Roseen	77				
Director Andreas Segal	300				
Director Nils Styf	266				
Other senior executives, Group (eight individuals)	33,063	470	4,852	162	5,542
Total senior executives	46,869	479	6,957	162	7,746

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and/or other benefits and, when appropriate, severance pay.

²⁾ Board fees have been allocated from the date of the 2022 AGM and onwards. At the 2022 AGM, Frank Roseen resigned and Andreas Segal and Nils Styf were elected. Audit Committee fees were paid to Angela Langemar Olsson (Chairman), Åsa Hedenberg and Per-Ingemar Persson and Remuneration Committee fees were paid to Mats Jönsson (Chairman), Angela Langemar Olsson and Nils Styf.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

⁴⁾ Due to registration as an insider, the CEO was prevented from participating in LTIP 2022.

Severance pay

The period of notice for the CEO is six months. A period of notice of 12 months is in effect in conjunction with termination by the company. Severance pay amounts to 12 months. Other senior executives are subject to between nine and 12 months' notice from the company, or six months' notice if the senior executive resigns of his/her own accord. Severance pay for between nine and 12 months is payable if employment is terminated by the company. The severance pay will be reduced by an amount corresponding to any remuneration received from a new employer or own business. During the period of notice, senior executives may not take up a new position with another employer or conduct their own business activities without the company's written consent. Should the senior executive resign on his/her own accord, severance pay is not payable. When employment ends, the senior executive becomes subject to a prohibition on competition or employees for a period of 12 and nine months respectively.

Long-term incentive programme

Bonava has three outstanding long-term performance-based share programmes for senior executives and key personnel in the Bonava Group (LTIP 2021, LTIP 2022 and LTIP 2023). The purpose of the programmes is to align the interests of the shareholders and the Executive Management Group to ensure maximum long-term value creation and a long-term Group-wide focus on profit performance and to facilitate the recruitment and retention of members of the Executive Management Group and other key executives.

LTIP 2021

LTIP 2021 encompasses 45 senior executives and key personnel in the Bonava Group. LTIP 2021 is a three-year performance-based programme that involves participants receiving no-cost share rights that confer the right to Class B shares and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2021 without being required to immediately divest the shares. Participants in LTIP 2021 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2021. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is 3 share rights and 3 synthetic shares for category (1), 2.5 share rights and 2.5 synthetic shares for category (2), 2 share rights and 2 synthetic shares for category (3), and 1.5 share rights and 1.5 synthetic shares for category (4).

Performance-based targets

The share rights and synthetic shares are divided into Series 1, Series 2 and Series 3 and are weighted 40 per cent, 30 per cent and 30 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2021 are related to Bonava's average return on capital employed (Series 1), total shareholder return on Bonava's Class B share (Series 2), and relative total shareholder return on Bonava's Class B share in relation to a comparison group of approximately 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 31 M including social security contributions.

Repurchase of treasury shares

The 2021 AGM resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2021 incentive programme. The company did not exercise this right during the year.

LTIP 2022

LTIP 2022 is offered to 44 senior executives and key personnel in the Bonava Group. LTIP 2022 is a three-year performance-based programme that involves participants receiving no-cost performance-based and matching-based share rights that confer the right

to Class B shares, and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2022 without being required to immediately divest the shares. Participants in LTIP 2022 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2022. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. For category (1), each investment share confers entitlement to 2.25 share rights and 2.25 synthetic shares, for category (2), each investment share confers entitlement to 1.8 share rights and 1.8 synthetic shares, for category (3), each investment share confers entitlement to 1.35 share rights and 1.35 synthetic shares, and for category (4), each investment share confers entitlement to 0.9 share rights and 0.9 synthetic shares. The share rights and synthetic shares are divided into performance share rights and matching share rights. One ninth of all share rights and synthetic shares that the participant has been allocated in total is to constitute matching share rights (meaning the number of matching share rights corresponds to one eighth of the number of performance share rights), which are not subject to any goal fulfilment other than retention of the shareholding and continued employment.

Performance-based targets

The share rights and the synthetic shares are divided into Series 1 and Series 2, with a 60/40 per cent weighting. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2022 are related to (Series 1) Bonava's accumulated profit before tax (EBT) (Series 2) total shareholder return (TSR) on Bonava's Class B share.

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 25 M including social security contributions.

Repurchase of treasury shares

The Extraordinary General Meeting held in 2022 resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2022 incentive programme. The company did not exercise this right during the year.

LTIP 2023

LTIP 2023 encompasses 44 senior executives and key personnel in the Bonava Group. LTIP 2023 is a three-year performance-based programme that involves participants receiving no-cost performance-based and matching-based share rights that confer the right to Class B shares, and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2023 without being required to immediately divest the shares. Participants in LTIP 2023 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2023. The participants are divided into four categories: (1) CEO, (2) Executive Management Group, (3) regional managers, and (4) key personnel with responsibility for functions. The allocation value per investment share is 2.25 share rights and 2.25 synthetic shares for category (1), 1.8 share rights and 1.8 synthetic shares for category (2), 1.35 share rights and 1.35 synthetic shares for category (3), and one 0.9 share rights and 0.9 synthetic shares for category (4).

Performance-based targets

The share rights and the synthetic shares are divided into Series 1 and Series 2, with a 60/40 per cent weighting. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2023 are related to (Series 1) Bonava's accumulated operating profit (EBIT), and (Series 2) total shareholder return (TSR) on Bonava's Class B share.

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 22 M including social security contributions.

Repurchase of treasury shares

The 2023 AGM resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2023 incentive programme. The company did not exercise this right during the year.

Share rights 2023	Group	Parent Company
Outstanding at the beginning of the period	216,096	56,136
Allocated in the period	185,378	138,461
Forfeited in the period	-81,461	-8,702
Outstanding at end of period	320,014	185,895

Share rights 2022	Group	Parent Company
Outstanding at the beginning of the period	235,189	74,310
Allocated in the period	74,835	15,275
Forfeited in the period	-93,928	-33,449
Outstanding at end of period	216,096	56,136

Synthetic shares 2023	Group	Parent Company
Outstanding at the beginning of the period	194,409	56,136
Allocated in the period	185,378	138,461
Forfeited in the period	-66,503	-8,702
Outstanding at end of period	313,285	185,895

Synthetic shares 2022	Group	Parent Company
Outstanding at the beginning of the period	134,173	47,188
Allocated in the period	74,835	15,275
Forfeited in the period	-14,599	-6,327
Outstanding at end of period	194,409	56,136

Allocation in the 2020 long-term incentive programme

The results for the 2020 incentive programme did not reach the minimum level for the performance measures. No share rights were therefore allocated to the participants in accordance with the conditions of the 2020 incentive programme.

Objective	Weight, %	Share allocation	
		Outcome, %	Allocation, %
ROCE	40	0	0
Absolute TSR	30	0	0
Relative TSR	30	0	0
Total allocation	100	0	0

Fair value and assumptions

	2023		2022	
	Group	Parent Company	Group	Parent Company
LTIP 2021				
Fair value at valuation date, SEK 000 ¹⁾	0	0	0	0
Share price, SEK	104.94	104.94	104.94	104.94
Exercise price, SEK	0	0	0	0
Term of the share rights and synthetic shares, years	0.5	0.5	1.5	1.5

	2023		2022	
	Group	Parent Company	Group	Parent Company
LTIP 2022				
Fair value at valuation date, SEK 000 ¹⁾	171	44	396	81
Share price, SEK	34.18	34.18	34.18	34.18
Exercise price, SEK	0	0	0	0
Term of the share rights and synthetic shares, years	1.5	1.5	2.5	2.5

	2023	
	Group	Parent Company
LTIP 2023		
Fair value at valuation date, SEK 000 ¹⁾	459	343
Share price, SEK	17.89	17.89
Exercise price, SEK	0	0
Term of the share rights and synthetic shares, years	2.5	2.5

¹⁾ Anticipated dividends have not been taken into consideration in the calculation of the fair value of share rights.

	2023		2022	
	Group	Parent Company	Group	Parent Company
Personnel costs for share-based remuneration and liabilities for synthetic shares				
Share rights and synthetic shares	0	0	-5	-2
Social security expenses	0	0	-1	0
Total personnel cost for share-based remuneration	0	0	-6	-2
Recognised liability for synthetic shares	0	0	0	0

5 Depreciation/amortisation

	2023	2022
Other intangible assets	6	26
Real estate used in business operations	8	9
Right-of-use assets, buildings	46	64
Machinery and equipment	29	34
Right-of-use assets, machinery and equipment	25	19
Right-of-use assets, ongoing housing projects	17	9
Total depreciation/amortisation	132	161

6 Remuneration and fees to audit firms

	2023	2022
PwC		
Audit assignment	10	10
of which, Parent Company auditors	5	4
Audit-related activities in addition to audit assignment		
Tax advice		
Other fees	1	1
of which, Parent Company auditors	1	1
Total PwC	11	11
Other audit firms		
Audit assignment	0	0
Total remuneration and fees to auditors and audit firms	11	11

Remuneration above includes remuneration for discontinued operations. Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment). Other services relate to a general review of the sustainability report and statement in conjunction with the prospectus.

7 Operating expenses distributed by cost type

	2023	2022
Production-related goods and services, and raw materials and consumables	10,919	11,245
Change in inventories	8	-4
Personnel costs	1,483	1,691
Depreciation/amortisation	132	161
Impairment losses	67	37
Total production costs, and selling and administrative expenses	12,609	13,129

8 Net financial items

	2023	2022
Financial income	19	7
Interest expense on financial liabilities measured at amortised cost	-484	-178
Interest expenses on financial liabilities measured at fair value through profit or loss	-4	9
Net exchange-rate changes	-10	-6
Other financial expenses	-39	-25
Financial expenses	-537	-200
Net financial items	-518	-193

9 Intangible assets

2023	Goodwill	Other ¹⁾
Recognised cost at 1 January	122	472
Investments		1
Divestments	-56	
Recognised cost at 31 December	67	472
Accumulated amortisation at 1 January		-406
Amortisation according to plan during the year		-6
Accumulated amortisation at 31 December		-412
Accumulated impairment losses at 1 January	-45	-59
Accumulated impairment losses at 31 December	-45	-59
Residual value at 1 January	77	6
Residual value at 31 December	22	0

¹⁾ "Other" refers mainly to capitalised development expenses for IT systems.

2022	Goodwill	Other ¹⁾
Recognised cost at 1 January	122	475
Less assets held for sale		-4
Investments		3
Divestments		-7
Translation differences for the year		5
Recognised cost at 31 December	122	472
Accumulated amortisation at 1 January		-375
Amortisation according to plan during the year		-26
Translation differences for the year		-5
Accumulated amortisation at 31 December		-406
Accumulated impairment losses at 1 January	-45	-60
Impairment losses for the year		-7
Divestments		7
Accumulated impairment losses at 31 December	-45	-59
Residual value at 1 January	77	40
Residual value at 31 December	77	6

¹⁾ "Other" refers mainly to capitalised development expenses for IT systems.

Amortisation is included in the following lines in the income statement

	2023	2022
Production costs		1
Selling and administrative expenses	6	25
Total	6	26

Impairment testing

The need for impairment pertaining to the carrying amount of goodwill and other intangible assets with an indefinite useful life and intangible assets that cannot be used yet is tested annually, and otherwise whenever events indicate that the carrying amount of an asset cannot be recovered. The value in use is measured as the expected future discounted cash flow generated by the asset. The calculations are based on forecasts approved by company management as well as assessments from company management given the best information available. The key assumptions in the calculation are: when the relationship began, units sold and recognised in profit and investments in housing projects in relation to net sales, unchanged gross margin per unit and weighted average capital cost (WACC).

The carrying amount of goodwill was allocated across reportable segments and cash-generating units with material goodwill amounts as follows: Sweden SEK 22 M and in the preceding year SEK 55 M in the operation in Norway divested in 2023.

Based on calculations made for Sweden, no need for impairment has been identified.

10 Investment properties

	2023	2022
Fair value on 1 January	262	0
Investments	140	102
Change in value	-123	
Reclassification	-36	156
Translation differences for the year	-4	5
Fair value on 31 December	239	262

Investment properties are measured at fair value in accordance with IAS 40. Investment properties are initially recognised at cost, which includes fees directly attributable to the acquisition.

A rental housing project in Sweden was suspended during 2023. The same project was revalued by SEK -123 M during the year and classified thereafter as land held for future development, and is therefore measured as a building right. At 31 December 2023, fair value was deemed to correspond to the carrying amount, which is why no unrealised change in value was recognised. Classification is at level 3 according to IFRS 13.

11 Property, plant and equipment

	Real estate used in business operations	Machinery and equipment	Total
2023			
Recognised cost at 1 January	158	445	603
Less divested operation	-9	-8	-17
Investments		34	34
Divestment and disposal	-19	-21	-40
Translation differences for the year	-1	-2	-3
Recognised cost at 31 December	129	448	577
Accumulated impairment losses and depreciation on 1 January	-106	-321	-427
Less divested operation	7	6	13
Divestment and disposal	18	21	39
Depreciation during the year	-8	-29	-37
Impairment losses for the year	-2		-2
Translation differences for the year		1	1
Accumulated impairment losses and depreciation on 31 December	-91	-322	-413
Residual value at 1 January	52	123	175
Residual value at 31 December	38	126	164

11 Property, plant and equipment, cont.

2022	Real estate used in business operations	Machinery and equipment	Total
Recognised cost at 1 January	162	415	577
Less assets held for sale	-16	-15	-30
Investments	3	29	32
Divestment and disposal		-5	-5
Translation differences for the year	9	20	29
Recognised cost at 31 December	158	445	603
Accumulated impairment losses and depreciation on 1 January	-78	-280	-358
Less assets held for sale	6	13	19
Divestment and disposal		5	5
Depreciation during the year	-11	-35	-46
Impairment losses for the year	-18	-9	-27
Translation differences for the year	-6	-15	-21
Accumulated impairment losses and depreciation on 31 December	-106	-321	-427
Residual value at 1 January	84	135	218
Residual value at 31 December	52	123	175

12 Participations in joint operations

Bonava's financial statements include the following items that constitute interests in the net sales, costs, assets and liabilities of joint operations.

	2023	2022
Revenue	1	19
Expenses	-2	-13
Profit/loss	0	-6
Fixed assets	39	42
Current assets	138	393
Total assets	177	436
Non-current liabilities	16	217
Current liabilities	111	122
Total liabilities	127	340
Net assets	50	96

Specification of joint operations	Shareholding, %
Tipton Brown AB	33
NVB Beckomberga KB	33
NCC Kaninen Projekt AB	30
Stora Ursvik KB	50
Ursvik Exploaterings AB	50
KB Öhusen	50
AB Broutsikten	50
Sigtuna Stadsängar Exploaterings AB ¹⁾	53
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna II KB	33
K-torp 474 AB	50

¹⁾ The company has not been consolidated because of a shareholder agreement stipulating that Bonava does not exercise control over the company.

13 Non-current receivables and other receivables

	2023	2022
Non-current receivables		
Other non-current shareholdings	2	3
Vendor note	580	
Other non-current receivables	83	74
Non-current receivables	665	78
Other receivables classified as current assets		
Receivables from housing projects sold	89	50
Advance payments to suppliers	13	37
Derivative instruments not used for hedge accounting	35	17
Receivables in tenant-owner associations	145	131
Vendor note	91	
Other current receivables	59	115
Other receivables classified as current assets	432	351

In conjunction with the divestment of the Norwegian business in June 2023, a part of the transaction price has been received through a vendor note. The vendor note has been discounted to its present value and the portion of the vendor note that is expected to be paid in 12 months has been classified as a current receivable while the remaining amount has been classified as a non-current receivable. For more information regarding the vendor note and how the transactions has impacted the accounts, refer to Note 24 and 28.

	2023	2022	Effective tax	2023		2022	
				Tax, %	Profit/loss	Tax, %	Profit/loss
Tax on profit/loss for the year					-1,137		609
Current tax cost	19	-183	Tax according to company's current tax rate	21	234	-21	-125
Deferred tax revenue/cost	-25	14	Effect of other tax rates for non-Swedish companies	6	64	-8	-47
Total recognised tax on profit/loss for the year	-5	-169	Non-tax deductible costs	-9	-97	-4	-24
			Non-taxable revenues	6	73	8	51
			Unused tax loss carry-forward	-22	-247	-1	-4
			Utilisation of non-capitalised tax loss carry-forwards	0	2		
			Tax effect of revaluation of tax loss carry-forwards	-4	-42		
			Tax attributable to prior years	1	6	-2	-13
			Other	0	1	-1	-7
			Average tax rate/recognised tax	0	-5	-28	-169

Current tax has been calculated based on the nominal tax prevailing in the country concerned.
When the tax rate for future years has been amended, that rate is used for calculating deferred tax.

Change in deferred tax in temporary differences and tax loss carry-forwards

	2023	2022	Deferred tax asset/tax liability	Assets		Liabilities		Net	
				2023	2022	2023	2022	2023	2022
Opening carrying amount	126	104	Ongoing housing projects	15			-42	15	-42
Less assets held for sale		-9	Properties held for future development	10			-16	10	-16
Divested operation	5		Untaxed reserves	6	6			6	6
Recognised tax on profit/loss for the year	-25	14	Provisions	54	94			54	94
Recognised tax on profit/loss for the year from discontinued operations		44	Tax loss carry-forwards	45	104			45	104
Other		-29	Other	6	13	-30	-34	-24	-21
Translation differences for the year	0	2	Deferred tax asset/tax liability	136	217	-30	-91	106	126
Closing carrying amount	106	126							

Capitalised tax loss carry-forwards are expected to be used within a five-year period.
There are non-capitalised tax loss carry-forwards of SEK 835 M (19) in the Group.

Disclosures regarding Pillar Two

The Group is subject to the OECD's model rules for Pillar Two. Legislation relating to Pillar Two has been adopted in Sweden, where Bonava AB (publ) is based, and took effect on 1 January 2024. As the Pillar Two legislation was not in force on the balance sheet date, the Group has no related current tax exposure. The Group applies the exemption to reporting and providing information about deferred tax

assets and liabilities related to income tax from Pillar Two, as presented in the amendments to IAS 12 that were issued in May 2023. Due to the complexity of applying the legislation and in calculating GloBE income, the quantitative effect of the adopted legislation is not yet possible to assess with certainty.

15 Housing projects

	Properties held for future development	Ongoing housing projects	Completed housing units	Total
2023				
Recognised cost at 1 January	10,313	12,093	830	23,236
Less divested operation	-1,574	-811	-194	-2,579
Investments ¹⁾	1,707	7,593		9,301
Divestments	-92	-9,283	-2,458	-11,834
Reclassification	-946	-2,530	3,477	0
Translation differences for the year	-110	-25	-31	-164
Recognised cost at 31 December	9,298	7,037	1,623	17,961
Accumulated impairment losses at 1 January	-477	-38	-30	-546
Less divested operation	50			50
Impairment losses for the year	-756	-67		-824
Translation differences for the year	22	2	0	25
Accumulated impairment losses at 31 December	-1,161	-103	-30	-1,294
Residual value at 1 January	9,836	12,055	799	22,690
Residual value at 31 December	8,138	6,933	1,593	16,665

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

	Properties held for future development	Ongoing housing projects	Completed housing units	Total
2022				
Recognised cost at 1 January	7,346	12,577	739	20,662
Less assets held for sale	-457	-397	-231	-1,085
Investments ¹⁾	4,717	10,802		15,519
Divestments	-428	-10,722	-1,810	-12,960
Reclassification	-1,323	-933	2,100	-156
Translation differences for the year	457	766	32	1,255
Recognised cost at 31 December	10,313	12,093	830	23,236
Accumulated impairment losses at 1 January	-387	-38	-34	-459
Less assets held for sale	24			24
Divestments		5		5
Reclassification		-5	5	
Impairment losses for the year	-99			-99
Translation differences for the year	-15		-2	-16
Accumulated impairment losses at 31 December	-477	-38	-30	-546
Residual value at 1 January	6,959	12,539	706	20,203
Residual value at 31 December	9,836	12,055	799	22,690

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

16 Share capital

Changes in share capital	No. of shares	Share capital, SEK 000
Number of shares, 1 January 2023	108,435,822	433,743
Number of shares, 31 December 2023	108,435,822	433,743

The shares are divided between 11,154,882 Class A shares and 97,280,940 Class B shares. Class A shares confer the right to ten votes each and Class B shares confer the right to one vote each. The quotient value per share is SEK 4.

In order to meet its commitments under its long-term incentive programmes, Bonava AB holds 1,245,355 (1,245,355) Class B treasury shares as of 31 December 2023.

On 9 June 2016, NCC AB distributed all of the shares in Bonava AB to the shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations that will mature in 2027. On the basis of this option, the German company is being consolidated in its entirety. According to a profit-sharing agreement, NCC AB will waive its dividend and instead receive annual compensation of EUR 1.3 M, which is expensed on a regular basis.

17 Interest-bearing liabilities

	2023	2022
Non-current liabilities		
Liabilities to credit institutions and investors		3,174
of which, green bond		1,200
Lease liabilities	102	136
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	126	169
Other non-current loans		114
Total	227	3,593
Current liabilities		
Liabilities to credit institutions and investors	4,994	1,988
of which, green bond	1,200	
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	542	1,306
Lease liabilities	58	90
Other current liabilities		148
Total	5,594	3,532
Total interest-bearing liabilities	5,821	7,124

Bonava's current credit agreements with external lenders are subject to two conditions. The first is the equity/assets ratio, which should not fall below 25 per cent; the second is interest coverage ratio, which should not fall below 2.0x. For the third and fourth quarters of 2023, Bonava has agreed with lenders that restructuring costs of SEK 433 M will be added back when calculating the interest coverage ratio. At 31 December 2023, the equity/assets ratio was 34.9 per cent. The interest coverage ratio was below 2.0x, which was approved by the lenders. For these reasons, the loans have been classified as current. In the new credit agreement signed after the balance sheet date, updated terms and conditions will be applied. For more information, see Note 24.

18 Provisions

2023	Guarantees	Other	Total
On 1 January	557	413	970
Divested Group companies	-40	-13	-53
Provisions during the year	171	510	681
Amount utilised during the year	-173	-205	-378
Reversed, unutilised provisions	-5	-28	-33
Reclassification	13	-1	12
Translation differences for the year	-3	-13	-16
On 31 December	521	663	1,184
2022	Guarantees	Other	Total
On 1 January	497	278	775
Less liabilities attributable to assets for sale	-14	-3	-17
Provisions during the year	233	213	447
Amount utilised during the year	-187	-106	-292
Reversed, unutilised provisions	-24	-1	-25
Reclassification	15	23	38
Translation differences for the year	36	9	45
On 31 December	557	413	970

Guarantees

Guarantee provisions pertain to assessed future costs. To estimate a future guarantee cost, individual assessments are made per project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. The guarantee cost is posted individually for each project. The longest term for a guarantee provision is ten years, while a majority have maturities of approximately two to three years.

Other

Other items include restructuring reserve, risk provisions for projects, contractual commitments for land held for future development and provisions for estimated risks in ongoing disputes. The main reason for the increase are the provisions for restructuring totalling SEK 435 M, which were also classified as an item affecting comparability.

19 Other liabilities

	2023	2022
Other non-current liabilities		
Liabilities, property acquisitions	10	116
Other non-current liabilities	1	252
Total	11	369
Other current liabilities		
Customer advances	3,129	5,103
Liabilities, land acquisitions	203	367
Derivative instruments not used for hedge accounting	6	112
Other current liabilities	266	276
Total	3,604	5,858

20 Accrued expenses and deferred income

	2023	2022
Payroll-related costs	159	223
Project-related costs	1,001	911
Administrative expenses	50	77
Interest expenses	30	13
Other expenses	3	25
Total	1,244	1,248

21 Leases

	2023	2022
Interest expenses for lease liabilities	7	7
Total cash flow for leases	92	104

For other disclosures on leasing, refer to Notes 1 (Leases), 5 and 17.

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

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

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

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

Counter guarantees pertaining to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB comprise SEK 600 M (1,576 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.

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

Bonava recognises collateral provided by the company or the Group as pledged assets for liabilities and/or obligations. These may be liabilities, provisions included in the balance sheet or obligations not recognised in the balance sheet. The collateral may be tied to assets in the balance sheet or mortgages and is limited to the legal entity providing the collateral. Assets are recognised at their carrying amount and property mortgages at their nominal value, regardless of whether the associated liability is lower.

Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava. Such guarantees are to be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association has been established.

Rental guarantees comprise minor amounts.

Investment commitments

Bonava has investment commitments for the purchase of building rights, which are contractual and conditional and have not yet been recognised as part of the financial statements. At 31 December 2023, the value of these amounted to SEK 1,427 M. The table below shows when the investments are expected to be adjusted, provided that the covenants in the agreement are met.

The agreements are often conditional on building permits being received or zoning plans being approved.

Anticipated investment period	2024	2025	2026 and beyond	Total
Building rights	684	307	435	1,427

Other change in working capital	2023	2022
Increase (-)/decrease (+) in inventories	12	47
Increase (-)/decrease (+) in receivables	4	597
Increase (-)/decrease (+) in liabilities	-3,776	-1,689
Total other change in working capital	- 3,760	-1,045

Cash and cash equivalents	2023	2022
Cash and bank balances	180	303
Total according to balance sheet and cash flow statement	180	303

Cash and cash equivalents are recognised at amortised cost. Fair value corresponds to the carrying amount. In accordance with IFRS 9, cash and cash equivalents are subject to impairment using the model for expected credit losses. No impairment took place in 2023.

Short-term investments have been classified as cash and cash equivalents based on the following considerations:

- They are subject to an insignificant risk of value fluctuation.
- They can easily be converted into cash funds.
- They have a maturity of up to three months at the time of acquisition.

Information about interest paid/received

Interest received during the year amounted to SEK 12 M (8). Interest paid during the year amounted to SEK 474 M (156).

	2022	Cash flow	Divested operation	2023
Non-current interest-bearing receivables	2		580	582
Current interest-bearing receivables	18		90	108
Total interest-bearing receivables	20		670	690

	2021	Cash flow	Exchange-rate changes	2022
Non-current interest-bearing receivables	2			2
Current interest-bearing receivables	90	-91	20	18
Total interest-bearing receivables	92	-91	20	20

	2022	Cash flow	Exchange-rate changes	Reclassifications	Change divested operation	New leases	2023
Non-current interest-bearing liabilities	3,914	-2,291	-6	-1,492			125
Interest-bearing lease liabilities	228	-91	1			21	160
Current interest-bearing liabilities	3,442	1,548	5	679	-136		5,536
Total interest-bearing liabilities	7,583	-833		-813	-136	21	5,821

	2021	Cash flow	Exchange-rate changes	Reclassifications	New leases	2022
Non-current interest-bearing liabilities	2,232	1,656	27			3,914
Interest-bearing lease liabilities	252	-116	15		76	228
Current interest-bearing liabilities	1,989	1,231	-23	245		3,442
Total interest-bearing liabilities	4,472	2,770	20	245	76	7,583

Finance Policy (principles for risk management)

Bonava is exposed to financial risks through its business operations. Financial risk is defined as refinancing risk, liquidity risk, interest rate risk, exchange rate risk, credit risk, counterparty risk and guarantee capacity risk. Bonava's Treasury function assumes responsibility for compliance with the Finance Policy. Bonava's Finance Policy for managing financial risks has been decided by Bonava's Board of Directors and provides a framework of guidelines and regulations in the form of risk mandates and limits for the finance operations.

Within Bonava's decentralised organisation, the finance operations are centralised in the Group's Treasury function, in part to monitor the Group's overall financial risk position but also to achieve cost efficiency and economies of scale, to accumulate competence and to protect Group-wide interests. The Treasury function manages Bonava's interest rate, exchange rate, credit, refinancing, counterparty and liquidity risk. Customer credit risk is managed by the relevant business unit.

Refinancing risk

Refinancing risk is defined as the risk that Bonava will not be able to obtain financing at a given time. According to its Finance Policy, Bonava is to strive to spread its risks among various sources of financing to secure its long-term access to borrowed capital.

Bonava's policy is that the company's debt portfolio is to have a maturity structure that minimises exposure from the perspective of refinancing risk. The debt portfolio consists of project financing and centrally raised debt. Project financing relates to Finnish housing companies and Swedish tenant-owner associations. Project financing is to be linked to individual housing projects, and the term must reflect the projects' completion dates. The maturity periods of the rest of the debt portfolio are to be well diversified over time and the weighted average remaining maturity must be at least 18 months.

In relation to the financing of Finnish housing companies and Swedish tenant-owner associations totalling SEK 667 M (1,474), tied-up capital is linked to individual housing projects and averaged 9 (9) months. As of 31 December 2023, tied-up capital was 3 (24) months for the rest of the company's debt portfolio.¹⁾ Tied-up capital was 3 (20) months for total interest-bearing liabilities.¹⁾ For unutilised facilities, including overdraft facilities, the maturity was 3 (23) months. The duration of the loans was below 18 months, which was considered acceptable as an agreement on a new financing package was in place at the end of the year. The new package includes new bank financing over three years, a guaranteed rights issue of more than SEK 1 Bn and an extension of the green bond of SEK 1.2 billion for three years.

Bonava's current credit agreements with external lenders are subject to two conditions. The first is the equity/assets ratio, which

should not fall below 25 per cent; the second is interest coverage ratio, which should not fall below 2.0x. For the third and fourth quarters of 2023, Bonava has agreed with lenders that restructuring costs of SEK 433 M will be added back when calculating the interest coverage ratio. At 31 December 2023, the equity/assets ratio was 34.9 per cent. The interest coverage ratio was below 2.0x, which was approved by the lenders. In the new credit agreement, updated terms and conditions will be applied.

Capital structure

Bonava defines capital as shareholders' equity including minority share as indicated in the balance sheet. Capital thus amounted to SEK 6,601 M (7,984) as of 31 December 2023. Bonava's objective is to achieve a capital structure that results in an efficient weighted cost of capital and a credit rating that secures the operations' needs and potential future acquisitions.

Bonava reviews its capital structure and makes changes when financial circumstances change. To retain or change the capital structure, Bonava's Board of Directors may propose an adjustment of the dividend paid to shareholders, pay an extraordinary dividend, buy back shares, complete a new share issue or sell assets in order to reduce its liabilities.

An Extraordinary General Meeting in 2024 resolved on a new issue of Class A and Class B shares with preferential rights for existing shareholders of approximately SEK 1,050 M before transaction costs.

Financial targets and framework

When assessing the capital structure, Bonava uses key figures regarding current and forecast equity to assets ratio, as well as frequent liquidity forecasts. Bonava's strategic financial targets include a dividend to shareholders of 40 per cent of the Group's profit after tax over time. According to Bonava's financing framework, the equity/assets ratio should be at least 30 per cent.

At the end of 2023 the equity/assets ratio was 34.6 per cent. Bonava's Board has proposed that no dividend is to be distributed for financial year 2023. Under the new financing package, there are also limits preventing a dividend from being paid out over the next three years.

At the beginning of 2023, two new strategic financial targets were presented: the Group's operating margin is to amount to at least 10 per cent on an annual basis from 2026 and the net debt/equity ratio is not to exceed 1.0x. In conjunction with the year-end report for 2023, Bonava announced that the company was revising its financial targets. The target that the net debt/equity ratio is not to exceed 1.0x was removed and a new target that return on equity is to be at least 15 per cent over time was introduced.

Maturity structure of tied-up capital 2023¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2024	5,537	98
2025	126	2
Total	5,663	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Loan maturities in 2024 relate to bilateral loans from banks and credit institutions, Bonava's Green bond and the revolving credit facility (RCF). Maturities in 2025 refer to liabilities in Swedish tenant-owner associations. At the end of the year, a new credit agreement was in place that extends until March 2027.

Liquidity risks

Liquidity risk refers to the risk of being unable to meet payment obligations due to insufficient liquidity.

To achieve adequate flexibility and cost-effectiveness, while ensuring that future financing requirements are satisfied, Bonava's Finance Policy for 2023 stated that payment capacity should correspond to at least 10 per cent of annual sales, but may deviate for shorter periods of time. Payment capacity is defined as cash and cash equivalents, short-term investments and unutilised committed credit facilities. Available cash and cash equivalents are to be held in banks or invested in interest-bearing instruments with good credit ratings, and a liquid secondary market.

As of 31 December 2023, Bonava's cash and cash equivalents and short-term investments amounted to SEK 180 M (119).

As of 31 December, Bonava's payment capacity¹⁾ was 17 per cent (15) including available cash and cash equivalents of SEK 167 M (102) and unutilised committed credit facilities of SEK 2,126 M (2,065).

The table on the next page shows Bonava's financial assets and liabilities (including interest payments) and derivative instruments classified as financial assets and liabilities. For financial instruments carrying variable interest rates, the interest rate prevailing on the balance sheet date has been used.

The amounts in the tables are contractual undiscounted cash flows.

¹⁾ Excluding cash and cash equivalents pertaining to Swedish tenant-owner associations and Finnish housing companies

Analysis of maturities (amounts including interest)

2023	Carrying amount	Total future payment amount	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
Other non-current shareholdings	2	2					2
Vendor notes	671	752	17	77	658		
Other interest-bearing receivables	19	19		17	3		
Accounts receivable	236	236	236				
Currency derivatives	28						
inflow		2,465	2,465				
outflow		-2,437	-2,437				
Cash and cash equivalents	180	180	180				
Total	1,136	1,216	461	94	660	0	2
Interest-bearing liabilities	4,994	5,084	5,084				
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	667	698	130	440	128		
Interest-bearing lease liabilities	160	280	17	48	75	24	117
Accounts payable	337	337	337				
Total	6,159	6,399	5,568	488	202	24	117

2022	Carrying amount	Total future payment amount	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
Other non-current shareholdings	3	3					3
Interest-bearing receivables	3	3				3	
Accounts receivable	317	317	317				
Cash and cash equivalents	119	119	119				
Total	441	441	435	0	3	0	3
Interest-bearing liabilities	5,424	5,743	1,992	303	2,876	573	
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	1,474	1,528	120	1,235	172		
Interest-bearing lease liabilities	226	356	24	67	106	35	125
Accounts payable	658	658	658				
Currency derivatives	95						
inflow		3,814	2,618	1,195			
outflow		-3,909	-2,684	-1,224			
Total	7,878	8,191	2,728	1,576	3,155	607	125

Interest rate risk

Interest rate risk is the risk that changes in market rates will adversely affect Bonava's cash flow. Bonava's main financing sources are shareholders' equity, cash flow from operating activities and borrowing.

Interest-bearing borrowing exposes Bonava to interest rate risk.

According to Bonava's 2023 Finance Policy for interest rate risk management, the remaining fixed-rate term for centrally raised debt should be between 1 and 18 months. For project-related liabilities relating to Finnish housing companies and Swedish tenant-owner associations, the fixed-rate term may not exceed the scheduled completion date for the project.

The fixed-rate term for debt in Finnish housing companies and Swedish tenant-owner associations of SEK 667 M (1,474) was five months (3). Interest-bearing liabilities for the rest of the company's debt portfolio amounted to SEK 4,996 M (5,426) and the average fixed-rate term was two months (2). As of 31 December 2023, Bonava's total interest-bearing gross debt was SEK 5,663 M (6,901) and the average fixed-rate term was two months (2)¹⁾.

The fixed-rate term is aligned with the adopted Finance Policy.

There were no interest rate swaps outstanding as of 31 December 2023 or 2022.

An increase in interest rates by one percentage point would result in a change of SEK -36 M (-45) in net profit/loss for the year after net financial items, given the interest-bearing assets and liabilities that existed on the balance sheet date. This relates to variable interest since no assets or liabilities bear interest at a fixed rate. Refer to page 87 for the distribution of currencies and the underlying base interest rates for Bonava's loans.

Interest rate sensitivity¹⁾

Profit/loss	Profit effect, SEK M	
	2023	2022
Market interest rate \pm 1%	36	45

Maturity structure, fixed-rate term 2023¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2024	5,663	100
Total	5,663	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. Exchange rate risk can be managed using swaps, derivatives or forward agreements. These are to be limited to the currencies to which the Group is exposed. Currency-forward contracts are used to hedge dividends from subsidiaries in EUR. EUR and SEK currency swaps are used to hedge internal loans in currencies other than the borrowing currencies and swaps against NOK and DKK are to be used to match liabilities in relation to other assets.

Transaction exposure

In accordance with Bonava's Finance Policy for 2023, transaction exposure must be eliminated as soon as it becomes known and material. Contractual flows are to be hedged. Because Bonava's business units receive and make payments in local currency, the extent of the transaction exposure is not significant.

The following table shows Bonava's interest-bearing liabilities in various currencies. The liabilities bear interest at a variable rate, which for the respective currencies is EURIBOR, NIBOR, CIBOR and STIBOR.

Interest-bearing liabilities 2023¹⁾

Counter-value in SEK	Amount	Proportion, %
EUR	3,746	66
NOK	495	9
SEK	1,422	25
Total	5,663	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Translation exposure

The following table shows Bonava's net investments by currency.

Counter-value in SEK

Currency	2023 Net investment	2022 Net investment
DKK	281	280
EUR	2,267	2,193
NOK		1,123
RUB		877
Total	2,548	4,473

As of 31 December, a 5 per cent depreciation of the SEK in relation to other currencies would result in an increase in shareholders' equity of SEK 127 M (224).

Currency sensitivity and transaction exposure

At 31 December 2023, there were no transactions that are probable and certain in terms of the amount and date that would result in a significant impact on Bonava's earnings in the event of a change in the underlying exchange rate.

Credit risk

Credit and counterparty risk in financial operations

Bonava's investment regulations for financial credit risks are characterised by caution. Banking transactions are only entered into with creditworthy counterparties with credit ratings of at least A- (Standard & Poor's) or the equivalent international rating, as well as local banks with a minimum rating equal to the creditworthiness of the country in which Bonava conducts operations. The International Swaps and Derivatives Association (ISDA) master agreement on netting is used with all external counterparties with respect to derivative trading. The investment regulations specify maximum credit exposures and maturities for various counterparties.

The total counterparty exposure relating to derivatives, calculated as net receivables per counterparty, amounted to SEK 53 M (0) at the end of 2023. Net receivables per counterparty is calculated in accordance with the market valuation method, i.e. the market value of the derivative plus a supplement for the change in risk (1 per cent of the nominal amount). The calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 180 M (119). In connection with the divestment of the Norwegian operations, vendor notes of SEK 767 M were received. These are exposed to a credit risk related to the buyer and are thus valued at SEK 666 M at 31 December.

Credit risk in accounts receivable

The risk that Bonava's customers will not fulfil their obligations, meaning that payment is not received from customers, constitutes a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit information companies. Essentially, the right of ownership of the product the customer is paying for is not transferred until full payment has been made. This means that Bonava's risk is low, as it is limited to changes in market value.

Age analysis of accounts receivable including receivables for divested housing projects at 31 December 2023

	Gross amount	Expected default rate, %	Credit loss allowance	Total
Not due accounts receivable	233	0.3–4	1	231
Past-due accounts receivable 1–30 days	34	0.3–5	1	33
Past-due accounts receivable 31–60 days	4	2.4–50	0	3
Past-due accounts receivable 61–180 days	56	3–100	5	51
Past-due accounts receivable >180 days	10	3–100	3	7
Total	337		12	325

Bonava has grouped its accounts receivable into portfolios corresponding to the respective Group operating segment, as these items are deemed to have a similar credit risk. Each operating segment in the Bonava Group has prepared a matrix for accounts receivables, which examines historical losses and has been adjusted for current and forward-looking conditions. This means that the intervals represent the lowest and highest credit loss allowance percentage applied in the Group for each period.

Change in credit loss allowance	2023	2022
Opening balance as at 1 January	16	16
Adjusted for discontinued operations		–1
Provision for the year	1	6
Reversal of previously posted impairment losses	–4	–2
Translation differences for the year		1
Accounts receivable written off during the year	–2	–4
Closing balance at 31 December	12	16

Carrying amount and fair value of financial instruments

The carrying amount and the fair value of financial instruments are presented in the following table. The measurement at fair value of currency-forward contracts is based on published forward rates on an active market.

For financial instruments measured at amortised cost (accounts receivable, other receivables, cash and cash equivalents, accounts payable, other interest-free liabilities and other interest-bearing liabilities), fair value is considered equal to the carrying amount.

Classification of financial instruments 2023	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		2				2
Non-current receivables			582			582
Accounts receivable			236			236
Other receivables			197			197
Cash and cash equivalents			180			180
Derivatives		35				35
Total assets		36	1,195			1,232
Non-current interest-bearing liabilities					227	227
Other non-current liabilities					11	11
Current interest-bearing liabilities					5,594	5,594
Accounts payable					337	337
Other current liabilities					203	203
Derivatives				6		6
Total liabilities				6	6,373	6,379

Classification of financial instruments 2022	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		3				3
Non-current receivables			3			3
Accounts receivable			317			317
Other receivables			69			69
Cash and cash equivalents			119			119
Derivatives		17				17
Total assets		19	507			527
Non-current interest-bearing liabilities					3,593	3,593
Other non-current liabilities					369	369
Current interest-bearing liabilities					3,532	3,532
Accounts payable					658	658
Other current liabilities					367	367
Derivatives				112		112
Total liabilities				112	8,518	8,630

In the following tables, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value and the financial instruments not measured at fair value in Bonava's balance sheet. The difference between fair value and carrying amount for long-term liabilities does not constitute a material amount and the carrying amount has therefore been deemed to correspond to the fair value. For current liabilities, the carrying amount has been deemed to correspond to the fair value. The fair value measurement divides assets into three levels. No transfers between levels occurred during the period and no significant changes were made with respect to measurement methods, data used or assumptions.

Level 1: according to prices quoted on an active market for identical instruments. The bond loan of SEK 1.2 Bn is measured at fair value according to level 1 of the fair value hierarchy, which involves measurement using direct or indirect market data.

Level 2: according to the method for Level 2, fair value is based on models that use other observable inputs for the asset or liability other than the quoted prices included in Level 1. For Bonava, these inputs include market interest rates and yield curves used to calculate fair value.

Level 3: on the basis of inputs that are not observable on the market. This category is used for measuring investment properties.

Offsetting financial instruments

Bonava has binding master agreements (ISDA) governing netting with all counterparties as regards derivatives. The table above shows reported gross financial assets and liabilities that can be offset. Bonava has not offset any amounts in the balance sheet.

	2023			2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value						
Financial assets measured at amortised cost		671	671			
Derivative instruments not used for hedge accounting		35	35		17	17
Other securities held as non-current assets		2	2		3	3
Total financial assets		708	708		19	19
Financial liabilities measured at fair value						
Derivative instruments not used for hedge accounting		6	6		112	112
Financial liabilities measured at amortised cost						
Other liabilities (interest-bearing liabilities) ¹⁾		4,461	4,461		5,698	5,698
Bond loans	1,200		1,200	1,200		1,200
Total financial liabilities	1,200	4,467	5,667	1,200	5,810	7,010

¹⁾ Excluding liabilities pertaining to leases.

25 Items affecting comparability

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

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

Bonava has reviewed its building rights portfolio, which resulted in an impairment of properties held for future development totalling SEK -686 M, of which impairment of land of SEK -442 M in Germany, SEK -160 M in Sweden and SEK -4 M in Finland. Additionally, capitalised project development costs were impaired by SEK -80 M in Finland.

This review also resulted in a value change of SEK -123 M pertaining to a B2M project in Sweden; refer further to Note 9. Additionally, a project in Germany with completed housing units was impaired by SEK -35 M in the fourth quarter.

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

In 2023, the following items affecting comparability were recognised:

	2023	2022
Impairment of land	-606	
Value change of B2M project	-123	
Impairment of capitalised project development costs	-115	
Organisational changes	-435	-56
Total items affecting comparability	-1,279	-56

Of the organisational changes of SEK 435 M, SEK 426 M affected selling and administrative expenses. The remaining SEK 9 M relating to organisational changes, all impairments and the value change of the B2M project impacted production costs by a total of SEK 853 M.

Consolidated income statement incl. items affecting comparability.

	2023	2022
Net sales	13,269	13,987
Production costs	-12,702	-12,318
Gross profit	567	1,669
Selling and administrative expenses	-1,186	-866
Operating profit/loss	-619	803
Financial income	19	7
Financial expenses	-537	-200
Net financial items	-518	-193
Profit/loss after financial items	-1,137	610
Tax on profit/loss for the year	-5	-169
Profit/loss for the year	-1,143	441

27 Significant events after year-end

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

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

Bonava has finalised negotiations with its lenders concerning the extension of credit facilities by three years based on the main conditions that were set in December 2023 and an agreement was signed in 1 February.

On 1 February 2024, Bonava announced revised financial targets. The target for the operating margin to amount to at least 10 per cent by 2026 remains valid, as does our long-term dividend policy stating that Bonava is to disburse 40 per cent of the Group's earnings after tax over time. The net debt/equity ratio target will no longer apply. A new target has been added: return on equity is to be at least 15 per cent over time. The targets are based on a financing framework that is meant to balance the financial risks in the business. Equity/assets ratio is to exceed 30 per cent and the Group's net debt is not to exceed net project assets. This clarifies that investments in building rights or dividends to shareholders may only be made using shareholders' equity.

In February 2024 Bonava completed a fully underwritten rights issue which provided approximately SEK 1,050 M before deduction

26 Earnings per share

	2023	2022
Earnings per share before and after dilution relating to continuing operations, SEK	-10.66	4.10
Earnings attributable to the Parent Company's shareholders relating to continuing operations, SEK M	-1,143	441
Earnings per share before and after dilution relating to continuing operations and discontinued operations, SEK	-12.47	-2.82
Earnings attributable to the Parent Company's shareholders relating to continuing operations and discontinued operations, SEK M	-1,337	-303
Earnings per share before and after dilution relating to discontinued operations, SEK	-1.81	-6.92
Earnings attributable to the Parent Company's shareholders relating to discontinued operations, SEK M	-194	-743
Number of shares when calculating earnings per share before and after dilution, millions	107.2	107.2

of issuing costs. The issue was oversubscribed by 169.7 per cent. As a result of the rights issue Bonava's share capital increased with SEK 104,580,931 to SEK 538,324,219. The total number of shares increased by 22,139,706 Class A shares and 192,241,228 Class B shares, to a total of 321,571,401 shares, of which 33,209,559 as Class A shares and 288,361,842 as Class B shares.

Bonava's credit facility agreement and bond loan obligations will be secured by a pledge of shares in the wholly owned subsidiary Bonava East Holding AB, in which the ownership of all of the Group's subsidiaries has been concentrated through shareholder contribution or share issue in kind. Shares in other material subsidiaries and some intra-Group loans will also be pledged as security for Bonava's obligations under the credit facility agreement.

St. Petersburg

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

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

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

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

In the fourth quarter of 2023, the Russian competition authorities approved the divestment of Bonava's operations in St. Petersburg and controlling influence over the operations thereby transferred to the buyer.

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

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

Divested assets	2023
Properties held for future development	228
Ongoing housing projects	332
Completed housing units	58
Other current assets	71
Cash and cash equivalents	77
Total assets	765
Provisions	40
Non-current liabilities	79
Customer advances	15
Other current liabilities	67
Total liabilities	201
Net assets	564
Pledged assets and contingent liabilities	
Pledged assets ¹⁾	129

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

	2023
Sales proceeds received	
Cash	578
Total sales price	578
Carrying amount of net assets sold	564
Profit before tax and reclassification of currency translation reserve	14
Reclassification of currency translation reserve	38
Profit on sale, net of tax	52

	2023	2022
Net sales	682	526
Production costs	–499	–365
Gross profit	183	161
Selling and administrative expenses	–25	–70
Operating profit	157	91
Financial income	–	22
Financial expenses	–15	–23
Net financial items	–15	–1
Profit before tax	142	90
Tax on profit for the year	–28	–21
Profit from discontinued operations after tax	114	69
Transaction costs	–14	
Impairment of net assets	450	–877
Profit/loss from discontinued operations	602	–808
Exchange rate difference on translation of discontinued operations	–38	142
Other comprehensive income from discontinued operations	–38	142
Net cash flow from operating activities	307	–472
Net cash flow from investment activities	502	9
Net cash flow from financing activities	–342	363
Net increase in cash and cash equivalents from the subsidiary	467	–100

Norway

On 30 June 2023, 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 the completed housing units and hands them over to customers. In the transaction currency, the purchase price totalled NOK 1,515 M.

In conjunction with Bonava signing agreements on divesting its operations, the operations in Norway were recognised as operations to be discontinued.

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

Vendor notes are recognised in the balance sheet as a non-current financial asset measured at amortised cost using the effective rate method.

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

Divested assets	2023
Goodwill	56
Fixed assets	50
Properties held for future development	1,574
Ongoing housing projects	761
Completed housing units	194
Other current assets	37
Cash and cash equivalents	28
Total assets	2,700
Provisions	53
Non-current liabilities	1,242
Customer advances	30
Other current liabilities	257
Total liabilities	1,582
Net assets	1,119
Pledged assets and contingent liabilities	
Pledged assets ¹⁾	202

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

	2023
Sales proceeds received	
Cash	441
Discounting of vendor note	-101
Total sales price	340
Carrying amount of net assets sold	-1,119
Profit before tax and reclassification of currency translation reserve	-779
Reclassification of currency translation reserve	-45
Profit on sale, net of tax	-824

	2023	2022
Net sales	627	1,719
Production costs	-538	-1,551
Gross profit	89	168
Selling and administrative expenses	-24	-76
Operating profit	65	92
Financial income	1	1
Financial expenses	-1	-6
Net financial items	0	-5
Profit before tax	65	87
Tax on profit for the year	-6	-21
Profit from discontinued operations net of tax	59	66
Transaction costs	-30	
Profit/Loss on sale of subsidiary, net of tax (see below)	-824	
Profit/loss from discontinued operations, net of tax	-795	66
Exchange rate difference on translation of discontinued operations	-5	16
Other comprehensive income from discontinued operations	-5	16
Net cash flow from operating activities	53	-109
Net cash flow from investment activities	746	19
Net cash flow from financing activities	-33	155
Net increase in cash and cash equivalents from the subsidiary	766	65

Parent Company Income Statement

	Note	2023	2022
Net sales	1	213	269
Production costs		-6	-21
Gross profit		207	248
Administrative expenses		-372	-435
Operating profit/loss	2, 3, 4	-165	-187
Profit/loss from financial items			
Profit from participations in Group companies	5	-1,119	353
Other interest income and similar items		646	320
Interest expenses and similar items	6	-471	-140
Profit/loss after financial items		-1,109	345
Appropriations			
Changes to tax allocation reserve			
Group contributions paid		-170	-45
Profit/loss before tax		-1,279	300
Tax on profit for the year	10	-3	21
Profit/loss for the year		-1,282	321

Parent Company Balance Sheet

	Note	2023	2022
ASSETS	1		
Fixed assets			
<i>Intangible assets</i>			
Capitalised expenditure for development work, etc.	7		6
Total intangible assets		0	6
<i>Property, plant and equipment</i>			
Equipment		1	3
Total property, plant and equipment		1	3
<i>Financial fixed assets</i>			
Participations in Group companies	8	2,084	2,521
Other non-current receivables	9	682	102
Total financial fixed assets		2,766	2,624
Total fixed assets		2,766	2,632
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		9,092	10,195
Prepaid expenses and accrued income		73	75
Other receivables		274	689
Cash and bank balances		113	
Total current receivables		9,554	10,960
TOTAL ASSETS		12,320	13,592

	Note	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital		434	434
Fund for development expenses			6
Total restricted equity		434	439
<i>Non-restricted equity</i>			
Profit brought forward		6,975	6,648
Profit/loss for the year		-1,282	321
Total non-restricted equity	15	5,693	6,969
Total shareholders' equity		6,127	7,409
<i>Provisions</i>			
Other provisions		14	11
Total provisions		14	11
<i>Non-current liabilities</i>			
Liabilities to credit institutions	11		3,174
Total non-current liabilities		0	3,174
<i>Current liabilities</i>			
Accounts payable		17	19
Liabilities to Group companies		1,079	701
Liabilities to credit institutions	11	4,994	2,118
Other liabilities		3	97
Accrued expenses and deferred income	12	86	63
Total current liabilities		6,179	2,999
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		12,320	13,592

Parent Company Changes in Shareholders' Equity

	Restricted equity		Non-restricted equity		Total shareholders' equity
	Share capital	Fund for development expenses	Profit brought forward	Profit for the year	
Opening shareholders' equity, 1 January 2022	434	35	6,682	316	7,467
Appropriation of profit/loss			316	-316	0
Transfer to/from fund for development expenses		-30	30		0
Performance-based incentive programme			-4		-4
Dividend			-375		-375
Profit/loss for the year				321	321
Closing shareholders' equity, 31 December 2022	434	6	6,648	321	7,409
Appropriation of profit/loss			321	-321	0
Transfer to/from fund for development expenses		-6	6		0
Performance-based incentive programme					0
Dividend					0
Profit/loss for the year				-1,282	-1,282
Closing shareholders' equity, 31 December 2023	434	0	6,975	-1,282	6,127

Parent Company Cash Flow Statement

	Note	2023	2022
OPERATING ACTIVITIES			
Profit/loss after financial items		-1,109	345
<i>Adjustments for items not included in cash flow:</i>			
- Anticipated dividend		390	-390
- Depreciation/amortisation	3	6	25
- Impairment losses	5, 7	482	681
- Changes in provisions		3	1
- Other including capital gain on divested operations		249	-2
Total items not included in cash flow		1,131	660
Tax paid			
Cash flow from operating activities before change in working capital		22	660
Cash flow from change in working capital			
Increase (-)/decrease (+) in receivables		50	349
Increase (+)/decrease (-) in liabilities		-73	26
Cash flow from change in working capital		-24	375
Cash flow from operating activities		-2	1,034
INVESTMENT ACTIVITIES			
Investments in shares in subsidiaries		-481	-624
Sale of shares in subsidiaries		875	
Investments in intangible assets	7		-1
Cash flow from investment activities		394	-625
Cash flow before financing		392	410
FINANCING ACTIVITIES			
Dividend paid			-375
Increase (-)/decrease (+) in interest-bearing receivables		-189	-3,342
Increase (+)/decrease (-) in interest-bearing liabilities		-90	2,671
Cash flow from financing activities		-279	-1,046
Cash flow for the year		113	-636
Cash and cash equivalents at 1 January			636
Cash and cash equivalents at 31 December		113	

	2022	Cash flow	Conversion of receivable	2023
Current interest-bearing receivables	10,403	189	-686	9,906
Total interest-bearing receivables	10,403	189	-686	9,906

	2021	Cash flow	2022
Current interest-bearing receivables	7,062	3,342	10,403
Total interest-bearing receivables	7,062	3,342	10,403

	2022	Cash flow	Group contributions	2023
Current interest-bearing liabilities	2,816	3,084	170	6,069
Non-current interest-bearing liabilities	3,174	-3,174		
Total interest-bearing liabilities	5,990	-90	170	6,069

	2021	Cash flow	Group contributions	2022
Current interest-bearing liabilities	1,356	1,414	45	2,816
Non-current interest-bearing liabilities	1,918	1,257		3,174
Total interest-bearing liabilities	3,274	2,671	45	5,990

Group contributions are recognised as interest-bearing receivables or liabilities as they are recorded, but do not impact cash flow. This occurs the following year, when the Group contribution is settled.

Interest received during the year amounted to SEK 640 M (320). Interest paid during the year amounted to SEK 397 M (117).

Parent Company Notes

1 Accounting policies

The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the recommendation RFR 2, Accounting for legal entities and statements from the Swedish Financial Reporting Board.

The Parent Company's accounting policies differ from the Group's in the following ways:

Subsidiaries

For the Parent Company, shares in subsidiaries are recognised at cost less any impairment losses. Impairment losses for these shares and participations arise if the recoverable amount is lower than the carrying amount. Received and anticipated dividends are recognised as revenue.

Leases

In the Parent Company, all lease expenses are recognised in the income statement in conjunction with the cost arising.

Group contributions

Group contributions received and paid are recognised as appropriations in the Parent Company income statement, in accordance with the alternative rule in RFR 2.

Borrowing costs

The Parent Company recognises total borrowing costs as an expense in the period in which they arise.

2 Number of employees, salaries and other remuneration

The average number of employees for the year was 60 (71). 38 (45) of the employees are women and 22 (26) are men.

Gender division

	Percentage women, %	
	2023	2022
Board of Directors	29	43
Senior executives	43	44

Salary and other remuneration, and social security expenses including pension costs

	2023	2022
Salary and remuneration	88	87
Social security expenses	53	47
of which, pension costs	20	14

Salary and remuneration refer exclusively to personnel in Sweden. Refer also to Note 4 for the Group, Number of employees, personnel costs and remuneration to senior executives.

Salary and other remuneration divided among Board members, CEO and other employees

	2023		2022	
	The Board and CEO employees	Other employees	The Board and CEO employees	Other employees
Salaries and other remuneration	14	74	14	73
of which, bonuses, etc.	2	10	2	4

3 Depreciation/amortisation

	2023	2022
Intangible assets	6	24
Property, plant and equipment		1
Total depreciation/amortisation	6	25

4 Remuneration and fees to audit firms

	2023	2022
PwC		
Audit assignment	3	2
Other services	1	1
Total remuneration and fees to auditors and audit firms	4	3

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment).

5 Profit from participations in Group companies

	2023	2022
Dividend	-390	1,027
Impairment losses	-480	-674
Loss on divestment of subsidiary	-249	
Total	-1,119	353

During the year, the previous year's anticipated dividends from subsidiaries were reversed.

6 Interest expenses and similar items

	2023	2022
Interest expenses, credit institutions	397	114
Interest expenses, Group companies	26	4
Other financial expenses	48	23
Total	471	140

7 Intangible assets

Acquired intangible assets	2023	2022
Recognised cost at 1 January	411	416
Investments		1
Divestments		-7
Recognised cost at 31 December	411	411
Accumulated amortisation at 1 January	-346	-321
Amortisation according to plan during the year	-6	-24
Accumulated amortisation at 31 December	-352	-346
Accumulated impairment losses at 1 January	-59	-60
Divestments		7
Impairment losses for the year		-7
Accumulated impairment losses at 31 December	-59	-59
Residual value at 1 January	6	35
Residual value at 31 December	0	6

8 Participations in Group companies

Name, Corp. ID no., Reg. office	Proportion, %	No. of shares	Carrying amount	
			2023	2022
Bonava Danmark A/S, 32 65 55 05, Denmark	100	5,000	280	280
Bonava East Holding AB, 556495-9079, Stockholm	100	1,000		
Bonava Eesti OÜ, 11398856, Estonia	100	1	41	41
Bonava Holding GmbH, HRB 16008 FF, Germany	100	373	1,059	373
Bonava Latvija SIA, 40003941615, Latvia	100	15,780,000	176	176
Bonava Lietuva UAB, 305099434, Lithuania	100	250	9	9
Bonava Norge AS, 980 390 020, Norway*				1,123
Bonava Suomi Oy, 2726714-3, Finland	100	10,000	300	300
Bonava Supply AB, 559261-2807, Stockholm				
Bonava Sverige AB, 556726-4121, Stockholm	100	1,000	218	218
Bonava Wohnbau GmbH, HRB 15662 FF, Germany	10	2,500	1	1
LLC Bonava Saint-Petersburg, INN7841322136, Russia*				
LLC Specialized Developer Bonava, INN7841089000, Russia*				
SP Residential Holding AB, 559377-4358, Stockholm				
Total participations in Group companies			2,084	2,521

Only directly owned companies are reported in the table above. Apart from the companies listed above, Bonava AB indirectly controls a number of trading and dormant sub-subsidiaries.

*During the year, the Norwegian operations with the parent company Bonava Norge AS were divested, as well as the Russian operations with the companies LLC Bonava Saint-Petersburg and LLC Specialized Developer Bonava. For more information regarding the divested companies, refer to Group Note 28.

	2023	2022
Recognised cost at 1 January	3,466	2,846
Long-term incentive programme		-3
Companies sold	-1,788	
Capital injection	1,166	623
Recognised cost at 31 December	2,844	3,466
Accumulated impairment losses at 1 January	-945	-271
Companies sold/liquidated	665	
Impairment losses for the year	-480	-674
Accumulated impairment losses at 31 December	-760	-945
Carrying amount on 1 January	2,521	2,575
Carrying amount on 31 December	2,084	2,521

9 Other non-current receivables

Other non-current receivables	2023	2022
On 1 January	102	81
Vendor note	580	
Other receivables		21
On 31 December	682	102

10 Tax on profit for the year and deferred tax assets

Tax on profit for the year	2023	2022
Deferred tax cost	-3	21
Total recognised tax on profit/loss for the year	-3	21

Effective tax	Profit/loss	
	2023	2022
Profit/loss before tax	-1,279	300
Tax according to company's current tax rate	263	-62
Non-tax deductible costs	-231	-141
Non-taxable revenues	36	225
Unrecognised tax loss carry-forwards	-70	
Tax attributable to prior years	-1	-2
Recognised tax	-3	21
Effective tax, %	0	-7

There are non-capitalised tax loss carry-forwards of SEK 339 M (0) in the Parent Company.

11 Interest-bearing liabilities

	2023	2022
Non-current liabilities		
Liabilities to credit institutions		3,174
of which, green bonds		1,200
Total non-current liabilities	0	3,174
Current liabilities		
Liabilities to credit institutions	4,994	2,118
of which, green bonds	1,200	
Liabilities to Group companies	1,075	697
Total current liabilities	6,069	2,816
Total interest-bearing liabilities	6,069	5,990

For repayment schedules and terms and conditions as well as information concerning the reclassification of liabilities from non-current to current, see Group Note 24.

12 Accrued expenses and deferred income

	2023	2022
Payroll-related costs	34	10
Administrative expenses	22	40
Interest expenses	30	13
Total	86	63

13 Pledged assets and contingent liabilities

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

Proportion of pledged assets and contingent liabilities that are on behalf of tenant-owner associations and housing companies

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

¹⁾ The undertakings pertaining to divested companies to be taken over by the purchaser in accordance with agreements.

²⁾ The 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.

14 Information about the Parent Company

Bonava AB (publ), corporate identity number 556928-0380, is a registered limited company with its registered office in Stockholm, Sweden. Bonava AB's shares are listed on the Stockholm Stock Exchange (Nasdaq Stockholm Mid Cap).

The address of the head office is Bonava AB, Lindhagensgatan 74, Stockholm, Sweden.

The consolidated financial statements for 2023 consist of the Parent Company and its subsidiaries, jointly termed the Group. The Group also includes holdings in associated companies.

15 Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK 5,692,966,843

Be appropriated as follows:

Carried forward	5,692,966,843
Total SEK	5,692,966,843

The Board of Directors and the Chief Executive Officer hereby give their assurance that the annual accounts and the consolidated accounts have been prepared in compliance with the international accounting standards referred to in the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and generally accepted accounting practice, and thus give a true and fair view of the financial position and results of operations of the Group and the Parent Company.

The Report of the Board of Directors for the Group and Parent Company provide a fair review of the Group's and the Parent Company's operations, financial position and results of operations and describe the significant risks and uncertainties facing the Parent Company and the Group.

The Board of Directors and the Chief Executive Officer also submit Bonava AB's Sustainability Report for 2023. The Sustainability Report describes the Group's operations from financial, environmental and social aspects. The Report is prepared according to the Global

Reporting Initiatives (GRI) Sustainability Reporting Standards. The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 15 March 2024. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the AGM for adoption on 10 April 2024.

Stockholm, 15 March 2024

Mats Jönsson
Chairman of the Board

Viveca Ax:son Johnson
Board member

Olle Boback
Board member

Anette Frumerie
Board member

Tobias Lönnevall
Board member

Per-Ingemar Persson
Board member

Nils Styf
Board member

Peter Wallin
CEO

Our Auditor's Report was submitted on 15 March 2024
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
*Authorised Public Accountant
Auditor in Charge*

Linda Andersson
Authorised Public Accountant

Auditor's report

Unofficial translation. To the general meeting of the shareholders of Bonava AB (publ), corporate identity number 556928-0380

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Bonava AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 52–100 in this document.

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

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are

inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Bonava AB (publ) is a housing development company. Operations comprise the development of suitable land into affordable and sustainable residential neighborhoods in Sweden, Germany, Finland, Denmark, Estonia, Latvia and Lithuania. Bonava develops and sells multi-family housing and single-family housing to consumers and investors, mainly in metropolitan areas. During 2023 the businesses in both Norway and St. Petersburg were sold and are in the income statement accounted for as discontinued operations.

We have carried out an audit of consolidated operations for the business units in Germany, Sweden and Finland as well as specific audit procedures related to parts of the Danish business (included in other) and St. Petersburg. These operations comprise a major part of the Group turnover and a majority of the Group's total assets. In addition, statutory audits are carried out for all relevant units in the Group.

In addition to the transactions regarding Norway and St. Petersburg, Bonava had during 2023 a focus on taking measure to handle the market conditions, increase cash-flow, reduce costs and extend the existing senior credit facilities and bonds. As a result of this restructurings were made causing restructuring costs in areas of MSEK 434, project and development property write-down of roughly MSEK 800 and a decision to carry out a fully guaranteed MSEK 1050 new share issue as well as reaching and entering an agreement to extend loans and other credit facilities. Considering this our key audit matters of the audit were valuation of housing projects (including properties held for future development), which is affected by the estimates regarding future outcomes included in the forecasts for the Group; Liquidity and financing and The sale of the businesses in Norway and St. Petersburg. Our audit includes the following:

- Review of internal control over financial reporting, routines and processes focusing on key controls for financial reporting and accounting of housing projects;
- Summary review of the financial statements as of 30 September 2023 with the aim of providing a summary audit review opinion;
- Audit of year-end financial statements as of 31 December 2023 focusing on the valuation of properties held for future development and unsold properties, judgments and assumptions relating to ongoing housing construction projects, accrued costs, guarantee provisions, ongoing litigations, transactions regarding Norway and St.

Petersburg, restructuring costs as well as items affecting comparability; and

- Final audit measures required for the presentation of this audit report of the annual report in the parent company and Group and where applicable, other legal entities. In this context, we have also carried out a review giving our opinion on compliance with guidelines for senior executives, corporate governance of the parent company and sustainability reporting.

The audit has been carried out by an audit team that is part of the PwC network. The work complies with local Auditing standards in the relevant countries and specific instructions relating to the consolidated accounts. With regard to the operations in St. Petersburg, the audit team working on the consolidated accounts carried out the Group review covering the period the business was included in the Group. In addition, team members from the audit core team held meetings with operations in Finland and Germany to acquire an understanding of operations in these units as well as routines and controls focusing on evaluating internal control and presenting a summary review of financial reporting on the basis of the Group's accounting principles. For other units in the Group that are not subject to statutory audit requirements, we have carried out other analytical audit measures as part of the review of the consolidated accounts.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters

Liquidity and financing

We refer to descriptions in the Annual report in the administration report, in Note 1 Significant accounting policies under Critical estimates and judgements, Note 24 Financial instruments and financial risk management as well as in Note 28 Significant events during the year

Bonava Group has external financing of MSEK 5 663 as of December 31 2023 which will become due during 2024 and 2025 and cash and unutilized credit facilities amounted to MSEK 2 306 at that date. A prerequisite of the business of the group is liquidity is future liquidity and financing as well as adherence to financing agreements entered into and the financial covenants therein. Certain agreements regarding covenants have been reached with lenders during the year.

During December 2023 and Q1 2024, agreements were made with counterparty creditors to extend credit facilities and the bond loan and there was also a decision made during December 2023 to execute a fully underwritten MSEK 1 050 directed share issue in Q1 2024. At the beginning of March 2024, the rights issue was completed and the group received issue proceeds with deductions for transaction costs.

Through this, the company's management has assessed that future liquidity and financing needs are met for the current and next year. Based on the importance of liquidity, financing needs and compliance with covenants to drive the business, this has been a key audit matter in this year's audit.

How our audit addressed the Key audit matter

In order to assess the going concern assumption for the group and that the information provided in the annual report gives a true and fair view of the future financing and liquidity needs, we have, among other things, carried out the following audit measures:

- We have taken note of the management's reporting to the board and updated business plans and forecasts for liquidity and financing needs. We have challenged and assessed the reasonableness of material assumptions made by the management and tested information and calculations on a random basis. We have also performed a sensitivity analysis to evaluate the underlying assumptions in the cash flow forecast. This assessment is subject to uncertainty and the final outcome may differ. We have highlighted this area in our reporting to the audit committee.

- We have reconciled entered into agreements and related terms for the extension of senior credit facilities and bonds during 2024
- We reconciled issue proceeds received during March 2024 from the completed rights issue.
- Reviewed provided information regarding financing and financial covenants in, among other things, Note 24 in the annual report against supporting documents.

Key audit matters

Valuation of housing projects

Housing projects are described in the Annual Report in Note 15 and Note 1 Significant accounting policies under Critical estimates and judgments.

As of 31 December 2023, housing projects totalled MSEK 16 697 comprising 87 per cent of Group assets as of 31 December 2023. Housing projects consist of ongoing housing projects (MSEK 6 966), completed housing units (MSEK 1 593) and properties held for future development (MSEK 8 138).

Housing projects are recognized in full at the lower of acquisition value and net realizable value. The assessment of net realizable value is by its nature associated with a degree of assumption, and changes in these assumptions can have a material impact on reported values. For completed housing units, the possibility to compensate by making cost savings

no longer exists. Assumptions and judgments for completed housing units thus have a larger effect on the valuation on completed housing units. A cautious market and longer planning-, permit- and project processes may also affect the valuation of properties held for future development as those are valued from a final result of the project perspective. Assumptions and judgments affect all items mentioned but have the largest impact on the valuation of properties held for future development. During the year, write-downs have taken place in housing projects of just over MSEK 800. In order for the accounting of these items to be representative, related cost reserves and provisions attributable to housing projects or completed housing projects are also of material significance.

As housing projects comprise the most significant item in Bonava's accounts, the review of Bonava's valuation of this item, which is in part based on assumptions, constitutes a key audit matter.

How our audit addressed the Key audit matter

Our audit is based on evaluating internal control and substantive testing as well as other analytical measures, including data-based transaction analysis of certain Balance Sheet and Income Statement items on a sample basis in housing projects of significant subsidiaries. To ensure the accuracy of the valuation in particular we have also carried out the following audit measures:

- Evaluated the management process for project reporting, including audit of relevant parts of Bonava's operating system with the aim of determine the expediency of its processes and controls.
- Examined key controls on a sample basis to ensure that relevant control processes have been carried out and documented in accordance with the stipulations of the operating system and to ensure that projects have been reported correctly.
- Carried out an analytical review of a selection of projects where divergences have been identified between actual and forecast outcomes to create an understanding of the relevant causes. Analyzed trends over time to identify and, where applicable, understand the causes of trend breaks.
- Examined project calculations and evaluated the reasonableness of project margins. With the support of PwC's valuation experts, we reviewed the reasonableness of assumptions such as sales prices, production costs, rent levels and yield requirements for the valuation of properties held for future development and, where necessary, other parts of housing projects.

- On a sample basis, tested, evaluated and challenged the information used in the calculations of Bonava's hourly rates paid to staff and other reported costs associated with housing projects.
- Evaluated Bonava's projects that necessitate specific judgments. Tested and evaluated Bonava's judgments on the basis of our own experience and Bonava's supporting documentation, and through discussions with Bonava's executives.
- We have examined external appraisers' valuation of selected projects and reviewed Bonava's handling and view of these as well as the impact they had on the financial reporting.
- Evaluated management assessment of that book value of capitalized development costs should be balanced.
- Examined that requisite provisions and other reserves attributable to housing projects have been appropriately reported on the basis of supporting documentation and other assessments.
- Assessed that the information contained in the annual report is correct on the basis of applicable disclosure requirements.

Apart from stating that the valuation of housing projects is associated with inherent uncertainty because reporting is partly based on assumptions that are subject to change, our review has not resulted in the reporting of any material observations to the Audit Committee.

Key audit matters

Accounting for the divestments of businesses in Norway and St. Petersburg

The divestments of the businesses are described in the Annual report in the administration report, in Note 27 Discontinued operations

Bonava communicated on March 3 2022 the decision to discontinue the business in Russia, as no possibilities for the group to run housing development commercially in St. Petersburg remained. As of October 18, 2023, an agreement was entered into for the sale of the business in St. Petersburg for MEUR 50 (MSEK 578) and at the same time the purchase price was received. After the approval of the Competition Authority, the transaction was completed on November 2, 2023. Taking into account previously made impairments in 2022, the transaction led to a capital gain of MSEK 502. The operations in St. Petersburg have been reported as discontinued on a separate line in the income statement since 2022.

In May 2023, an agreement was signed for the sale of the business in Norway. On June 30,

Bonava completed the agreement on the sale for a purchase price of NOK 1,515 million (SEK 1,532 million), of which NOK 757 million (SEK 765 million) was paid in cash upon completion and the remaining amount, NOK 758 million (SEK 767 million) has been paid via promissory notes from the buyers. These are paid as the buyer hands over completed homes to the customer. In the balance sheet, these promissory notes are reported as a financial fixed asset valued at amortized cost according to the effective interest method. The operations in Norway are reported as a discontinued operation in accordance with IFRS 5 and the group's income statement has been recalculated for this.

Based on the materiality of the transactions, the complexity of accounting according to IFRS 5 Fixed assets held for sale and discontinued operations, as well as assessments in the valuation of the promissory notes, the accounting of the divestment transactions for Norway and St. Petersburg constitutes a key audit area.

How our audit addressed the Key audit matter

Our audit related to the accounting of items related to the closure/divestment of the Russian and Norwegian operations has included, among other things, the following audit procedures:

- Meetings with management and other responsible persons to discuss measures performed and planned and the related effects in the accounting.
- Review of the group's accounting principles to verify compliance with IFRS
- Substantive testing and other analytical procedures
- Review of significant balance sheet and profit and loss items on a sample basis against supporting documentation
- Review of significant contracts and reconciliation of that financial effects are reflected in the financial reporting
- Assessment of management analysis of applying IFRS 5 discontinued operations and audit of the recalculated comparative information

- Assessment of management's valuation of the promissory notes related to the Norwegian transaction
- Assessment of the classification of items in the financial reporting and application of Bonava's accounting principles

Based on our audit, no significant observations have been noted that have resulted in reporting to the audit committee. As shown in the financial statements, the outcome of promissory notes is based on assumptions that are subject to inherent uncertainty where the final outcome may cause a different valuation, discounting or accounting.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–39 and pages 105–164. Other information also comprises the "Bonava remuneration report 2023" as published on the Bonava webpage at the same time as the release of this report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

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

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Bonava AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Bonava AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International standard on Quality Management 1, which requires the audit firm to design and maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Bonava AB (publ) by the general meeting of the shareholders on the 3 April 2023 and has been the company's auditor since the 25 April 2018.

Stockholm 15 March 2024
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in Charge

Linda Andersson
Authorized Public Accountant

In-depth sustainability information

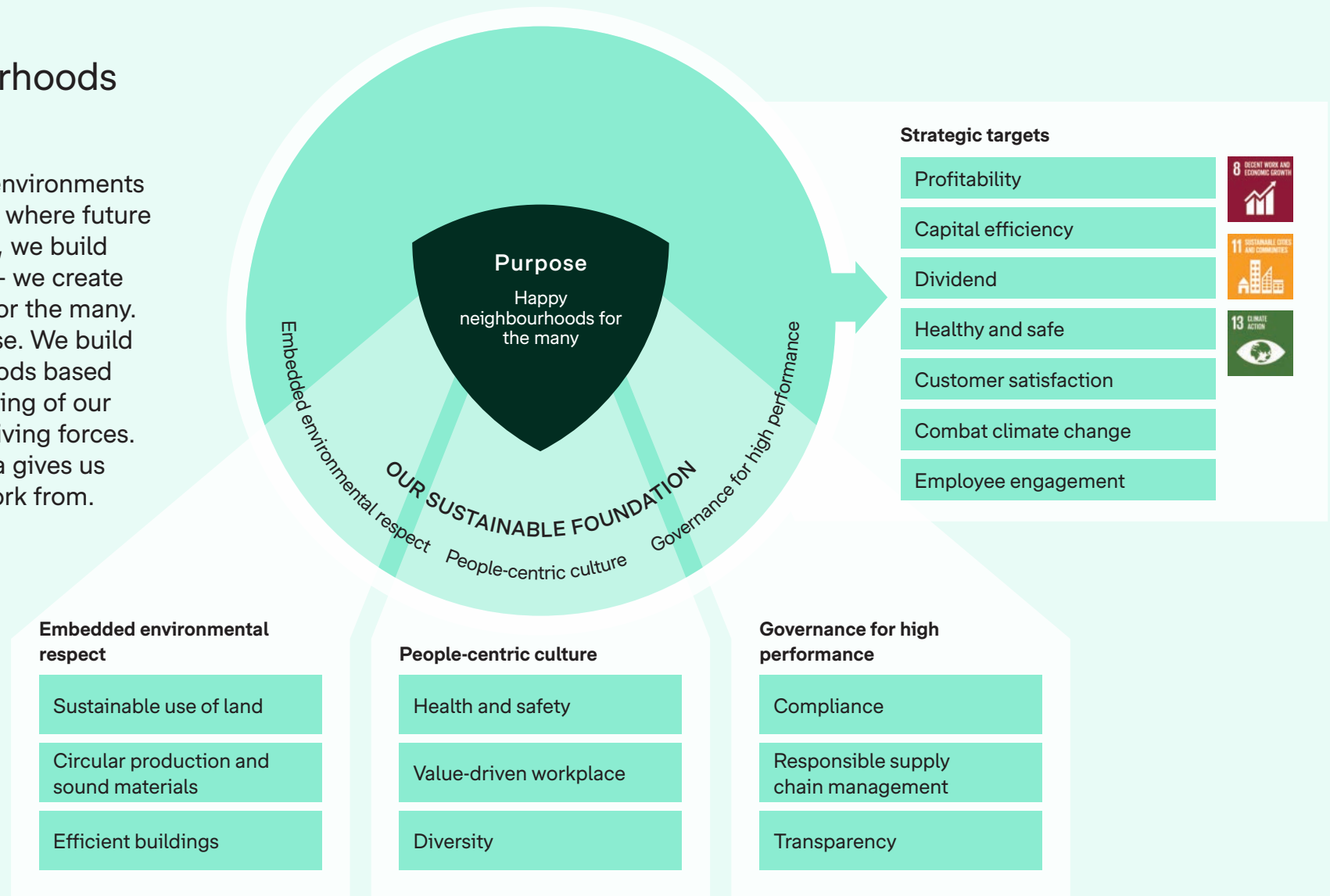
Sustainability is the foundation of our business. We meet people's needs for homes and contribute to a sustainable community with residential areas that function well both socially and environmentally.



Our sustainability agenda

Happy neighbourhoods for the many

To create locations and environments where people thrive, and where future generations can grow up, we build much more than homes – we create happy neighbourhoods for the many. This is our overall purpose. We build homes and neighbourhoods based on a genuine understanding of our customers' needs and driving forces. Our sustainability agenda gives us a stable foundation to work from.



Our sustainability agenda gives us direction

The awareness of the global challenges and their impact on Bonava's operation is increasing, both within Bonava itself and among our stakeholders. The conditions for businesses, society and markets is changing more rapidly than ever, both globally and locally. The EU's Green Deal and its initiatives for accelerating sustainable development is one example of conditions that are increasing demands on and expectations of Bonava.

Our sustainability agenda guides our long-term direction and identifies the sustainability topics we need to prioritise in order to succeed with our strategy over time, achieve our targets, and contribute to global sustainable development.

Bonava's sustainability agenda is reviewed annually in order to remain relevant, based on our impact on people and nature as well as the impact of the business environment on the company. During the year, Bonava analysed CSRD, the forthcoming EU legislation, and its consequences not only on the company's reporting but also its strategy and operations in 2024 and beyond.

The sustainability agenda governs the structure of our sustainability report, which we supplement with sustainability notes. For our sustainability reporting principles, refer to Note S1. Bonava conducts regular stakeholder dialogues with its key stakeholders. Read more about these under Note S3. Information about Bonava's material risks and how they are managed is presented on pages 60–62. An illustration of scenario analyses for Bonava's long-term climate risks is presented in Note S7. The sustainability information is found in the GRI content index, as well as in the UN Global Compact Index on pages 149–152.

Bonava participates in several organisations and partnerships. Refer to Note S4.

Bonava's key stakeholders

Customers

Bonava's customers are consumers and real estate investors. Consumers look for safe homes in happy neighbourhoods, whereas investors are looking for sustainable investments that take ESG factors into account.

Employees

Bonava has 1,300 employees in six countries and needs to attract and retain dedicated employees in order to drive change. We do this by offering an attractive workplace with opportunities for self-development.

Investors, financiers, owners

Investors, financiers and owners are crucial key stakeholders from a financing perspective, and their expectations – for example, in terms of green financing – are increasing. Transparency and reporting on how Bonava manages risks and opportunities linked to sustainable development are also important for this stakeholder group.

Suppliers

Contracting services and materials suppliers are particularly significant as regards impact, risks and opportunities linked to the environment, fair working conditions, human rights and business ethics. Collaboration and dialogue with suppliers is crucial for achieving our sustainability targets, especially our climate targets.

Public authorities

Bonava is influenced by public authorities through, for example, regulations, land and the construction permit process. The better Bonava can demonstrate overall understanding and follow through in order to promote sustainable cities, the better the collaboration, dialogue and accomplishments we can have with government authorities and municipalities.



Citizen dialogue develops the Haga of tomorrow

Haga is one of the oldest districts in Umeå, with a mixture of both villas and multi-family housing. Cars have also been sold here since the late 1940s. Now that the car dealerships have moved, Bonava is taking over to develop new neighbourhoods with homes, services and retail, thereby contributing to the sustainability of Umeå. Development has taken place in close dialogue with Umeå Municipality, local residents and other stakeholders.

Bonava works using a vision-driven model of urban development, which means that we listen before we start designing. During this process, we have invited all stakeholders – municipality and citizens – to dialogue and creative idea forums, to share their opinions of their city district. This laid the foundation for a shared vision for the area, and comprised the basis for the proposed zoning plan. Through active citizen engagement, we can create a sustainable Haga that will add qualities that benefit the entire district, today and over time.



Sustainability targets 2023

Summary of results for 2023

Focus areas, Bonava's sustainability agenda	Bonava's strategic and other sustainability targets	Outcome 2023	Outcome 2022	Outcome 2021
Embedded environmental respect	Increase access to green financing. For 2023, through 100 per cent ecolabelled production starts in Sweden, and energy classification A or B in Finland and Germany. ¹⁾	Sweden: 100% Finland: 100% Germany: 93%	Sweden: 100% Norway: 34%	Sweden: 100% Norway: 59%
Embedded environmental respect	In accordance with the approved Science Based Targets, halve the volume of GHG emissions by 2030 from base year 2018, within organisational control (Scope 1-2) with absolute measurements and for the entire value chain (Scope 3) per housing start	Scope 1-2: -49% Scope 3: -55% Scope 3 per unit: +134%	Scope 1-2: -35% Scope 3: -40% Scope 3 per unit: +53%	Scope 1-2: -27% Scope 3: -8% Scope 3 per unit: +21%
People-centric culture	Everyone Plan fulfilment $\geq 90\%$ ²⁾ Frequency of serious incidents = <7.1 Engagement Index = 87	Everyone Plan fulfilment = >90% Frequency of serious incidents = 7.5 Engagement Index = 83	Everyone Plan fulfilment = 89% Frequency of serious incidents = 14.3 Engagement Index = 85	Other target applied LTIFR = 7.2 Engagement Index = 85
Governance for high performance	Publish annual Sustainability Report in accordance with the GRI standards and report progress to UN Global Compact	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report

¹⁾ Finnish projects have been included since Q2, and German projects have been included since Q4 2023. Projects in the Baltics business unit are also eligible for making green financing available. However, these assets were not made available as green assets in 2023 but will be investigated in 2024. Norway did not have any housing unit production starts in 2023.

²⁾ The results include Sweden, Finland, Germany, Norway, and the Baltics

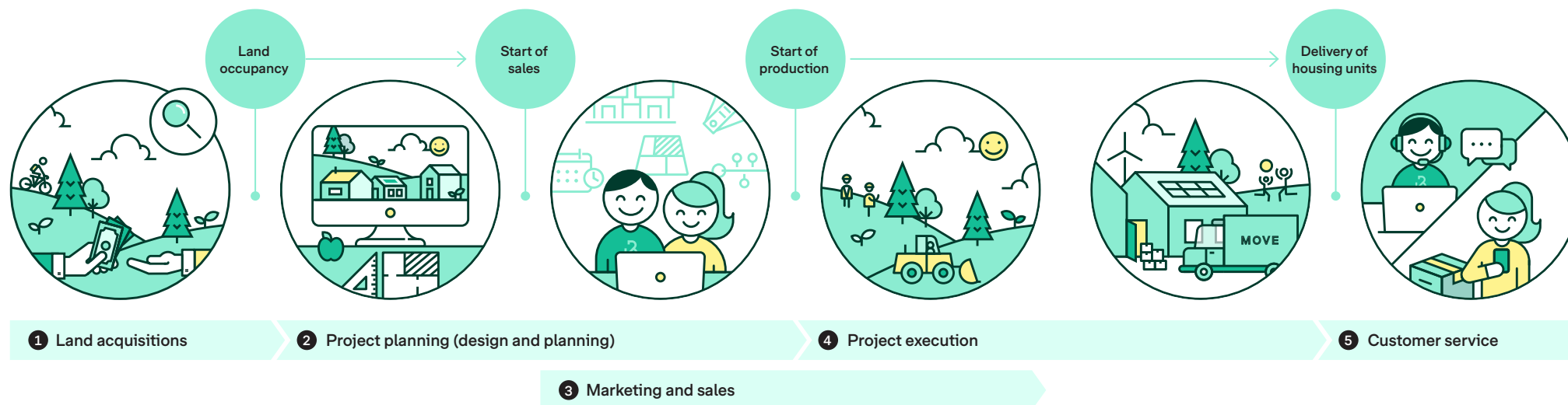


The UN Sustainable Development Goals

Bonava has identified three of the Sustainable Development Goals (SDGs) that we, with our purpose of building happy neighbourhoods for the many and our strategic targets, can primarily contribute to. These are goals 8, 11 and 13. Many of the other SDGs are also clearly relevant for Bonava. Promoting these other SDGs and targets helps us deliver on the three overall goals; refer further to Note S21.



How Bonava works



The sustainability impact of Bonava's business

Land acquisitions

Land used and its location in relation to infrastructure and amenities have a significant impact on social and environmental aspects, directly in connection with production and indirectly through the future ability to live sustainably. Ahead of land acquisitions, we examine the conditions applying to the site and analyse both long-term sustainability risks and sustainability potential.

Project planning

The design and planning phase is key to our long-term indirect social and environmental impact. In collaboration with public authorities and other stakeholders, and through dialogue with our customers, the local community, and the general public, Bonava aims to create happy neighbourhoods for the many. Our Code of Conduct and requirement specifications for suppliers provide

support and guidance to ensure that contacts with authorities and suppliers are handled correctly. The design and decisions on choice of materials impacts the indoor environment of the housing units, the outdoor environment of the neighbourhood, and the environmental and climate impact during production and the remaining life cycle of the neighbourhood.

Project execution

Bonava's projects are carried out under own management, with turnkey contracts or split contracts. Our main direct impact on sustainability occurs during the execution of projects. Production of most housing units involves ground work that can affect the water table and surrounding areas. Remediation of earlier contamination may also be necessary. Transport to and from the construction site, energy for production, materials

used and waste have both a direct and indirect impact on the environment and GHG emissions. How the work is carried out has an impact on working conditions, including the health and safety of the people who spend time on the construction site. Noise, dust and light pollution can directly disrupt the lives of neighbours. Through demands on and control of our suppliers and subcontractors, Bonava can indirectly have a positive effect on human rights, working conditions, the environment and anti-corruption considerations outside its own operations.

Customer service

After completion, our impact is largely indirect. Final inspection, remedial measures, fine-tuning of installations, maintenance opportunities and instructions are key factors. Through collaboration agreements or by providing contracts, we can also have a

significant indirect impact on sustainability, for example, by supporting customers in their choice of service and maintenance providers as well as power supply contracts. Bonava can have a further indirect social and environmental impact by facilitating cooperation among residents and by providing them with information and support in order to use their buildings and the surrounding area for a sustainable lifestyle.

Limitations

From the perspective of the entire value chain, Bonava's main impact on people and the environment primarily lies outside the organisation. A value-driven workplace is the aspect that primarily influences the organisation internally. A circular production model, health and safety, diversity, and compliance have a significant impact in and outside the organisation.

Sustainability governance

The key policy document for Bonava's sustainability initiatives is the company's Code of Conduct, which is based on the principles in the UN Global Compact. The Code of Conduct clarifies responsibilities in relation to values and principles for human rights, fair labour conditions, the environment and anti-corruption. All of Bonava's employees are bound by the principles in the Code of Conduct. The Code of Conduct, like all our other policies, is revised annually and adopted by the Board.

Bonava's organisation and responsibility for the sustainability agenda is also described in the Corporate Governance Report on page 47.

Role of the Board

The Board of Directors holds ultimate responsibility for reviewing, monitoring, and guiding Bonava's sustainability initiatives. The Board has delegated daily responsibility for sustainability issues to the CEO. Sustainability is included in the company's strategic long-term goals and as part of the company's strategy, which constitutes the basis for the variable remuneration to senior executives.

Sustainability is embedded in Bonava's purpose and strategy. In conjunction with a review of Bonava's sustainability agenda through materiality assessment and stakeholder dialogues, this is taken up at Board meetings, including the procedure and the results of the assessment.

Bonava's Code of Conduct, like its other policies, is revised annually and adopted by the Board. The Board follows up on the sustainability agenda in its entirety, with all the sustainability targets, at least once a year.

Areas such as health and safety and employees are routinely followed up at every Board meeting. Monthly reports are also submitted to the Board that include any incidents and accidents at the worksites. The CEO and Legal address any other serious incidents or events in other areas, such as the environment, at the Board meetings.

During the year, no incidents or events occurred that were of the degree of severity that required reporting to the Board. Read more on page 121.

The Board receives an annual review of current and future changes to national, EU, or other relevant legislations and regulations concerning sustainability initiatives or reporting of same. The Board has opportunities for relevant training, such as digital training in workplace safety, which is also a requirement for being permitted to visit a Swedish construction worksite.

The Board's annual evaluation of its activities includes sustainability. The members of the Board possess expertise that includes broad experience on boards of directors and in management, as well as specific proficiencies that also include aspects of our sustainability agenda.

The Board is of the opinion that the relevant competence is on hand for the operations that Bonava pursues. The Rules of Procedure for the Board of Directors contains clear instructions as regards issues such as conflicts of interest.

Our green customer offering

Framework for green financing

Bonava has green loans and issues green bonds, through which we offer the market an opportunity to be part of financing ecolabelled homes. The current framework facilitates green financing for projects that will be Nordic Swan ecolabelled, or have an energy classification of A or B in line with the criteria of the EU Taxonomy for substantial contribution in the economic activity Existing buildings. The framework has been certified by Sustainalytics.

The significance of the EU Taxonomy for our green framework

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into sustainable criteria for activities such as the construction of new buildings. While it is mandatory for Bonava to report the alignment of its turnover, capex and opex with the Taxonomy, it is not mandatory to be aligned with its criteria.

The overall perception, in dialogue with banks during the year, is that the criteria of the EU Taxonomy have and will have a major impact on companies green financing frameworks. Bonava's current framework is partially adapted to the EU Taxonomy based on the fact that we have A or B energy classes as a green criterion. This makes it possible for us to include more projects from Finland and Germany, and possibly from the Baltics, for the benefit of our green financing.

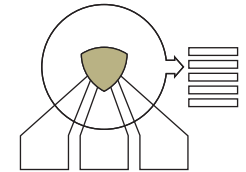
Refer to Note S8 for Bonava's reporting under the EU Taxonomy.

Sustainability labelling of homes

Currently, Bonava's primary method for packaging our sustainable offering for customers and financiers is through Nordic Swan ecolabelling and by producing energy-efficient housing units in the form of energy class A or B. This is in line not only with our environmental and climate agenda but also with the agendas of municipalities, customers and financiers.

Read more about our sustainability labelling on page 115. →

Happy neighbourhoods for a more sustainable society



Bonava's overarching purpose is to create happy neighbourhoods for the many. As a residential developer, we have the possibility not only of impacting the lives of individual people but also of having a long-term impact on society as a whole. Our sustainability agenda is a central component of our strategy and helps us create value and develop locations and environments where people thrive, and future generations can grow up and be happy.

We build more than just housing units

At Bonava, we want to contribute more than just housing units. For us, neighbourhoods are not just buildings standing side by side – they are the foundation and context for how we socialise, create and develop friendships, exchange opinions, live and thrive. Our ambition is to create the best possible conditions for happy neighbourhoods by engaging systematically with factors that facilitate a greater degree of happiness.

When neighbours become friends, neighbourhood happiness is not the only thing that increases. It can also help to solve other social issues such as loneliness or isolation. When happiness in a neighbourhood increases, it promotes not only individual wellness but can also increase the willingness to help others or improve the shared neighbourhood.

Systematic efforts to facilitate happiness

We have made thorough efforts to understand what drives happiness in the neighbourhood, particularly through our Happy Quest study. These efforts have resulted in our framework – the Happy Neighbourhood tool – which helps us ensure that all aggregate know-how and insights into what creates happiness in a neighbourhood is imple-

mented in our housing projects. Ultimately, people themselves are the ones who contribute with the energy and initiatives that are required for a happy neighbourhood, but as a residential developer we have the possibility of creating residential areas with the conditions that let this happen. No changes were made to the tool during the year, and there are no plans to do otherwise going forward.

We know that solutions for a safe, trouble-free and healthy lifestyle are crucial building blocks for people to thrive and do well. It may be an issue, for example, of proximity to public transport, schools, grocery stores and health care, or also health and safety measures, environmental and climate-related solutions, and access to nature, culture and leisure activities. We also know that integration with others and the sense of belonging are crucial building blocks – feelings that have also proven able to spread to others in the neighbourhood, for example, through neighbours helping one another.

In our projects, for example, we work with move-in events, shared inner courtyards, playgrounds and outdoor barbecue areas so that the people in the neighbourhood can grow closer to one another. We install vehicle and bicycle pools and roof-mounted solar panels, and build or install gyms, running



tracks and ping-pong tables to facilitate a healthier lifestyle. We also work with good seating areas and green spaces to create attractive surroundings with lighting in order to increase safety in the area. All this is built on a genuine understanding of our customers' needs and driving forces.

We measure the degree of happiness

To measure the degree of happiness in a neighbourhood, Bonava has developed and established the statistically significant Happy Index, which makes it possible to compare the degree of happiness among various groups of people, various locations, and various points in time. Happy Index is

part of our overall customer satisfaction programme, and starting in 2022 we have continually monitored the Happy Index for everyone moving into our homes, one and three years after occupancy, respectively.

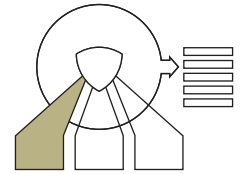
The Happy Index can vary between 0 and 100. According to Bonava, the degree of happiness in Bonava's neighbourhoods is at a good level, with results between 73 and 83 in the various countries at the end of the year. We can see that the level is essentially the same among customers who moved in both one and three years ago. Read more in Note S5.

Sustainable lifestyle is significant

In addition to the happiness experienced in a neighbourhood, as of 2022 we are monitoring customers' experiences of whether their neighbourhood and home, respectively, promote a sustainable lifestyle. The two measures are called "% Positive Neighbourhood Sustainability" and "% Positive Home Sustainability" and are defined as the proportion of customers who responded with either a 4 or a 5 on a 5-point scale to the question of whether the neighbourhood and home, respectively, promote a sustainable lifestyle. These questions are answered by our customers one year after occupancy.

The results for 2023 show that on average, half of the respondents said that their home made a sustainable lifestyle possible. The results for a sustainable neighbourhood is slightly under. In 2023, only the Germany and Sweden business units were included in this metric, owing to the fact that there were not enough respondents in the Baltics and Finland. Read more in Note S5.

Embedded environmental respect



Bonava endeavours to reduce its environmental and climate impact throughout the life cycle using resource-efficiency principles. That is why consideration for environmental and climate aspects permeates everything we do.

Bonava has identified three aspects where our impact is the greatest in every link of the value chain. For all of these aspects, it is important that our continuous improvement efforts help combat climate change through reduced climate impact:

Sustainable use of land

Bonava remediates land to make it suitable for housing and designs to protect biodiversity and other ecological values when previously undeveloped land is claimed. It is crucial for the environment that Bonava creates residential districts with large amounts of green spaces, which have a buffer effect on the climate.

Circular production model with sound materials

The continuous endeavour for increased resource efficiency and material selection that facilitates future recycling and ensures healthy indoor environments also reduces emissions of greenhouse gases from production and the transportation of construction materials.

Efficient buildings

By using a life cycle perspective when considering emissions in both production and the operational phase, we reduce the greenhouse gas emissions throughout the buildings' life cycle.

Through energy efficiency and sustainability labelling of its housing units, Bonava safeguards the precautionary principle and contributes to increase the Group's assets that are available for green financing.



Combat climate change

Overall research shows that global warming as a result of human activity constitutes a serious threat to the ecosystems that ensure the conditions for life on our planet. By taking responsibility for our direct and indirect impact, Bonava becomes a real part of the solution for keeping global warming within the Paris Agreement target of 1.5 degrees Celsius.

Combat climate change

In 2019, Bonava was the first residential developer in Europe to establish science-based climate targets and to become a signatory to the Science Based Targets initiative (SBTi) in accordance with the recommendations of the UN Climate Panel. The SBTi follows strict scientific definitions and permits no purchasing of emissions rights or other compensation outside the company's own value chain as a method for achieving the targets. This is one of Bonava's strategic targets, and we have an in-depth overview of our climate impact.

Bonava uses the Task Force on Climate-Related Financial Disclosure (TCFD) method as a key part of our efforts to develop relevant climate metrics for our operations.

An overview of this analysis is presented in Note S7.

Emissions – Scope 1 and 2

In the emissions inventory, energy was identified as a key issue, and partnerships with energy suppliers as crucial. Bonava continues to implement a framework agreement for renewable energy in the Nordic region and Germany and investigates additional opportunities to increase the proportion of renewable energy used in the operations. Our internal emissions requirements for our vehicle fleet have also been tightened up, which will expedite electrification and reduce dependence on fossil fuels.

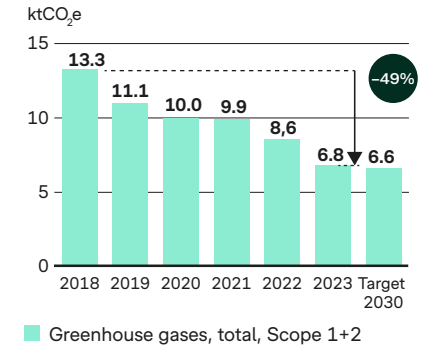
Climate impact in value chain – Scope 3

The single largest climate impact for Bonava is the aggregate emissions from all purchased goods and services. The most important issue for us is therefore our efforts

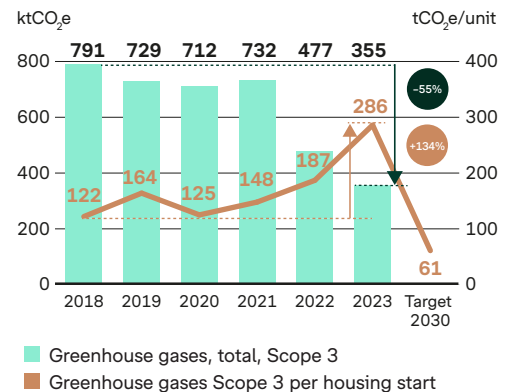
toward resource efficiency and shift to low carbon materials in our projects.

During the year, we continued to work both within the company and with external climate calculation experts on how we can increase the reliability, quality, and monitoring of data in Scope 3, primarily in the category of purchased goods and services. A decision was taken during the year to develop life cycle assessments (LCA) for all completed projects 2024, instead of basing the emission calculation on the cost of purchased goods and services aggregated on a company level. This shift will allow us to analyze and compare, per project, how different materials and choices within design impact not only costs but also kgCO₂e per square meter. It is the prerequisite for us to develop a climate transition plan in line with our 2030

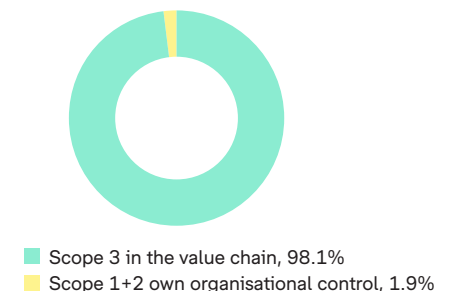
GHG emissions, Scope 1 and 2



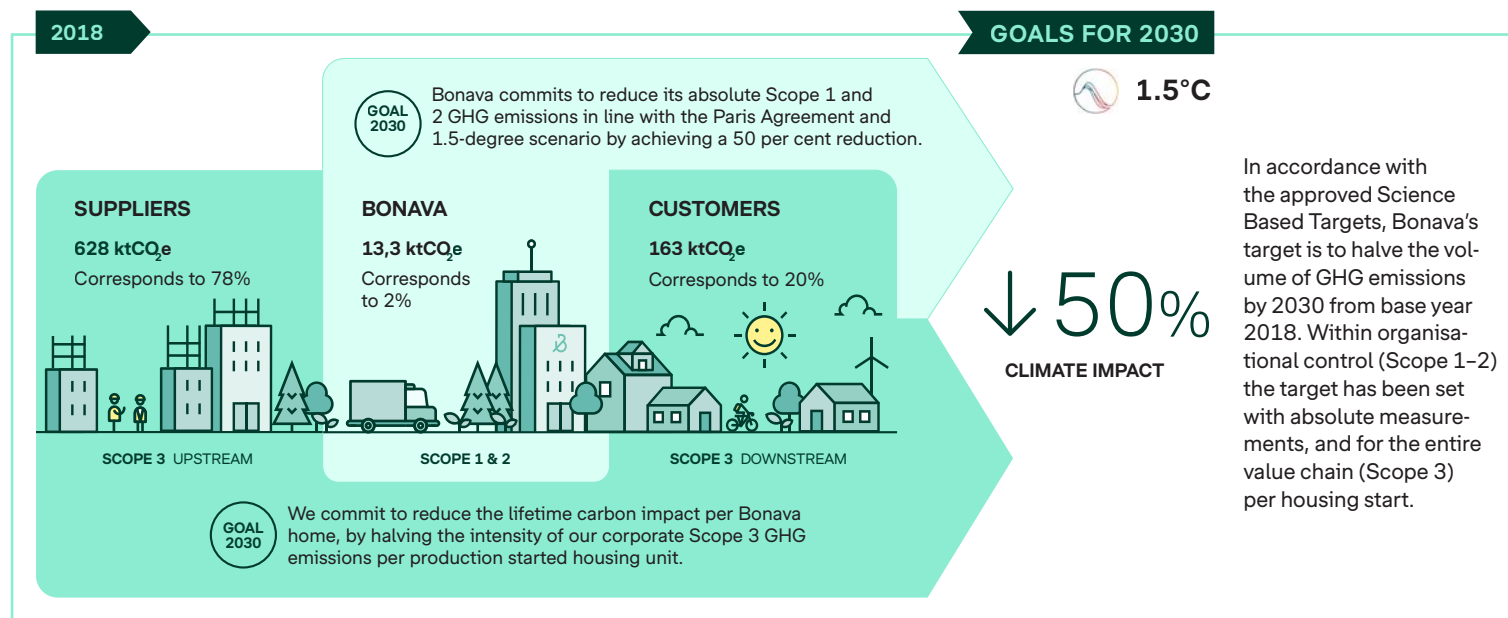
GHG emissions Scope 3, total and per housing start



Distribution of greenhouse gases 2023



Bonava's science based targets for combating climate change



target including key actions, decarbonization levers and quantitative contributions to support the plan.

The next largest category under Scope 3 is the future climate impact from our buildings after our customers have taken over occupancy. Read more about this under Efficient buildings.

Evaluation and results

For more detailed reporting of greenhouse gas (GHG) emissions in Scopes 1, 2, and 3, as well as intensity, refer to Note S6.

Sustainable use of land

Our climate targets include changing land use as a direct negative climate impact, caused by former green spaces being built up in such a way that the capacity of the ground to capture carbon is impaired. This calculation method is supported by the UN Climate Panel.

Using land in a sustainable way is becoming increasingly important due to its major significance for climate change resilience, and for supporting biodiversity locally. The EU taxonomy for sustainable financing also clarifies the importance of these efforts.

Bonava evaluates the risk of ecological impact prior to decisions on investment. The need for soil remediation is also studied. Where needed, Bonava will remediate land and render it suitable for building homes. Where previously undeveloped land is claimed, the projects are designed to protect biodiversity and other ecological values.

Evaluation and results

Bonava monitors information on sustainable use of land centrally for the entire Group, read more in Note S9. The processes for risk management are assessed in our annual evaluation of risks and risk management.

Rainwater management in Riga

Heavy rains, hail of large grains, sudden storms, and floods are some of the negative manifestations of climate change. To cope with the effects of climate change, proactive solution of environmental issues is part of our operations.

In four projects in Riga, we have integrated innovative solution for sustainable rainwater management. This includes solutions such as swales, bio-swales, chute, peddle "pillows", filter wells, infiltration cassettes, green area gullies, overflow wells, drainage system, green roofs, cascade system pumping stations and oil filters. In our projects, these solutions may not only reduce building costs but also increase biodiversity and aesthetic value of the territory. The solutions are also essential to reduce the risk of flooding during heavy rainfalls and they contribute to effectively clean rainwater from pollutants.

Read more about our climate risk in Note S7. →



Circular production model

Natural resources are limited. Bonava aims toward a more circular production model, in which the smallest possible amount of newly-manufactured raw production materials is used. Bonava defines sound materials as sustainable and safe materials that do the least harm to the external environment, are non-hazardous to the health of the people that handle them, and do not have a negative impact on the indoor environment.

The use of materials also constitutes a significant portion of Bonava's indirect climate impact. Optimising the use of materials is therefore also important for achieving our climate targets.

Evaluation and results

Bonava has produced methods that combine design information in the digital models with information from the project calculations prior to start of construction in order to determine the use of materials also for the markets where not all materials are purchased directly by the company itself. This makes it possible for us to compare the use of materials in different building systems and different geographic markets, and thereby to improve monitoring and identify potential for improvement.

New materials and components are continuously being developed, and legislation does not always keep up. The precautionary principle is therefore central for Bonava. This year, Bonava Germany joined the

Sustainable Concrete Leaders network on a mission to make sustainable concrete the new standard in construction. By joining the network, Bonava commits to taking the topic of sustainable concrete into account in the sustainability strategy and implementing it in construction projects. Green concrete has been already used in three projects that were completed this year – one project in Bonava Finland and two projects in Bonava Sweden.

Bonava also regards sustainability labeling as an excellent tool for ensuring sound materials, either directly as certification or as a reference against which we can measure our own procedures and requirements for our suppliers.

Efficient buildings

Residential developers, legislators and customers have long devoted considerable focus to the energy consumption of buildings during operation. This is linked with the EU Directive on the Energy Performance of Buildings which establishes standards and requirements to reduce energy consumption and greenhouse gas emissions in buildings for each EU country. The EU taxonomy for sustainable financing will focus further on the operational phase. At the same time, the trend is moving toward an increased share of renewable energy and decreased dependence on fossil fuels in energy systems.

We have long endeavoured to develop the most resource-efficient housing units possible. Adapting our building systems to national environmental and certification standards

also creates potential for more efficient utilisation of resources. Countries do not have comparable definitions or requirement levels for energy use during the operational phase of a building, which complicates comparisons of energy intensity among buildings in different countries.

The extent to which Bonava's housing units will be more energy-efficient than indicated in national construction regulations for new production is assessed and determined within the respective business units, based on the conditions of the respective geographical markets and as part of the action plans for contributing to the SDGs. This includes assessments of national definitions and prevailing regulations for energy performance as well as access to renewable and fossil-free energy.

Evaluation and results

We monitor energy intensity per building both in the design phase and after completion in relation to the requirements in the respective building permits in order to ensure that the energy performance target is achieved. Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the construction regulations, in Note S11. 69 per cent of the housing units we completed during the year were at least 10 per cent more energy-efficient than the requirements in the respective building permits.

Sustainability labelling

Our primary method at present is packaging our offering to both customers and financiers through ecolabelling and energy efficient housing. All projects undergoing production starts in Sweden are to be Nordic Swan ecolabelled, if local authorities or customers do not require other certification. Since 2022, Bonava Finland has a goal to achieve energy class A for every future project. Another method of packing our sustainable offering to our customers is taxonomy aligned projects. During 2023 Bonava Finland completed Bonava's first taxonomy aligned projects to a real estate investor.

Evaluation and results

Target achievement is followed up annually in the Executive Management Group and the Board of Directors. Bonava's Sustainable Financing Committee validates and follows up at the project level on a quarterly basis. The Nordic Swan ecolabelling and energy class A and B comprises the main criterion for nominating sustainable assets within the green financing framework.

The scope of the metric for sustainability labelling has been extended, during 2023, in order to align with Bonava's green criteria in its Green Financing Framework that includes energy class A or B. This enables for business units to contribute to Bonava's green pool of sustainable housing.

Product information and labelling

	Share of sustainability labelling ¹⁾ housing units, %		
Housing starts	2023	2022	2021
Germany ²⁾	96	N/A	N/A
Sweden	100	100	100
Finland ³⁾	100	N/A	N/A
Denmark	N/A	N/A	N/A
Estonia ⁴⁾	100	N/A	N/A
Latvia ⁴⁾	100	N/A	N/A
Lithuania ⁴⁾	100	N/A	N/A
Discontinued operations⁵⁾			
Norway	N/A	34	59
St. Petersburg	N/A	N/A	100

	Share of sustainability labelling ¹⁾ housing units, %		
Completed housing units	2023	2022	2021
Germany ³⁾	100	N/A	N/A
Sweden	100	100	100
Finland ²⁾	95	N/A	N/A
Denmark	N/A	100	100
Estonia	100	N/A	N/A
Latvia	100	N/A	N/A
Lithuania	N/A	N/A	N/A
Discontinued operations⁴⁾			
Norway	N/A	0	0
St. Petersburg	100	74	100

N/A = Not Applicable

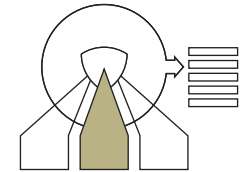
¹⁾ Sustainability labelling = Nordic Swan or energy class A or B in line with Bonava's green criteria in Green Financing Framework.

^{2, 3, 4)} Energy class A or B was not part of the definition for sustainability labelling previous years.

⁵⁾ Data includes the period up to the day of discontinued operation. Norway discontinued its operation 30th of June and St. Petersburg discontinued its operation 2th of November.

People-centric culture

Bonava always takes a people-centric approach. We focus on our customers, employees, suppliers and the entire neighbourhood in our projects – from planning to completion. Safe workplaces and committed employees are a high priority, and our Group-wide People Strategy helps us imbue a people-centric culture into everything we do.



Three themes have been identified as part of our continued efforts:

Health and safety

With proper routines and a strong focus on both health and safety, Bonava will reach many more people than just directly employed staff, especially in the markets where the industry has not prioritised health and safety as highly.

Value-driven workplace

Through robust initiatives to build up a culture and focus on taking care of our employees and allowing them to grow, Bonava contributes to society by setting an example and facilitating development.

Diversity

Through initiatives for diversity, Bonava can reflect the communities we operate in while more people are given the opportunity to be part of and promote our culture.

Health and safety

For us, health and safety is a matter of our customers, employees, suppliers, and the general public in our neighbourhoods having a sense of well-being and feeling safe. We have a long-term vision for health and safety that is, simply put: Everyone should come home healthy and safe, every day.

We have two company-wide key metrics that have been adopted for the strategy period up through 2026:

1 Everyone Plan ≥90%. Our health and safety plans – the “Everyone Plan” – contain improvement activities related to health and safety. The target is to have a 90 per cent fulfillment of the plan.

2 Severity reduction >50%. As of 2022, we have chosen to shift focus from injuries with sick leave to minimising the risk of severe incidents. We define severe incidents as both injuries¹⁾ and near misses. The target entails reducing severe incidents by half – calculated as frequency data – through 2026, with 2022 as the base year.

Improvement efforts through Everyone Plan

Our strategic health and safety plans – the Everyone Plans – are the most important working tool for our health and safety work. All of our business units have an Everyone Plan, which contains improvement activities

¹⁾ Injuries leading to more than 4 days of absence and/or link to actual or potential risk with consequence 4 or 5, and/or risk score of over 10.

related to health and safety, for the purpose of creating conditions for a healthy and safe workplace.

As of 2022, each business unit is responsible for developing and implementing its own Everyone Plan. By doing so, we want to increase local ownership and, to a greater extent, adapt the improvement activities to local conditions and needs.

The health and safety plans are owned by the respective Business Unit President, and the management teams in the business units are the ones that approve and monitor the improvement activities on a monthly basis. Bonava's health and safety function at the Group level supports the business units in the development and efforts around the respective Everyone Plans, and monitors the efforts through continual feedback, monthly reporting and quarterly follow-ups. At the Group level there is also the possibility of promoting improvement activities that apply to all business units. In 2023, for example, the procedure for managing severe incidents was an area of focus that all business units worked on. New for this year is that Bonava Group has its own Everyone Plan.

In developing the health and safety plans, there are three company-wide themes that every plan must be based on. These are the areas that Bonava has identified as important in the company's continued health and safety initiatives, and are part of the 2026 strategy:

- ❶ Leadership – culture of care.
- ❷ Proactive work through a systematic and standardised approach by integrating health and safety in every part of our business.
- ❸ Learn from both incidents and things done right, with a focus on reducing severe incidents.

Hazard identification, risk assessment, and incident investigation

Working on a construction site is associated with risks. We are engaged in preventive and culture-reinforcing efforts in order to recognise, minimise and manage the risks that could negatively impact the health and safety of our own employees and our contractors. These efforts also include identifying the cause of the risk, learning from what was done right and finding possibilities for improvement

Risk analysis is part of our investment process for projects, and is always done preventively in order to minimise the level of risk – for example, through necessary activities and preventive measures. Proactive health and safety initiatives also comprise part of the performance-based evaluation of the management group.

Hazards and near misses are routinely identified and managed preventively and routinely through our shared reporting system, monitoring of the work environment by the managers responsible, and manager-safety audits and safety inspections. Near misses are occurrences that could have resulted in injuries, but did not. The severity of hazards and near misses are assessed in Bonava's system support for health and safety. The assessment and documentation are important for being able to prioritise high-level risks.

Bonava's contractors are invited to take part in safety inspections and are encouraged to routinely report hazards, near misses and injuries.

To monitor our hazards and incidents, investigations are conducted in order to identify the root cause and ensure that the necessary measures are taken. This is important in order to identify the actual problem, above all to learn from what went wrong but also to learn from what was done right. In 2023, as



in 2022, we worked on transparency and confidence for the purpose of increasing awareness of why reporting incidents, especially severe incidents, is important. We have also further developed the procedure for managing and investigating severe incidents, with a focus on increasing the quality of root cause analysis, risk assessment and efficient countermeasures.

For increased knowledge and awareness in the Group, we share lessons from severe incidents via Learning send-outs, which we call "Learnings". We also present our learnings in global health and safety forums as well as production manager forums. The ambition is for the business units to identify and act on similar risks in their own operations. In 2023, we also further developed our global digital dashboard, with a focus on quality assurance and efficiency enhancements. It is available to all employees, and presents our overall health and safety indicators as well as targets. Data is transferred to the notice board directly from the BIA reporting system, which is updated on a daily basis.

Bonava's crisis management work during the year included improvement initiatives pertaining to shared documentation and

procedures. Several business units have carried out large-scale crisis preparedness exercises at their construction sites. More employees have also been trained in first aid.

As part of our risk management efforts, we apply a tool that we call "Time Out", which allows people to stop and correct their work in the event of unsafe or unhealthy situations or behaviour. The Executive Management Group supports this initiative, and we are continually engaged in making sure that everyone remains observant and comfortable with using this officially sanctioned tool. "Time out" was also the theme for activities linked to the annual World Day for Safety and Health at Work for 2023. In 2023, "Time Out" was also added to BIA, our shared reporting system.

Work environment, health and well-being

We monitor health risks at all levels in the company. We measure the pulse of the company and monitor the perceived stress levels – and possibilities for recovery – through our major Passionate Workplace employee survey with subsequent workshops. Our business units document work environment factors and monitor areas for improvement related to health and safety as part of their

Everyone Plan. Parts of the organisation also conduct annual health and safety team risk assessments that are followed up during the year.

The health and work situation of individual employees is monitored through our strategic performance and development process. Our employees are offered health check-ups, and health and wellness are encouraged both directly in the form of healthcare allowances and indirectly through group health-promoting activities that are organised. We also continually monitor key performance indicators such as absence due to sickness.

For privacy reasons, Bonava avoids storing health-related information about its employees. Information such as doctor's certificates are managed under an especially restrictive procedure.

As regards employee participation and work environment communication, the Occupational Health and Safety Committee holds meetings with participants representing both the employer and employees. Health and safety is also addressed in collective agreements in the geographical markets where they exist.

Occupational health and safety management system

Bonava's minimum requirements and management system was developed in accordance with ISO 45001. All employees are covered by Bonava's health and safety management system and refers to the entire value chain process, from the purchase of land to design, production and customer service. One possible exception is employees in investor projects, where the investor's health and safety requirements may take priority.

In 2023, a new digital health and safety hub was developed for increased accessibility and governance of procedures and

documentation. Health and safety were also included in 2023 as part of Bonava's investment process, where the biggest risks are identified in order to form part of the basis for decisions in projects at an early stage.

Health and safety training

Based on role, risk assessment and responsibility, courses in health and safety are mandatory for both our own staff and that of our contractors. Prior to entry into Bonava's construction sites, a health and safety introduction is provided.

Every year, an Awareness Event is held for all staff and contractors at construction sites offices under the management of Bonava in order to increase awareness and understanding of our health and safety initiatives, our ambition, and how we all can promote a healthy and safe workplace. For 2023, the theme was "Trust and Collaboration: How to stay healthy and safe in a changing

environment". Each business unit was responsible for engaging people locally, as well as for planning their local activities on the theme. These included various types of courses, workshops and practical exercises. Several business units focused on so called circle of control for improvements as an individual and as a team.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

We require all our suppliers – not just those who will be present at Bonava's construction sites – to engage in systematic occupational health and safety work. High-risk areas that have been identified in Bonava's operations include work at heights, heavy lifting with cranes and working with heavy machinery. The goal is to identify, in the procurement phase, which purchases can be associated with these risks. Requirements concerning

a safe work environment that are linked to specific risks are imposed on suppliers and monitored over the course of the work.

In 2023, efforts continued at implementing our joint "Supplier requirements for heavy lifting" in the business units' local procurement process for relevant services, such as procurement of cranes. Efforts also continued internally to develop minimum requirements for work with heavy lifting and heavy machinery at our construction sites. Our Group-wide initiative continued in 2023 with third-party risks and associated relevant monitoring in work environment and safety, as well as the environment and social responsibility.

Evaluation and results

The outcome for 2023 was 90 per cent fulfilment of Bonava's Everyone Plans. New for 2023 is that Bonava's Group function also has a plan for health and safety improvement initiatives. The outcome of the Severity rate for 2023 was 7.5, which is a major reduction from 14.3 the preceding year. Focus has increased on learning from severe incidents, and several improvements have been made. However, a large part of the decrease in rate comes from a reduction in the number of projects and project starts, as well as a reduction in near miss reporting.

The Board and Executive Management Group monitor progress on a continual basis, including how the health and safety plans – the Everyone Plans – are being fulfilled, as well as risks, severe near-misses and injuries that have been identified. Reports are submitted on a monthly basis to the Executive Management Group, which includes all Business Unit Presidents, as well as to the Health & Safety Council and Bonava's Health and Safety network for production managers.



Value-driven workplace

For Bonava, a value-driven workplace is important in creating the best conditions for attracting, engaging and retaining skilled employees. This is crucial for Bonava's success over the short and long term. To create a sustainable and successful culture, we start from our values: Committed – Caring – Curious. Like a compass, these values guide us in everything we do every day, in our actions and behaviours. It could be a question of how we set goals and activities, make decisions, recruit employees and solve problems, and how we monitor and measure our efforts.

We work with our values at all levels of the company. At the business unit level, the management teams annually set goals and activities in culture and leadership that support the business plan. At the team and individual level, managers and employees collaborate on setting targets and activity plans, both for the team and for each individual employee.

Our strategic business target in this area is the Engagement Index, which is intended to measure engagement among our employees. Beginning in 2022, the target for engaged employees to be among the top 10 per cent of companies. The results are based on our employee survey – the Passionate Workplace Survey – which is conducted by our partner, Brilliant Future. The benchmark is based on approximately 500,000 responses from over 200 organisations in the Nordics and internationally.

The employee survey is one of our most important tools for data collection and analysis, along with our HR system. Besides the figures for engaged employees, the employee survey generates key figures for leadership, performance and development as well as employee loyalty (eNPS). In addition to the survey, our HR system generates data for such purposes as implementation of



target and development reviews, absence due to sickness, gender distribution, internal mobility, and personnel turnover. Moreover, starting in 2023 we have also conducted our own questionnaire survey where we monitor how employees who left Bonava on their own initiative perceived their period of employment at Bonava and why they chose to leave the company. Exit interviews are conducted as a supplement to the survey, and these are followed up by HR to obtain additional input for improvement activities.

We are strategically engaged in monitoring and analysing our indicators for culture, leadership and engagement at the organisational, team and individual level. At the organisational level, selected key performance indicators are monitored on a quarterly basis, and there is a more in-depth annual analysis of our culture, our leadership and our engagement, where we are in

relation to our targets and which activities had the desired effect. At the team level, the Passionate Workplace Survey is used to monitor the perception of our culture. We hold a team workshop annually with activity planning based on the results from the employee survey as well as a more brief check-in for discussion of status and evaluation of ongoing activities. At the individual level, we monitor the perception of our culture and employees' understanding of and compliance with our values and leadership principles through our ongoing target and development process. Our employees engage in regular dialogue

with their supervisors on a weekly and monthly basis, as well as three more in-depth reviews at the beginning, midpoint and end of the year in order to set and monitor targets as well as evaluate performance. This process assesses such factors as how the employee lives up to our values, and how well the employee has performed on individual goals for behaviour and development.

Ownership of leadership and skills development lies with the respective business units. In 2024, Bonava will evaluate whether there is a need to supplement the local initiatives with a Group-wide leadership programme.

Evaluation and results

Engagement Index and Passionate Workplace Survey

The results from the employee survey showed continued high levels of engagement during the year despite a tough market climate and several reorganisations. There is still work to be done to reach the goal of the top 10 per cent of companies with the highest engagement index. Last year, the threshold for making the top 10 was 87, with Bonava recording a result of 83 in 2023.

The employee survey otherwise shows stable, generally good results with continued high levels as regards engagement, leadership and team efficiency. With the prevailing market situation in mind, we are very proud of these results.

Employee willingness to recommend

Engagement and loyalty

	2023	Benchmark	2022	Benchmark	2021	Benchmark
Engagement Index	83	80	85	80	85	80
eNPS ¹⁾	-2	33	33	16	32	14

¹⁾ eNPS = Employee Net Promoter Score, the willingness to recommend an employer.

Bonava as an employer (eNPS) decreased from 33 in the spring of 2022 to -2 in the spring of 2023. Based on the commentary from the survey, we can see that the decrease in the result is largely related to the market situation and potential consequences such as uncertainty around employment.

Percentage of employees receiving regular performance and career development reviews

Bonava's system for following up development reviews shows that 42 per cent (49) of all employees have their personal development plans implemented. Starting in 2022, we measure completed performance and development reviews in contrast to previously, when the data could be based on, for example, half-year reviews or year-end reviews. The 2023 data pertains to the results of the preceding year as the results are ready in March of the subsequent year. In the annual employee survey, 83 per cent (84) of respondents said they had had performance reviews during the preceding six months. Since the St. Petersburg business unit did not use the same HR system as the rest of Bonava and was not part of the Passionate Workplace Survey, this business unit has not been included in the data.



Diversity

Bonava aims to set an example in diversity. We want to ensure access to a broad recruitment base that can help us deliver on our purpose. By being a welcoming and inclusive workplace, we also want to benefit from the advantages of a diversified team with various skills and perspectives.

Our Code of Conduct is our most important policy document in this area and emphasises that Bonava stands for equal opportunities regardless of gender, transgender identity or expression, ethnic origin, religion or other beliefs, disability, sexual orientation or age.

One of the most important things we do to create diversity is that we always make use of competence-based recruiting. This means that on the basis of job description, we identify which competences are required. These competences then form the foundation of the entire procedure. The candidate with the highest level of the right competencies is the one offered employment. We also make use of competence and skills tests to ensure an objective assessment.

Additionally, we conduct regular salary surveys to determine potential inequalities in salaries, and we have a procedure for salary adjustment in addition to the normal annual salary review.

Bonava's various business units offer job experience and apprenticeship programmes to students, as well as mentorship programmes. Employees in Sweden, for example, are invited to participate as mentors in the "Mitt Livs Chans" programme, a mentoring programme intended to be a bridge to the Swedish labour market for skilled immigrant labour.

Through active skills development and internal recruitment for management positions, we set a good example and ensure that

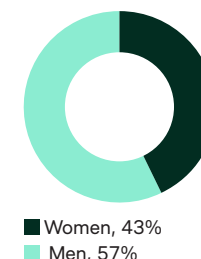
our entire pool of employees achieves its full potential so that Bonava's organisation becomes as effective and as dynamic as possible.

Evaluation and results

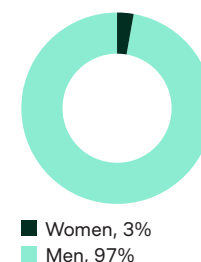
The annual Passionate Workplace Survey asks two questions specifically linked to diversity and inclusiveness. The first question measures whether our employees feel that they have equal opportunities and obligations regardless of gender, gender identity or expression, ethnicity, religion or other outlooks on life, disability, sexual orientation or age. The result for this question was 87 per cent for 2023, as against the comparison index of 87 per cent in the survey. The second question measures whether our employees feel that Bonava has an atmosphere and line of talk that suits everyone regardless of gender, gender identity or expression, ethnicity, religion or other outlooks on life, disability, sexual orientation or age. Bonava's result for 2023 was 88 per cent, as against the comparison index of 86 per cent in the survey.

For further information, refer to Note S14. Refer also to Note S13 for information on employees and S15 for employees covered by collective bargaining agreements.

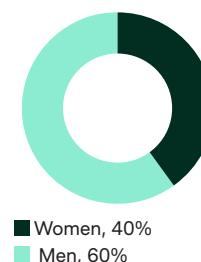
Salaried employees, 2023



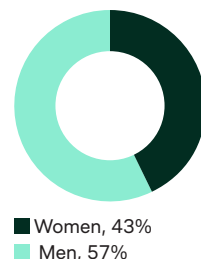
Skilled workers, 2023



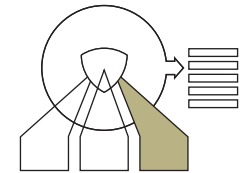
Board of Directors, 2023



Executive Management Group, 2023



Governance for high performance



Development of housing units and residential districts is a central component of every community. That makes it so important to maintain trusting relationships with many different parties. Bonava's operations must be conducted with a high degree of business ethics and proper transparency. Good governance is a condition for achieving all our goals regardless of whether they are linked to profitability, health and safety, customer satisfaction, resource and climate actions, or employee engagement.



Bonava has identified the following three aspects where our impact is the greatest:

Compliance

By training our employees and continually auditing ourselves, we ensure compliance with laws and regulations, our own values, and all the principles of external frameworks that we have pledged ourselves to.

Responsible supply chain management

By setting the same requirements for our suppliers as for ourselves – as regards fundamental principles on human rights, safe working conditions, environmental protection and anti-corruption – Bonava can mitigate potential negative impact towards workers in the value chain.

Transparency

By sharing progress and challenges of our sustainability efforts, Bonava promotes the development of new ways to measure progress.

Compliance

Developing city districts and housing units involves contact with various stakeholders such as customers, suppliers, employers, and public authorities as well as shareholders and banks. A high degree of business ethics is a condition for sustainable global development. Shortcomings can lead to risks to people, the environment, and society. Bonava's ability to operate in the market is dependent on the confidence of its stakeholders. Predicting risks and being proactive in preventing them is also crucial to the company's brand and profitability.

How we ensure compliance

Bonava's internal regulations and procedures are defined in the Code of Conduct, in the company's governing documents and its business management systems. Bonava's compliance programme includes training modules and various tools to help employees make the right decision. Ethical guidelines provide support concerning how issues such as entertainment, personal gifts, conflicts of interest and competition legislation are to be managed in an ethically correct manner. Bonava also has around 12 specially



selected Ethics Advisors, across all Business Units and the central Group functions. They are legally trained and provide a specific forum for consultation. All employees of Bonava are encouraged to contact an Ethics Advisor as soon as any uncertainties arise regarding the correct action to comply with Bonava's values and Code of Conduct.

Bonava's SpeakUp system, a whistleblower function, makes it possible for employees and persons outside the company to anonymously report suspected deviations. This may be done online or by telephone. The system is run by an independent service provider. Deviations from the Code of Conduct and Ethical Guidelines that are reported via the whistleblower

function or other channels are investigated in accordance with an established procedure that determines who will be the responsible investigator based on the nature of, the people involved in, and the situation in question. If the investigation shows an actual deviation, measures are established that, depending on the degree of severity and existence of intent behind the deviation, could include everything from amended internal routines to formal warnings, termination of employment and/or a police report. Raising concerns about potential irregularities is encouraged as a way of helping the company, and anyone who does so has the expressed support of Bonava's top management. Whistleblower

protection is guaranteed in the Code of Conduct.

Bonava manages its financial and non-financial risks using an integrated process that is organised by the company's Risk Committee. The Risk Committee is led by Bonava's Group Head of Risk & Compliance and includes the CFO, Group Head of Legal, and Senior advisor. Every year, the Risk Committee creates an annual cycle in which all risks are evaluated. All Business Units, and the central Group functions, are involved in assessing the company's control functions for managing risks. Long-term climate risks are evaluated as part of the annual review of Bonava's sustainability agenda. The Illustra-

tion in Note S7 shows examples of scenario analyses for long-term climate risks.

Communication and training in anti-corruption policies and procedures

All of Bonava's employees undergo an online ethics training that includes guidance on anti-corruption and avoiding conflicts of interest. This is followed up on a quarterly basis to ensure that new employees do not miss this step of the onboarding process. In 2021, Bonava launched a new training format for group discussions that replaced the earlier onsite ethics training sessions that were led by the Ethics Advisors. This provides opportunities for discussions and practical experience in handling ethical dilemmas. The group discussions are led by the respective line managers. The foremost advantage of the new format is the direct interaction between managers and members of the work teams as regards the importance of ethical conduct. Through briefer, but more frequent training sessions, this facilitates increased awareness of these issues in the organisation.

The Ethical Guidelines are presented and communicated on the intranet. There are notice boards at Bonava's work sites that are used to convey information about the Code of Conduct, SpeakUp System, and the company's values.

Evaluation and results

5 (13) deviations were reported during 2023, of which 0 (5) significant deviations. The reports mainly regarded alleged misconduct by managers at Bonava. At year end 94 (94) per cent of all employees had undergone Bonava's basic training for compliance with the Code of Conduct – including guidelines for anti-corruption. Read more in Note S16.

Responsible supply chain management

Bonava partners with a large number of suppliers in the markets where we are active. These include contractors, service suppliers, and materials suppliers. Healthy, responsible partnerships are crucial to our strategy and to reaching several of the targets in our sustainability agenda, especially the climate targets. Risks in the supply chain pertaining to issues such as human rights, labour rights, environmental protection, and corruption could lead to people, the environment, and society as a whole being adversely impacted.

Bonava imposes Group-wide requirements that all suppliers that service the company's housing projects must meet. This includes requirements for systematic environmental and health, safety, environment and quality (HSEQ) work and compliance with the UN Global Compact in the form of Bonava's requirements regarding acceptable salary levels, working hours, and paid holiday, as well as requirements for responsibility for

human rights, anti-corruption and tax payments. Suppliers must also meet our requirements regarding documentation and provide Bonava with opportunities to inspect their operations. Bonava's supplier requirements also encourage suppliers to raise concerns directly with the company or through Speak-Up, our whistle-blower system, if they suspect violations of the expected standards.

Bonava is continually developing our purchasing procedures so as to achieve good governance and control of the supply chain for the long term. Changes were made in 2021 to the purchasing organisation, and as of last year the respective Business Units have been responsible for all purchases in the local markets. The framework concerning responsible supply chain management was transferred to the Business Units during last year. This ensured our capacity for managing any discrepancies promptly. In 2022, Bonava completed a comprehensive analy-

sis of risks from third parties. The purpose has been to create the foundation for a Group-wide third party risk strategy, which has subsequently been developed in 2023. Part of the risks is forced labour that is deemed to be greatest in high risk countries connected to certain material groups used in the building sector. In this initiative, based on the gap analysis that was conducted, Bonava has identified due diligence processes and other mechanisms that need to be in place and encompass aspects such as the environment and human rights to ensure that Bonava manages its third party risks in a responsible manner.

Evaluation and results

In 2023, 96 per cent of all new and renewed site-related contracts included Bonava's supplier requirement, refer to Note S17.

Transparency

The demand among internal and external stakeholders for relevant indicators to monitor sustainable development is steadily increasing. Bonava has transparently been reporting on indicators and information according to Global Reporting Initiative since 2016, which is the most recognized sustainability reporting framework. In addition, we have developed own indicators related to Happy Neighbourhoods for the many that addresses how we create positive impact as a residential developer, refer to Note S20.



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S1 Sustainability reporting principles

This is Bonava's seventh annual Sustainability Report. It forms part of Bonava's Annual Report and has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021. The locations of the Sustainability Report disclosures in the Annual Report are indicated in the GRI and UN Global Compact index; refer to pages 149–152.

The statutory Sustainability Report is found on pages 3–29, 45–47, 60–62 and 105–152. The Sustainability Report is issued by the Board of Directors and, in accordance with a decision by the Board, is assured and authorised by independent external sustainability auditors; refer to page 153.

The report includes all of Bonava's units and covers the full-year period from 1 January to 31 December 2023 and, unless otherwise indicated, this report covers the same period as the financial reporting. The Sustainability Report was published on 18 March 2023. Contact person for questions concerning this report, refer to note S22.

S2 Changes in reporting

In last year's Sustainability Report, Bonava's emissions were reported on a rolling twelve-month basis. For 2023, the emissions report follows the calendar year from 1 January to 31 December, which was the result of a more efficient data collection process compared with previous years. In and of itself, this alteration has not given rise to any major changes in the reported data.

A decision was taken in 2023 to change the scope of the external assurance of the Sustainability Report. From limited assurance, and reasonable assurance on emission data, to only limited assurance alone. As a result of the CSRD, the requirement set on Bonava going forward will be limited assurance. A decision was also taken during the year not to report to the CDP, since the focus going forward will be on compliance with the CSRD.

The operations in Norway were divested on 30 June 2023, and the operations in St. Petersburg were divested on 2 November. Unless otherwise indicated, this Sustainability Report includes data for these business units up until the dates of their divestments. Sustainability data that is presented in the front section of this report, Norway and St. Petersburg are excluded so as to reflect the financial reporting principle for discontinued operations in financial data.

S3 Materiality assessment and Stakeholder dialogue

Materiality assessment

Bonava bases its sustainability agenda on regular analysis and review of the company's material sustainability issues. The analysis starts from a Group-wide monitoring of business environment factors in various relevant areas, as well as of current or impending changes in the operations. On this basis, the need for changes to Bonava's material sustainability issues is analysed. For example, this could include issues that have become increasingly important for Bonava, or exclude issues that are no longer relevant. This process involves internal functions and units in Bonava as well as various external stakeholders, industry associations, subject matter experts, and key individuals who can assist Bonava with quality assurance of the assessment. Using this documentation, Bonava establishes the content of the company's sustainability reports.

In 2023, there was a sharp focus on both understanding the CSRD and the ESRS standards and their fundamental principles, and raising the consciousness of, involving, and creating a task force with key functions in order to analyse the consequences of the EU Directive for Bonava. A cross-function task force at the Group level was formed prior to the summer, with the Group Head of ESG Control and Reporting as project manager together with the HR, Health and Safety, Environment and Climate, Risk and Compliance, and Brand and Marketing Group functions. In partnership with the steering group, Bonava's ESG Committee, and topic-specific councils, these efforts are carried out, governed and embedded through a project plan that has been established and will also continue throughout 2024. In total, some 40 employees at Bonava are involved in the analysis of CSRD/ESRS. This effort will be carried out through workshops, continual work meetings, employees' own efforts and steering group meetings.

Bonava initiated this effort during the autumn by producing a double materiality assessment in accordance with the CSRD. As an initial step in this effort, the effect of Bonava's impact was assessed. Bonava's various Group functions have topical responsibilities linked to the various ESRS standards and are responsible for analysing Bonava's impact based on the CSRD on the company in partnership with topic-specific councils that are represented by all business units. Each topic was assessed during the autumn based on the ESRS gross list of sustainability topics. Additional more company-specific topics were also included in the assessment.

A CSRD gap assessment was also conducted to identify – and come to proposed solutions for – any gaps in Bonava's current reporting.

The findings from this initiative were presented to the steering group in December. At a sub-topic level, the assessment agrees with Bonava's current material sustainability issues. Since the CSRD is more in-depth than previous reporting standards used by Bonava,

there are more “sub-subtopics” that Bonava needs to address going forward. On a preliminary basis, Bonava needs to develop its reporting on the environment.

Bonava's financial impact will be assessed in 2024.

The preparatory work linked to the CSRD, which Bonava carried out in 2023, is not reflected in the Annual and Sustainability Report for 2023. However, Bonava's existing sustainability agenda, which is based on the materiality assessment from 2022, has been evaluated in relation to the assessment that was conducted during the autumn. The 2023 initiatives, together with the work that continued in 2024, will be fully implemented in the Annual and Sustainability Report for 2024.

Stakeholder dialogue

Bonava conducts regular dialogues with the company's key stakeholders. This dialogue continued during the year. The importance of the various stakeholders relates to how they are impacted by Bonava's operation, and how Bonava is impacted by the stakeholder and its needs.

The dialogue with Bonava's customers is conducted primarily as part of its housing projects – for example, through customer surveys and focus group discussions. Neighbouring communities are involved in the development of the neighbourhood through citizen dialogues, which often take place in conjunction with the development of a housing project. Dialogue is routinely conducted with investors and analysts through interim reporting, general meetings, capital market days, meetings and presentations. Dialogues with major existing shareholders, potential investors and banks is conducted, for example, in conjunction with green lending and new green bonds. Supplier dialogues are conducted through events such as specific supplier meetings, and collaboration with government agencies takes place through measures such as referral procedures and through industry organisations. The most important dialogue with employees takes place in day-to-day activities and regular meetings regarding development and performance planning as well as in employee surveys.

For the Sustainability Report, in addition to the above, key information is exchanged with investors, sustainability analysts at banks and external sustainability rankings to ensure that Bonava is reporting on the information being demanded. The meetings and interviews held during the year confirmed that Bonava is prioritising the right topics for our sustainability agenda and continued progress.

Bonava's material issues are listed on page 107. For a description of how governance and methods are developed in order to utilise insights from the stakeholder dialogues, refer to the respective focus areas.

Bonava chooses to recognise tax (refer to Note S18) even if it has not been identified as a material issue.

Management of material sustainability topics

	Happy neighbourhoods for the many	Embedded environmental respect	People centric culture	Governance for high performance
Bonava's impacts on the economy, environment, and people, including impacts on human rights	Bonava creates locations and environments where people thrive, and where future generations can grow up. We build more than homes – we create happy neighbourhoods for the many. This is our overall purpose and possibility to contribute to positive impact for our customers, neighbourhoods and society at large.	Bonava develop land and construct several types of homes which negatively affect the environment through carbon emissions, use of land and natural resources. Bonava endeavours to reduce the environmental and climate impact throughout the life cycle using resource-efficient residential development. Consideration for environmental and climate aspects permeates everything we do.	As developer and builder of housing, there is a risk of occupational injuries and ill health that affect people negatively. Bonava always takes a people-centric approach and can promote a positive impact by working strategically with management of health and safety within the business and supply chain. Bonava also positively contributes to society by working with diversity and a value driven workplace.	Development of housing units and residential districts includes maintaining trusting relationships with many different parties. Bonava can have a positive impact by conducting the operations with a high degree of business ethics and proper transparency. Good governance is a condition for achieving all Bonava's goals regardless of whether they are linked to profitability, health and safety, customer satisfaction, resource and climate actions, or employee engagement.
Material topics Read more on pages 106–123	<ul style="list-style-type: none"> • Customer insights • Customer satisfaction • Sustainable lifestyle 	<ul style="list-style-type: none"> • Sustainable use of land • Circular production and sound materials • Efficient buildings • Sustainability labelling 	<ul style="list-style-type: none"> • Health and safety • Value driven workplace • Diversity 	<ul style="list-style-type: none"> • Compliance • Responsible supply chain management • Transparency
Policies	<ul style="list-style-type: none"> • Happy Neighbourhoods for the many is our purpose. Consideration for our purpose permeates everything we do. 	<ul style="list-style-type: none"> • Sustainability Policy • Code of Conduct • Supplier Requirements 	<ul style="list-style-type: none"> • Sustainability Policy • Code of Conduct • Supplier Requirements 	<ul style="list-style-type: none"> • Code of Conduct • Corporate Governance Policy • Group Procedure Internal Control • Procedure on Reports of Misconduct • Supplier Requirements
Targets	<ul style="list-style-type: none"> • Net Promoter Score (NPS) Consistency 100 per cent by 2026 	<ul style="list-style-type: none"> • 50 per cent reduction, in absolute terms of scope 1 and 2 emissions, and 50 per cent reduction per production started unit within scope 3 to 2030, in line with approved Science Based Targets 	<ul style="list-style-type: none"> • Everyone Plan fulfilment ≥90% • Frequency of serious incidents = <7.1 • Engagement index = 87 	<ul style="list-style-type: none"> • Limited assurance on our sustainability report
Metrics Read more on pages 106–148	Customer satisfaction metrics such as: <ul style="list-style-type: none"> • Happy Index • Positive Neighbourhood Sustainability • Positive Home Sustainability 	<ul style="list-style-type: none"> • Emission metrics (Scope 1,2,3) • Sustainability labelling • Sustainable use of land including biodiversity • Energy efficient building • Use of material • Environmental compliance • TCFD metrics • EU Taxonomy metrics 	<ul style="list-style-type: none"> • Sick leave • Work-related injuries (LTIFR, TRIFR) • Work-related ill health • Employment metrics • Training and education • Engagement • Collective agreement • Diversity and equal opportunities, including pay 	<ul style="list-style-type: none"> • Anti-corruption and anti-competitive behaviour • Reports of misconduct • Tax • Sustainability supplier requirements • Transparent sustainability reporting
Major initiatives and activities (incl other commitments)	<ul style="list-style-type: none"> • Decentralization of Happy Neighbourhood program to business units to stay close to the customers • The analysis and action of customer related issues based on CSRD 	<ul style="list-style-type: none"> • SBTi – preparing the organisation to transition from spend-based to life-cycle assessment (LCA) approach for all completed projects 2024 • Preparing for Rebaseline of our climate targets in 2025 • The analysis and action of environmental and climate issues based on CSRD 	<ul style="list-style-type: none"> • Implementation, execution and follow up on our health and safety strategy -Everyone Plan • Implementation, execution and follow up on our People strategy • The analysis and action of people related issue based on CSRD 	<ul style="list-style-type: none"> • Adoption of a group-wide third party risk strategy • The analysis and action of business conduct issues based on CSRD
Stakeholder engagement	<ul style="list-style-type: none"> • Internally through our Customer insights council • Customer engagement through our customer survey program • Community through community dialogues in early development phases 	<ul style="list-style-type: none"> • Internally through business unit representatives in our Environment & Climate Action Council • Municipalities and land owners – investment process, building permits environmental investigations and analysis • Suppliers – development of products that can reduce our emissions or increase energy efficiency in projects • Climate experts – support on our climate transition journey and the SBTi • Bank dialogues – defining green assets • Investors and ESG ranking institutes – questionnaires and follow up 	<ul style="list-style-type: none"> • Internally through business unit representatives in our Health and Safety Council as well as our Human Resource Council • Own employees and sub contractors in supporting a safe and sound workplace • Employees through our Passionate Workplace survey, implementation of our values and performance and development reviews 	<ul style="list-style-type: none"> • Internally through our Ethics Advisors and representatives in our Legal Council • Employees through training in Our Foundation (Compliance programme) • Suppliers through our supplier requirements

S4 Memberships in external initiatives and organisations

Bonava is a member of the UN Global Compact, Transparency International Sweden's Corporate Supporters Forum and the Swedish Standards Institute (SIS).

Bonava Sweden is a member of the Sweden Green Building Council and supports the Building and Construction Sector Roadmap for a Fossil Free Sweden. Bonava Sweden is also a member of Sweden's Håll Nollan initiative and the Swedish Safety Culture Network (SÄKU), and is partner of the organisation Mitt Liv, a community-driven company that works for a more inclusive society and a labour market that values diversity.

Bonava Finland is a member of the Green Building Council Finland, including the #BuildingLife project that concerns working to achieve climate neutrality by 2035 in accordance with shared goals in the building and construction sector. Bonava Finland is also a member of the Confederation of Finnish Construction Industries RT (CFCI), which promotes participation on issues of worker protection.

During the year, Bonava in Germany became a partner of the Sustainable Concrete Leaders network, which gathers pioneers in the property industry to increase the use of sustainable concrete. Bonava in Germany is also a member of the Bauindustrieverbad industry organisation and is engaged in innovation projects to respond to challenges in sustainability, environmental protection, and climate change.

Bonava Latvia participates in the Zero Tolerance for Corruption initiative and Initiative Mission Zero, which deals with safe workplaces.

S5 Happy Index, Home and Neighbourhood Sustainability

Happy Index, 3 years and 1 year

	2023 (3 years)	2023 (1 years)	2022 (3 years)	2022 (1 year)
Germany	73	74	73	80
Sweden	76	77	79	79
Finland	78	83	80	79
Denmark	N/A	N/A	N/A	N/A
Estonia	N/A	N/A	N/A	N/A
Latvia	N/A	82	78	82
Lithuania	N/A	N/A	N/I	N/I
Discontinued operations¹⁾				
Norway	59	69	N/A	N/A
St. Petersburg	N/A	N/A	N/A	N/A

¹⁾ The data pertains to the period up until 30 June, the date on which the Norway business unit was divested. Bonava stopped measurements in the St. Petersburg business unit in 2022.

N/I = No Information
N/A = Not Applicable

Happy Index

To measure the degree of happiness in a neighbourhood, Bonava has developed and established the statistically significant Happy Index, which makes it possible to compare the degree of happiness among various groups of people, various locations, and various points in time. The measurement of the Happy Index is part of our overall customer satisfaction programme. Beginning in 2022, we have continually monitored the Happy Index for everyone moving into our homes one and three years after occupancy, respectively. The Happy Index can vary between 0 and 100.

The degree of happiness in Bonava's neighbourhoods is at a good level, with a result between 73 and 83 in the various operations that reported a result for the full year, meaning Norway and St. Petersburg excluded. We can see that the level is essentially the same among customers who moved in both one and three years ago.

There is no information for 2023 and 2022 for Denmark and St. Petersburg, since Bonava had stopped taking measurements in these countries. Owing to there being so few respondents in 2023 (1 year) in the Baltics, no data was reported for Estonia/Lithuania and Estonia/Latvia respectively (3 years). 2022 was the first year with new customers who had moved into homes in Lithuania, and no data for the three-year interval is therefore available.

Home and Neighbourhood Sustainability

	2023		2022	
	Positive Home Sustainability	Positive Neighbourhood Sustainability	Positive Home Sustainability	Positive Neighbourhood Sustainability
%				
Germany	45	32	49	40
Sweden	54	52	71	57
Finland	N/A	N/A	66	47
Denmark	N/A	N/A	N/A	N/A
Estonia	N/A	N/A	N/A	N/A
Latvia	N/A	N/A	67	58
Lithuania	N/A	N/A	N/I	N/I
Discontinued operations¹⁾				
Norway	N/A	N/A	N/A	N/A
St. Petersburg	N/A	N/A	N/A	N/A

¹⁾ The data pertains to the period up until 30 June, the date on which the Norway business unit was divested. Bonava stopped measurements in the St. Petersburg business unit in 2022.

N/I = No Information
N/A = Not Applicable

Home and Neighbourhood Sustainability

Starting in 2022, we have been monitoring customers' experiences of whether their neighbourhood and home, respectively, promote a sustainable lifestyle. The two measures are called "% Positive Neighbourhood Sustainability" and "% Positive Home Sustainability" and are defined as the proportion of customers who responded with either a 4 or a 5 on a 5-point scale. The measurements are followed up on among the customers one year after occupancy.

The results for 2023 show that on average, half of the respondents said that their home made a sustainable lifestyle possible. The results are just below half as regards to a sustainable neighbourhood. In 2023, only the Germany and Sweden business unit were included in this key metric, owing to the fact that results are produced only for business units with over 30 respondents – which was not the case for the Baltics, Norway and Finland. There is no information for 2023 and 2022 for Denmark and St. Petersburg, since Bonava had stopped taking measurements in these countries.

S6 Greenhouse gas emissions, Scopes 1–3; including emissions intensity

Results, scopes as defined for Bonava's science-based targets in line with the 1.5 °C scenario, base year 2018

	2023			2022			2021 ³⁾		
	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)
Scope 1 ¹⁾	3,245	0.24		3,569	0.22		3,086	0.20	
Scope 2 ²⁾	3,570 (5,860)	0.20		5,052 (6,809)	0.31		6,801 (7,372)	0.44	
Scope 3	355,402	24.79	286.0	477,171	29.4	187.0	731,520	47.2	147.6
	2020			2019			2018 ³⁾		
	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)
Scope 1 ¹⁾	3,209	0.19		4,114	0.27		4,996	0.36	
Scope 2 ²⁾	6,830 (7,154)	0.40		6,961 (6,555)	0.45		8,275 (7,337)	0.59	
Scope 3	711,930	41.9	124.7	729,019	47.1	163.8	791,239	56.5	122.1

¹⁾ Biogenic emissions, tCO₂e, for Scope 1 = 113 (123 for 2021; 129 for 2020; 72 for 2019; 69 for 2018). Economic intensity for 2022 should be 0.22, not 0.21.

²⁾ Market-based (location-based).

³⁾ Initially based in part on preliminary supplier reports, updated and verified at a detailed level for the CDP Reports for 2022. The numbers for 2018, 2019 and 2021 have been corrected in accordance with the respective verified CDP reports.

Comments on the results

Own operational control (scope 1–2)

The absolute scope 1 and 2 emissions shows a decrease with 21 per cent from previous year, which primarily is related to the wind down of St. Petersburg and Norway. Other reasons are less total area of started developments on greenfield land and lower number of units in the active construction stage. Greenfield land holds carbon and operations in active construction stage means purchased goods and material that accounts for a lot of emissions.

Value chain (scope 3)

The absolute scope 3 emissions show a positive trend, decrease of 26 per cent from previous year, due to lower production volumes and continuous improvement of the calculation process. The emission data quality is one of Bonava's priorities and the key to drawing data-driven conclusions. In 2022, part of the emissions from purchased goods and services which make up the biggest share of the total scope 3 emissions came from a broader and more generic classification of purchased goods and services. As of 2023, the same share of emissions has been split into more granular categories relevant to specific purchases. Also, as of 2022 Bonava continues to apply the inflation adjustment during the emission calculation.

Value chain (scope 3) per production started unit

Owing to fewer housing starts compared to the 2018 base year and year 2022, the physical intensity of Scope 3 in tons of CO₂e per housing start has further increased.

Additional disclosures on greenhouse gases

To align with the financial statement, the economic and physical intensity 2023 was calculated excluding the emissions from Norway and St. Petersburg due to divestment of the business. The absolute emissions in all scopes, however, still include the values for Norway and St. Petersburg to provide an overview of the total carbon footprint in 2023.

Before 2023, emissions from waste were reported on a year basis – waste generated from operations during the reporting year. With this approach, the activity data was available only for Sweden, Finland, and Latvia, and the rest of the data was extrapolated. Also, the approach did not allow for comparing projects between each other and developing sound metrics.

As of 2023, Bonava took the decision to report the emissions from waste on a project basis – waste generated from operations during the whole projects which were completed in the reporting year, in the same logic as for categories 'Use of Sold Products' and 'End of Life

Treatment'. With the new approach, the activity data is available for Lithuania and Estonia as well. It also allows for comparison of projects between each other and is aligned with the LCA approach that Bonava has adopted for emission calculation in the future.

Apart from the waste emission category, Bonava complies with the GHG Protocol Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for measuring and reporting greenhouse gas emissions. We have chosen to apply the operational control consolidation approach. The climate impact inventory is based on carbon dioxide equivalents (CO₂e) and includes all greenhouse gases.

The report is based on invoices, surveyed data, fuel and vehicle registers, and supplier reports. Where the supplier-specific emission factors were missing, emission factors from the data bases like DEFRA, Exiobase 3.2.8, IEA, and others were used in which the global warming potential (GWP) for one hundred years is based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (AR4 IPCC), which is the latest assessment report for climate impact potential.

For Bonava, the methodology of the Task Force on Climate-Related Financial Disclosures (TCFD) is an important part of the effort to produce relevant climate targets for our operations. We present an overview of this analysis below.

TCFD index

Governance		Strategy		Risk management		Metrics and targets	
Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page
A. The Board's oversight of climate-related risks and opportunities.	47, 60–62, 110, 126	A. Climate-related risks and opportunities that the organisation has identified.	11, 14, 112–115, 126, 128–129	A. The organisation's processes for identifying climate-related risks.	60–62, 109	A. The metrics used by the organisation to assess climate-related risks and opportunities.	20–21, 128–137
B. Management's role in assessing and managing climate-related risks and opportunities.	47	B. Impact of risks and opportunities on the organisation's business, strategy and financial planning.	17, 19–20, 28–29	B. The organisation's processes for managing climate-related risks.	61, 112–115, 126, 131	B. Scope 1, 2 and 3 under the Greenhouse Gas Protocol.	128
		C. Resilience of the organisation's strategy taking into consideration different climate-related scenarios.	112–113, 126, 130	C. Integration of the above processes into the organisation's overall risk management.	60–62	C. Targets for managing climate-related risks and opportunities.	20–21, 108, 113

Additional TCFD disclosures

			2023	2022
Balance			Closing balance (SEK M)	Closing balance (SEK M)
Financial category	Climate-related category	Metric		
Green assets	Adaptation and limitation	Total volume of green assets under Bonava's green financing framework, category Nordic Swan ecolabelled projects and energy efficiency class A or B	4,600	4,834
Green assets used for external financing	Adaptation and limitation	Green loans	-1,689	-2,068
		Green bonds	-1,200	-1,200
		Project-specific financing, Nordic Swan ecolabelled BRF projects, Sweden	-71	-792
Green assets available	Adaptation and limitation	Remaining volume of green assets under Bonava's green financing framework, category Nordic Swan ecolabelled projects and energy efficiency class A or B	1,640	774
Profit			Income/expenses (SEK M)	Income/expenses (SEK M)
Financial category	Climate-related category	Metric		
Revenue	Adaptation and limitation	Sales of 887 (2022: 706) ecolabelled housing units (share of total sales)	2,685 (20%)	3,296 (21%)
Expenses	Energy	Cost of energy purchased (electricity, heating, district cooling): 25,217 MWh, of which 10,596 MWh renewable (2022: 34,716 MWh, of which 12,386 MWh renewable)	47	74
Expenses	Fuels	Cost of fuel purchased: 801 m ³ diesel (2022: 946) and 87 m ³ petrol (2022: 115)	17	20
Expenses	Goods and services purchased	Cost of goods and services purchased with high GHG emission factor ¹	4,256	2,709

¹) High GHG emission factor, defined by Bonava as emissions factors belonging to the highest quartile of GHG emission factors in connection with input/output analysis of all completed transactions in the respective business units during Bonava's science-based targets base year (2018).

RCP = Representative greenhouse gas concentration pathways that show future paths for development according to the latest UN Intergovernmental Panel on Climate Change (IPCC) evaluation report (AR5). Climate impact by 2100 according to AR5, the IPCC's special report on 1.5°C global warming; EEA; Gisstemp/NASA and KNMI Climate Explorer.

Climate scenarios

RCP 8.5

Risks

- Challenging technical requirements for new production of housing units to withstand changed external stresses.
- Conflicts in the wake of extreme weather conditions could impact, for example, conditions for global trade and access to construction materials.
- Health and well-being of customers and employees are impacted in extreme weather situations.
- Access to land for residential development is complicated by physical effects of climate change locally and potential conflicts of interest due to a global shortage of arable land.

Opportunities

Developing homes and neighbourhoods that are adapted to manage the effects of climate change, protecting residents' health and well-being.

Financial impact

Increased costs for more technologically advanced building construction, price increases for construction material, greater guarantee costs and higher investment costs for land as well as the risk of wasteful expenditures if land that has already been invested in becomes no longer suitable for housing construction.

RCP 8.5

Greenhouse gases continue to increase at current pace

No major action

Without major climate action, global warming is predicted to be **4.9 °C¹**, but for land areas in the northern part of the world up to **11 °C¹**. With this scenario, large parts of the world will have annual average temperatures of **>29 °C**.

RCP 4.5

Greenhouse gases halved²⁾ and stabilised by 2080

Moderate actions

Relatively ambitious climate actions that do not reach the targets of the Paris Agreement. In this scenario, global warming of up to **2.6 °C¹** is predicted; the warming will be greater over land and close to the North Pole.

RCP 2.6

The greenhouse gases culminate around 2020, and subsequently decrease to become net negative before 2100

Aggressive actions

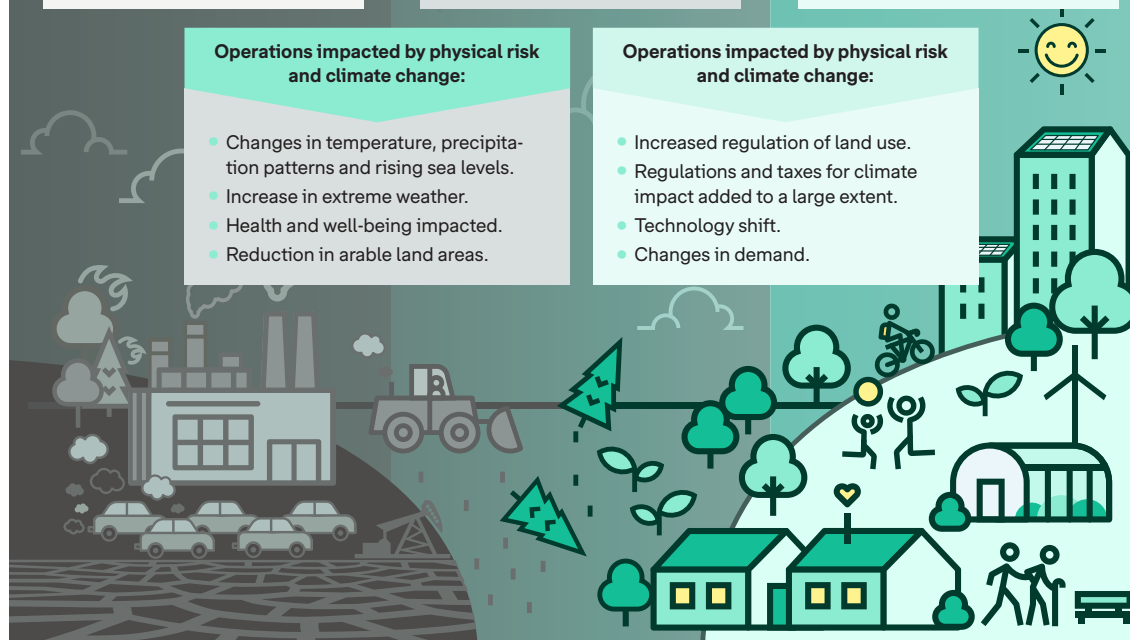
Extremely ambitious climate actions. This is the only scenario in which the goal of the Paris Agreement to limit global warming to **1.5 °C¹** is within reach. At **2 °C¹**, the number of species that loses more than half of their habitats doubles compared with **1.5 °C¹**.

Operations impacted by physical risk and climate change:

- Changes in temperature, precipitation patterns and rising sea levels.
- Increase in extreme weather.
- Health and well-being impacted.
- Reduction in arable land areas.

Operations impacted by physical risk and climate change:

- Increased regulation of land use.
- Regulations and taxes for climate impact added to a large extent.
- Technology shift.
- Changes in demand.



RCP 2.6

Risks

- Potential conflict of interest between housing construction and the carbon-capturing capacity of the land or production of, for example, biofuels.
- Taxes and laws that provide incentives and regulate to ensure a reduced climate impact change the conditions for housing production.
- Technology to help drastically reduce climate change needs to be developed promptly, since the built environment has a significant climate impact during both production and operation.
- Customer and investor demands, and increased requirements for reduced climate impact

Opportunities

Developing housing units that are climate-smart from a life-cycle perspective, in neighbourhoods with a strong capacity for capturing carbon and local cooling effects. Bonava's science-based climate targets support this scenario.

Financial impact

Access to external financing can be ensured and customer demand for housing units can be met by ensuring the operations are in line with Bonava's climate targets. Investments in the development of efficient production methods and materials can reduce future direct or indirect costs related to climate impact.

RCP 4.5: between RCP 2.6 and RCP 8.5, the scenario arises with risks from both of these development tracks being realised simultaneously.

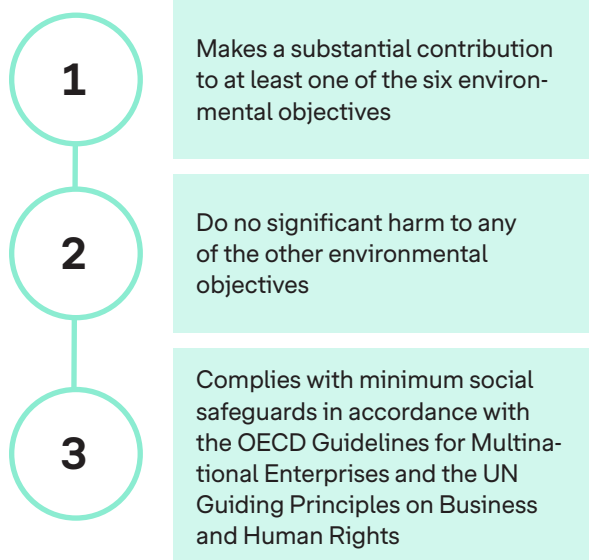
¹⁾ Compared with pre-industrial temperatures (1880–1899).

²⁾ From 2010 levels.

Sustainable in accordance with the EU Taxonomy Regulation

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into specific criteria for economic activities to fulfil for investment purposes. The Taxonomy highlights green, or environmentally sustainable, economic activities based on how well the respective activities substantially contribute to at least one of the EU's six established environmental objectives while doing no significant harm to any of the other objectives and fulfilling minimum social safeguards.

A sustainable activity as defined by the Taxonomy



The EU's six environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Economic activity eligible to the EU Taxonomy

An eligible economic activity as described in the Taxonomy has established technical screening criteria. When an economic activity is assessed as eligible, all turnover, capital expenditure and operating expenditure for the economic activity are to be reported.

Bonava's main operations fall largely under the economic activity Construction of new buildings (CCM 7.1), with a smaller portion under the economic activity Acquisition and ownership of buildings (CCM7.7) and Construction of new buildings (CE3.1).

The eligibility of the EU's new delegated acts for the remaining environmental objectives was assessed during the year. Bonava has come to the conclusion that economic activity CE3.1 is eligible under environmental objective 4 Transition to a circular economy.

Economic activity aligned with the EU Taxonomy

An eligible economic activity that, in addition, substantially contributes to at least one of the EU's environmental objectives, do no significant harm to any of the other environmental objectives, and fulfils minimum social safeguards is classified as a Taxonomy-aligned activity. All turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are to be reported for projects that are assessed to be Taxonomy-aligned.

In 2023, Bonava completed its first two Taxonomy-aligned projects in Finland for a property investor. Alignment with the technical screening criteria was assessed with the assistance of external support from a technical consulting firm with expertise in the EU Taxonomy.

In addition to support in interpreting the technical screening criteria, several investigations and assessments have been conducted with external support. These include a climate and vulnerability assessment, a life cycle assessment (LCA), a list of requirements for materials used in the project that are linked to prevention and control of pollutants and toxin-free materials, inventory of natural values, and so forth. In Finland, the Green Building Council has a workgroup that interprets the criteria of the Taxonomy, and a similar initiative is being conducted in Sweden through the Swedish Construction Federation and the taxonomy tools it has developed. These industry initiatives helped Bonava to develop a Group-wide guidance document in 2023 as support for projects that are to be Taxonomy-aligned.

The Taxonomy's criteria for minimum social safeguards were interpreted with the assistance of experts during the year. Bonava is of the opinion that the company is in compliance with these criteria Group-wide. A mapping of internal guidelines and assessments have been conducted based on the OECD Due Diligence Guidance for Responsible Business Conduct and its six steps for integrating the topics of human rights, the environment, working conditions and anti-corruption, tax and competition legislation into procedures and processes. Briefly put, these six steps involve integrating the above mentioned topics into policies, risk assessments, preventive efforts and into

reducing impact, monitoring, communication and, finally, remediation measures.

Bonava's continued work with the EU Taxonomy

As part of producing a Group-wide guidance document in 2023, gap assessments against the criteria of the Taxonomy were conducted in the respective business units. This assessment confirmed that some criteria were already being met with existing building systems and respective national legislation, but the assessment also indicated that there were gaps. For example, climate and vulnerability assessments were not necessarily being conducted in line with the criteria of the Taxonomy. This also applies, for example, to water flow in taps or waste management.

However, Bonava is equipped going forward to comply with the substantial contribution criteria for environmental objective 1 Climate change mitigation. In 2023, 69 per cent of the completed housing units that Bonava delivered were at least 10 per cent more energy efficient than the energy requirements for the respective countries.

Moreover, Bonava decided during the year to produce life cycle assessments (LCAs) for completed projects in all business units beginning in 2024, which also is a criteria in environmental objective 1.

Total sales (turnover)

Bonava's net sales (turnover) are reported in accordance with IFRS 15 Revenue from contracts with customers, and primarily comprise three revenue streams: sales of housing units for consumers, sales of housing projects to investors and – to a lesser extent – sales of land.

Eligible turnover

Bonava has established its net sales that pertain to housing units for consumers and sales of housing projects to investors as taxonomy-eligible activities. Sales of land that occurs where the land is not subject to project development are not classified as taxonomy-eligible sales since they do not pertain to new production of buildings. Turnover is defined as the sale of housing units to consumers and sales of housing projects to investors; refer to Group Note 2 under Net sales, consumers and Net sales, investors.

Total capital expenditure

Bonava's fixed assets are recognised in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property and IFRS 16 Leases. Intangible assets pertain to capitalised development expenses for IT systems. Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. Leased fixed assets pertain to premises in which Bonava conducts its operations as well as machinery and equipment (primarily vehicles and office equipment).

Eligible capital expenditure

Bonava has established that investments attributable to real estate used in business operations, right-of-use assets (buildings), machinery and equipment as well as to right-of-use assets (machinery and equipment) pertain to eligible activities. All investments are critical components for Bonava's operations and a condition for compliance with the criteria for 7.1, both so that the operations will contribute significantly to preventing climate change and comply with the criteria so as not to cause significant harm to any of the other objectives in the taxonomy.

Bonava's investments that could in and of themselves be eligible for any of the other goals of the taxonomy (besides 7.1 and 7.7) are at present not discernible.

Capital expenditure is defined as investments in fixed assets. During the year, Bonava invested in investment properties that, according to the Taxonomy, fall under 7.7 Acquisition and ownership of buildings.

Bonava does not report gross changes in right-of-use assets in its financial reports. No right-of-use assets pertaining to buildings or machinery and equipment were added during the year.

Bonava has established that investments attributable to real estate used in business operations, investment properties, right-of-use assets (buildings), machinery and equipment as well as to right-of-use assets (machinery and equipment) pertain to eligible activities. All investments are critical components for Bonava's operations and a condition for compliance with the criteria for 7.1 and 7.7, both so that the operations will contribute significantly to preventing climate change and comply with the standards so as not to cause any significant harm.

Applicable capital expenditure during the year:

- Investment properties SEK 140 M
- Right-of-use assets, Buildings SEK 15 M
- Machinery and equipment SEK 34 M
- Right-of-use assets, Machinery and equipment SEK 13 M

Refer to Group Note 10 Investment Properties under Investments, and Note 11 Property, plant and equipment under Investments for Real estate used in business operations and Machinery and equipment.

Total OpEx

Since IFRS lacks clear guidance for which costs are to be regarded as business-related operating expenses, the term "operating expenditure" is not found in Bonava's financial reporting. Under the taxonomy, total operating expenditure consists of expenditure for research and development that is expensed during the period; renovation of buildings (owned or leased); expenditure for repairs and maintenance of property, plant and equipment (owned or leased); other direct expenditures

such as service pertaining to routine maintenance of property, plant and equipment that is required to ensure the regular function of these assets; and expensed lease payments linked to short-term leases.

Eligible OpEx

Bonava conducts no research and development, and has no short-term leases. Bonava has defined operating expenditure as maintenance costs attributable to owned and leased buildings. Examples of these expenditures include renovation of buildings; maintenance and repairs; and other direct costs that are required for efficient daily operation of Bonava's property, plant and equipment. Bonava's operation and maintenance expenditures that could in and of themselves be eligible for any of the other objectives of the taxonomy (besides 7.1 and 7.7) are at present not discernible.

Changes since the previous year

Economic activity 3.1 Construction of new buildings, under environmental objective 4 Transition to a circular economy, became applicable after the EU launched the new delegated acts for the remaining environmental objectives. Taxonomy-aligned turnover was also added during the year through the two Finnish projects that a property investor ordered and purchased.

Voluntary additional disclosures

Bonava's primary investment pertains to housing and property projects. The majority of Bonava's property holdings are designated as housing projects and recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. The presentation of Bonava's housing projects is divided into property held for future development, ongoing housing projects and completed housing units, all of which are deemed to meet the criteria for eligible activities under 7.1. Investments in property held for future development, ongoing housing projects, and current assets are recognised under IFRS as completed housing units and are therefore not included in the Taxonomy's definition of capital expenditure. The Taxonomy's definition of capital expenditure contains only intangible assets (excluding goodwill) and property, plant and equipment. If, on the other hand, current assets (Bonava's property projects in the balance sheet) are included as capital expenditure in accordance with the following table, 100 per cent of these investments would fall under the taxonomy.

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Proportion of Taxonomy-aligned economic activities

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosures for 2023

Financial year 2023	2023			Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)						Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible turnover (A.2.), 2022	Category (enabling activity)	Category (transitional activity)
	Code(s)	Turn-over	Proportion of Turnover 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity				
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Economic activities		SEK M	%																
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Construction of new buildings	CCM7.1	332	3%	Y	N/EL	N/EL	N/EL	N	N/EL	-	Y	Y	Y	Y	Y	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		332	3%	3%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0%		
Of which, enabling																			
Of which, transitional																			
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM7.1, CE3.1	12,847	97%	EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,847	97%	97%	-	-	-	-	-										
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		13,179	99%	99%	-	-	-	-	-										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		90	1%																
Total		13,269	100%																

Proportion of turnover/ Total turnover	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	3%	99%
CCA	-	-
WTR	-	-
CE	-	99%
PPC	-	-
BIO	-	-

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities – disclosures for 2023

Financial year 2023		2023		Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)											
	Code(s)	Capital expenditure	Proportion of capital expenditure 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible capital expenditure (A.2.), 2022	Category (enabling activity)	Category (transitional activity)		
		SEK M	%	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T		
Economic activities																					
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
		-	-														0%				
Of which, enabling																					
Of which, transitional																					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
				EL	EL;	EL;	EL;	EL;	EL;												
				N/EL	N/EL	N/EL	N/EL	N/EL	N/EL												
Construction of new buildings		CCM7.1, CE3.1	61	30%	EL	N/EL	N/EL	N/EL	EL	N/EL								27%			
Acquisition and ownership of buildings		CCM7.7	140	69%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								71%			
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			202	100%	100%	-	-	-	-	-								98%			
A. Capital expenditure for Taxonomy-eligible activities (A.1+A.2)			202	100%	100%	-	-	-	-	-								98%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Capital expenditure of Taxonomy-non-eligible activities (B)		1	0%																		
Total		203	100%																		

Proportion of capital expenditure/ Total capital expenditure	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	100%
CCA	-	-
WTR	-	-
CE	-	100%
PPC	-	-
BIO	-	-

Proportion of operating expenditure from products or services associated with Taxonomy-aligned economic activities – disclosures for 2023																						
Financial year 2023	2023			Substantial contribution criteria						Does Not Significantly Harm criteria (DNSH)						Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible operating expenditure (A.2.), 2022	Category (enabling activity)	Category (transitional activity)			
	Code(s)	Operating expenditure	Proportion of operating expenditure, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity							
Economic activities	SEK M		%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Operating expenditure for environmentally sustainable activities (Taxonomy-aligned) (A.1)				-	-															0%		
Of which, enabling																						
Of which, transitional																						
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL													
Construction of new buildings	CCM7.1; CE3.1	8	100%	EL	N/EL	N/EL	N/EL	EL	N/EL								100%					
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				8	100%	100%	-	-	-	-								100%				
A. Operating expenditure for Taxonomy-eligible activities (A.1+A.2)				8	100%	100%	-	-	-	-								100%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Operating expenditure of Taxonomy-non-eligible activities (B)				-	-																	
Total				8	100%																	

Proportion of operating expenditure/Total operating expenditure	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	100%
CCA	-	-
WTR	-	-
CE	-	100%
PPC	-	-
BIO	-	-

S9 Sustainable use of land

Selection of indicators for sustainable use of land

Key performance indicators	2023	2022	2021
Of which, previously developed, %	56	47	47
Of which, previously undeveloped, %	44	47	53
Land remediation (of total), ha	13 (74)	8 (36)	12 (56)
Proportion of projects with significant initiatives aimed at preserving ecological values, %	44	29	20
Number of protected species affected	6	10	8

Comments on the results

The disclosure on land remediation pertains to land remediation carried out for all projects completed during the year. The corresponding area pertaining to total land developed is shown in brackets.

There are six protected species affected by projects for which Bonava was granted permission to start construction during the year. Two of these have not been specified (one of which is a bat) and it is therefore not possible to classify these species according to the IUCN Red List; the unspecified species pertain to a German project.

Of the four species that have been classified, none require protection above the lowest category (Least Concern) under the IUCN classification. These species are: the common pipistrelle (*Pipistrellus pipistrellus*), the house sparrow (*Passer domesticus*), the European green toad (*Bufo viridis*), which was found at two projects in Germany, and the common swift (*Apus apus*), which was found at one project together with the two species that could not be specified.

Primary examples of preservation efforts for these and other ecological values are the creation of breeding sites and housing, and planting trees. The protected species were identified, and compensatory measures taken, only at the projects in Germany.

S10 Use of materials

The table shows a breakdown by category of the materials needed to build all the housing units that Bonava started constructing during the year, both materials purchased by Bonava directly and materials purchased by contractors and subcontractors. The model is built on information from construction and purchasing calculations as well as for extrapolation for some markets based on selected representative type buildings. LCA data was used in some projects to increase the precision of the data and adjust the reporting method. LCAs are currently being developed for all our projects, which will gradually serve us as a shared tool for analysing and comparing the use of materials in terms of GHGs as well as resource and cost efficiency.

Comments on the results

Variation in the types and scope of Bonava's housing projects impacts the volumes of the various materials used. Construction blocks made from calcareous sandstone are used primarily in Germany and the Baltics. The construction of several buildings using the hybrid construction method that is employed in the Baltics resulted in a reduction in the use of construction blocks and plaster. Improved ground conditions and the development of fewer housing units with underground parking promoted a reduction in the use of concrete in the Baltics. A general reduction in volumes of materials from previous years is due to there being fewer projects.

Materials used by weight or volume

Materials	2023		2022		2021	
	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area
Concrete (m ³)	54,200	24.9	99,639	34.7	111,739	24.9
Prefabricated concrete elements (m ³)	52,894	24.3	37,507	13.1	114,937	25.6
Construction blocks (m ³)	23,324	10.7	55,076	19.2	123,553	27.5
Plaster (m ³)	3,812	1.7	19,317	6.7	28,311	6.3
Insulation (m ³)	25,836	11.8	65,425	22.8	125,644	28.0
Steel (metric tons)	7,246	3.3	14,244	5.0	16,574	3.7
Wood (metric tonnes)	975	0.4	2,351	0.8	4,205	0.9

Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the building regulations, in the table below.

Housing starts

	Bonava's energy performance, kWh/m ²			Energy performance requirement, kWh/m ²			Better than requirement, %		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Germany	29	37	32	44	41	47	35	10	32
Sweden	61	57	63	76	79	83	19	29	24
Finland	65	68	85	90	79	90	28	14	6
Denmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Estonia	119	115	117	125	121	115	5	5	1
Latvia	44	38	37	64	43	47	31	13	29
Lithuania	102	102	N/A	191	191	N/A	46	46	N/A
Discontinued operations¹⁾									
Norway	N/A	111	88	N/A	123	95	N/A	10	8
St. Petersburg	N/A	N/A	67	N/A	N/A	99	N/A	N/A	32

¹⁾ The data pertains to the period up until the date of divestment for the business units. There were no housing starts in these countries during the year.

N/A = Not Applicable

Comments on the results

For 2023, the proportion of housing units with energy performance more than 10 per cent lower than requirements is reported for Completed housing units instead of Housing starts as in previous years. The reason for this is to align the metric with the EU Taxonomy's criterion in environmental objective 1, which requires the primary energy demand for a completed building to be 10 per cent lower than the nearly zero-energy building (NZEB) requirements. The average result for 2023 shows that 69 per cent of all completed housing units in Bonava have an energy performance over 10 per cent lower than the requirement. There is no comparison figure, since the definition was changed from previous years.

Comparing Bonava's energy performance individually by country year-to-year does not need to be comparable, since it depends on the mix of building types and sizes that comprise the value of the energy performance.

Completed housing units

	Proportion of housing units with energy performance more than 10 per cent lower than requirements, % ¹⁾	Bonava's energy performance, kWh/m ²			Energy performance requirement, kWh/m ²			Better than requirement, %		
		2023	2023	2022	2021	2023	2022	2021	2023	2022
Germany	65	38	41	37	50	44	48	25	7	22
Sweden	94	58	69	68	82	83	86	28	17	21
Finland	65	81	81	82	92	90	90	12	10	10
Denmark	N/A	N/A	26	27	N/A	33	33	N/A	10	18
Estonia	0	118	114	123	121	122	124	3	8	1
Latvia	87	30	38	39	42	48	57	29	19	32
Lithuania	N/A	N/A	99	N/A	N/A	164	N/A	N/A	40	N/A
Discontinued operations ²⁾										
Norway	N/A	N/A	93	92	N/A	95	95	N/A	2	2
St. Petersburg	100	64	67	59	99	99	97	36	32	39

¹⁾ In 2023, "Proportion of housing units with energy performance more than 10 per cent lower than requirements, %" was monitored for completed housing units instead of housing starts.

²⁾ The data pertains to the period up until the date of divestment of the business units. No housing units were completed in Norway during the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November.

N/A = Not Applicable

Work-related injuries

	Number of work-related injuries ¹⁾						Work-related injuries, frequency, lost time ²⁾						Work-related injuries, frequency, total ³⁾			Number of severe incidents ⁶⁾		Frequency of severe incidents ⁶⁾⁷⁾	
	2023 ⁴⁾	2023 ⁵⁾	2022 ⁴⁾	2022 ⁵⁾	2021 ⁴⁾	2021 ⁵⁾	2023 ⁴⁾	2023 ⁵⁾	2022 ⁴⁾	2022 ⁵⁾	2021 ⁴⁾	2021 ⁵⁾	2023 ⁴⁾	2022 ⁴⁾	2021 ⁴⁾	2023 ⁴⁾	2022 ⁴⁾	2023 ⁴⁾	2022 ⁴⁾
Germany	27	9	30	10	26	6	6.8	5.8	7.2	5.6	6.3	3.4	7.4	7.2	6.3	23	30	5.8	7.2
Sweden ⁶⁾	4	0	5	0	7	1	5.4	0	5.1	0	7.6	2	8.1	8.2	10.8	3	7	4.1	7.1
Finland	10	0	17	1	21	1	14.4	0	16.9	2.6	24.2	2.7	17.3	24.9	27.7	10	26	14.4	25.9
Denmark	0	0	7	0	4	0	0	0	37.1	0	10.6	0	28.6	37.1	10.6	0	32	N/A	N/A
Baltics	2	1	2	1	3	2	1.6	2.3	1.4	1.9	2.7	6.4	3.2	4.2	8.1	14	42	11.2	29.1
Discontinued operations⁹⁾																			
Norway	0	0	1	1	4	0	0	0	3.1	7.5	7.21	0	0	9.3	10.8	0	8	N/A	24.7
St. Petersburg	1	0	2	1	1	1	2.6	0	1.6	2.0	0.8	1.8	2.6	1.6	0.8	1	10	N/A	N/A
Total	44	10	64	14	66	11	6.2	3.4	6.8	3.6	7.2	3.0	7.4	8.6	8.7	51	155	7.5	14.3

¹⁾ Number of work-related injuries leading to sick leave (LTI).

²⁾ Number of work-related injuries leading to sick leave, per million hours worked (LTIFR).

³⁾ Total number of work-related injuries requiring visits to health care or adjustment of work tasks (without working days lost) and those leading to sick leave, per million hours worked (TRIFR).

⁴⁾ Employees and contractors under Bonava's site management.

⁵⁾ Bonava's employees.

⁶⁾ Severe incidents according to Bonava's definition, which includes all types of injuries as well as severe incidents with either more than 3 days of sick leave and/or potential consequence 4 or 5 and/or a risk score of 10 or above.

⁷⁾ Frequency of severe incidents includes business units not divested.

⁸⁾ The data pertains to the period up until the date of divestment of the business units. No housing units were completed in Norway during the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November.

⁹⁾ Apart from the frequency of severe incidents, the data pertains to the period up until the date the business units were divested. Norway was divested on 30 June and St. Petersburg was divested on 2 November. There was no production in Denmark in 2023.

N/A = Not Applicable

Comments on the results

No work-related fatalities have occurred during the period in which Bonava has existed as an independent company, meaning since its listing in 2016.

The number of work-related injuries (LTI) decreased from 64 in 2022 to 44 in 2023. The decrease is attributable largely to divested business units, a general decrease in the number of projects and fewer employees as a result of reorganisations. There was no production remaining in Denmark in 2023. The greatest decrease in injuries was seen in Finland.

The most common type of workplace injuries are cuts, sprains/dislocations/strains and crushing or other soft tissue injuries, which normally arise from falls from the same level (stumbling, slipping), contact with sharp objects and injuries caused by hand-held tools. The body parts most often injured are: fingers, feet/ankles, and hands/wrists.

The frequency of the total number of work-related injuries (TRIFR) reported is higher than the frequency of injuries resulting in sick leave

(LTIFR), which is a positive development. This means, on the one hand, that injuries were tended to in a way that enabled sick leave to be avoided, and on the other hand, that the routines for reporting and categorising different types of injuries are effective. TRIFT consists largely of LTI. Efforts to increase reporting of injuries that do not result in sick leave are continuing.

Since 2022, Bonava has been measuring severe incidents that include injuries (with or without sick leave) and near misses. Bonava's definition is based on injuries leading to 4 or more days of sick leave and/or link to actual or potential risk with consequence (4 or 5) and/or risk score of over 10. Bonava uses a 5-by-5 risk matrix to estimate the potential consequences and likelihood that an identified type of incident will occur again. The risk figure is estimated as a potential consequence multiplied by the likelihood. The risk classification is more or less subjective, but are used to prioritize efforts and focus on the most serious risks.

The outcome in 2022 of the frequency of severe incidents was 14.3 (excluding St. Petersburg and Denmark) and was 7.5 for 2023

(excluding Norway, St. Petersburg and Denmark). The frequency of severe incidents is estimated as the number of severe incidents as defined by Bonava per million hours worked. The number of severe incidents has been monitored for all operations, even discontinued operations, and we have noted a drastic reduction from 155 in 2022 to 51 in 2023. The decrease is attributable largely to divested business units and a general decrease in the number of projects, with a larger number of projects in 2023 also being in the final phase, which means fewer high-risk tasks. There was no production remaining in Denmark in 2023. There was also a decrease in reported near misses.

The efforts with the new measurements have enabled a sharper focus and quality in the investigation and management of incidents based on the degree of severity. This has enabled better assessments and prioritisation of Bonava's efforts. The results of these efforts are noticeable above all in the Baltics and Finland.

Work-related ill health

	Sick leave (%) ¹⁾			Work-related ill health, cases ²⁾			Work-related ill health, frequency ³⁾		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Germany	8.32(N/I)	8.40 (N/I)	6.52 (N/I)	(N/I)	N/I	N/I	N/I	N/I	N/I
Sweden ⁴⁾	2.61 (0.6)	2.83 (0.5)	2.19 (0.4)	7	11	7	19.9	22.9	14.1
Finland	3.16(N/I)	3.31 (0.03)	1.92 (0.4)	(N/I)	N/I	5	N/I	N/I	13.4
Denmark	1.23 (0)	1.73 (0)	1.62 (0)	0	0	0	0	0	0
Baltics	3.21 (0)	3.48 (0.003)	1.54 (0.1)	0	0	0	0	0	0
Discontinued operations⁵⁾									
Norway	8.93 (0)	4.53 (3.0)	2.58 (0.1)	0	8	3	0	60.2	13.4
St. Petersburg	2.67 (0)	3.44 (0.01)	3.15 (0.04)	0	0	0	0	0	0
Total	5.84 (0.1)	5.64 (0.2)	4.28 (0.1)	7	19	15	2.4	4.9	4

¹⁾ Number of hours of sick leave, both work-related and non-work related, in relation to total hours worked, Bonava employees (of which sick leave due in part or in full to work-related injuries and/or ill-health).

²⁾ Number of cases of wholly or partially work-related ill health, Bonava employees.

³⁾ Number of wholly or partially work-related ill-health reported per million hours worked (LTILFR), Bonava employees.

⁴⁾ The Group function has been included in the data for Sweden.

⁵⁾ The data pertains to the period up until the day the business units were divested. Norway was divested on 30 June and St. Petersburg was divested on 2 November.

N/I = No Information

Comments on the results

The figures for sick leave show greater levels of sick leave in countries where Bonava has its own “blue collar” workers, meaning in Germany and Latvia, where the work is performed physically on site.

The proportion of hours of sick leave owing to work-related illness are measured and monitored primarily in Sweden, which explains the outcome in Denmark, the Baltics and St. Petersburg. There were seven cases reported in 2023, of which three were cases that were reported in 2022 but continued into the year. The number of cases of work-related illnesses decreased in 2023, with the decrease coming primarily from Norway, which was divested during the year. The cases reported were primarily symptoms of burnout and cases linked to stress that to some extent was work-related.

Decisions were made during the year to start a proactive health initiative in Sweden in 2024 to, together with an external partner, monitor our current status and improve proactive health initiatives through, for example, personal coaching.

Bonava does not report work-related ill health in Germany and Finland, since information on the causes of sick leave cannot be recorded there. Nor do we have access to data related to sick leave for contractor employees. Wholly or partially work-related sick leave, in brackets in the table above, includes sick leave resulting from injuries and/or illness.

The greatest risks for work-related illnesses, identified through Bonava's anonymous Passionate Workplace Surveys as well as the occupational health and safety risk assessments conducted in Sweden, are having a heavy workload and lack of clarity on responsibilities and authority. The most important measure during the year to reduce workload and increase clarity on work tasks was strengthening the performance and development process for employees. Bonava also implemented new values in 2023, which was preceded by a comprehensive analysis.

Bonava's anonymous Passionate Workplace Survey shows that Bonava has a high level of engagement, but that the reorganisations and challenging market that characterised 2023 led to lower levels of energy and motivation. It is felt that leadership and team efficiency have remained good, and that the atmosphere has remained highly inclusive.

Everyone Plan fulfilment, and reported hazards and near misses

	% Everyone Plan fulfilment		Number of reported hazards		Number of reported near misses ³⁾		Frequency of reported hazards ⁴⁾		Frequency of reported near misses ³⁾⁴⁾		Number of reported audits and inspections		Frequency of reported audits and inspections ⁴⁾	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Germany	92	88	17	3	0	6	4	1	0	1	1,798	2,060	456	493
Sweden ¹⁾	93 / 72	93	71	222	2	17	96	226	3	17	94	200	127	204
Finland	93	90	6,424	4,797	9	21	9,280	4,776	13	21	591	1,039	854	1,034
Denmark	N/A	N/A	0	208	0	43	0	1,104	0	228	0	10	0	53
Baltics	100	92	2,200	1,974	17	51	1,762	1,369	14	35	846	744	678	516
Discontinued operations²⁾														
Norway	N/A	83	18	429	0	12	255	1326	0	37	8	96	113	96
St. Petersburg	N/A	N/A	118	655	1	8	304	524	3	6	5	70	13	56
Total	90	89	8,848	8,288	29	158	1,243	885	4	17	3,342	4,219	470	451

¹⁾ The Group function has been included in the data for Sweden, with the exception of "% Everyone Plan fulfilment 2023", since the Sweden business unit and Group function are reported separately.

The Group function did not have an Everyone Plan in 2022.

²⁾ The data pertains to the period up until the day the business units were divested. Norway was divested on 30 June and St. Petersburg was divested on 2 November.

³⁾ Near miss reporting for 2022 does not include Covid cases.

⁴⁾ Number of reports per million hours worked.

N/A = Not Applicable

Comments on the results

As part of Bonava's health and safety strategy, we are working on proactive indicators. Our primary proactive figure, and one of Bonava's key figures, is Everyone Plan fulfilment.

The outcome for Everyone Plan 2023 was 90 per cent fulfilment of improvement activities in the respective business unit plans. Also new for 2023 is that Bonava's Group function also has a plan for health and safety-related improvement initiatives. Examples of improvement activities that took place during the year:

- Training of key individuals in the Baltics and Finland business units in investigations of and problem-solving for severe incidents in accordance with Bonava's revised procedures,
- integration of health and safety as part of early-stage decisions in the Germany business unit,
- leadership engagement as part of local safety rounds in the Sweden business unit, and
- implementation of annual risk assessments in each team in Bonava's Group function as part of the proactive efforts.

8,848 hazards (8,288) were reported in 2023, which is in line with the results from previous year. The number of hazards comes both from the shared reporting system and from a separate reporting system in Finland, which has not yet implemented the shared system for reporting hazards.

The number of cases reported in 2023 increased in both the Baltics and Finland. Part of this increase is due to goals set for the creation of reporting routines and training the organisation in why reporting risks is important. The decrease in hazards in Sweden is attributable in part to fewer projects and organisational changes.

The low number of hazards reported in Germany is attributable to that focus is still on following up health and safety through planned inspections in which hazards are also identified. Efforts in implementing hazards reporting locally in the organisation as part of systematic daily health and safety initiatives and in overall strategic activities will continue. The reported hazards 2023 was done during November to December.

Reporting of near misses decreased drastically during the year to 29 in 2023, down from 158 in 2022. The decrease is attributable largely to divested business units and a general decrease in the number of projects. There was no production remaining in Denmark in

2023. Another reason that has been identified is the need for training in differences between a near miss and a hazard, as well as how these should be reported.

To a great extent, all business areas, especially in the Finland, Germany and Baltics business units, are continuing to monitor their health and safety initiatives through various types of inspections such as TR audits and manager safety audits. Manager safety audits have been a focus, with good results, above all in the Baltics and Germany.

Number of employees by occupational category at year end

Occupational category	Salaried employees						Skilled workers					
	Total		Women		Men		Women		Men			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Germany	Permanent, full time	762	884	231	268	392	463	0	0	139	153	
	Permanent, part time	65	80	55	65	10	15	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	48	66	15	22	30	41	0	0	3	3	
	Temporary, part time	2	2	1	0	1	2	0	0	0	0	
Sweden	Permanent, full time	148	271	80	130	68	137	0	0	0	4	
	Permanent, part time	2	8	2	6	0	1	0	0	0	1	
	Line consultants, full time	13	15	6	5	7	10	0	0	0	0	
	Line consultants, part time	8	13	5	9	3	4	0	0	0	0	
	Temporary, full time	1	4	1	3	0	1	0	0	0	0	
	Temporary, part time	0	1	0	0	0	1	0	0	0	0	
Finland	Permanent, full time	124	200	43	74	81	126	0	0	0	0	
	Permanent, part time	3	1	1	1	2	0	0	0	0	0	
	Line consultants, full time	0	3	0	1	0	2	0	0	0	0	
	Line consultants, part time	1	0	1	0	0	0	0	0	0	0	
	Temporary, full time	3	7	2	5	1	2	0	0	0	0	
	Temporary, part time	0	2	0	2	0	0	0	0	0	0	
Denmark	Permanent, full time	7	25	4	8	3	17	0	0	0	0	
	Permanent, part time	1	2	1	2	0	0	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	0	1	0	0	0	1	0	0	0	0	
	Temporary, part time	1	0	0	0	1	0	0	0	0	0	

¹⁾ Employee data is intended to reflect how the organisation looked at the end of the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November 2023, after which the data for 2023 is not applicable.

N/A = Not Applicable

Additional disclosures regarding number of employees

Employee data is intended to reflect how the organisation looked at the end of the year. Since the business units in Norway and St. Petersburg were divested during the year, the employee data was excluded from these business units. All disclosures on the number of employees are compiled using information directly from Bonava's Group-

wide HR system; no assumptions are made. We use the same definitions for all business units so as to ensure uniformity. Information in the Sustainability Report regarding employees is based on numbers and does not include students and interns, whereas line consultants (external consultants who fill an established role in Bonava's line organisation) and apprentices are reported. This definition of

Occupational category	Salaried employees						Skilled workers					
	Total		Women		Men		Women		Men			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Baltics	Permanent, full time	218	271	74	89	102	136	4	5	38	41	
	Permanent, part time	7	11	5	8	2	3	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	3	3	0	1	0	0	1	0	2	2	
	Temporary, part time	0	2	0	2	0	0	0	0	0	0	
Discontinued operations ¹⁾												
Norway	Permanent, full time	N/A	70	N/A	27	N/A	43	N/A	0	N/A	0	
	Permanent, part time	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	
	Line consultants, full time	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	
	Line consultants, part time	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	
	Temporary, full time	N/A	2	N/A	0	N/A	2	N/A	0	N/A	0	
	Temporary, part time	N/A	0	N/A	0	N/A	0	N/A	0	N/A	0	
St. Petersburg	Permanent, full time	N/A	136	N/A	74	N/A	47	N/A	1	N/A	14	
	Permanent, part time	N/A	1	N/A	1	N/A	0	N/A	0	N/A	0	
	Line consultants, full time	N/A	3	N/A	2	N/A	1	N/A	0	N/A	0	
	Line consultants, part time	N/A	4	N/A	1	N/A	3	N/A	0	N/A	0	
	Temporary, full time	N/A	92	N/A	16	N/A	22	N/A	16	N/A	38	
	Temporary, part time	N/A	2	N/A	1	N/A	1	N/A	0	N/A	0	
Total	Permanent, full time	1,259	1,857	432	670	646	969	4	6	177	212	
	Permanent, part time	78	103	64	83	14	19	0	0	0	1	
	Line consultants, full time	13	21	6	8	7	13	0	0	0	0	
	Line consultants, part time	9	17	6	10	3	7	0	0	0	0	
	Temporary, full time	55	175	18	47	31	69	1	16	5	43	
	Temporary, part time	3	9	1	5	2	4	0	0	0	0	

employee thus differs somewhat from the data reported in Note 4 for the Group, where line consultants and apprentices are not reported and the information is based on full-time equivalents. To make the tables more easily comprehensible, only one comparison year is reported for employee-related metrics. See previous annual reports for more comparison years.

The decrease in the number of hours worked is attributable largely to reorganisations, divested business units and a general decrease in the number of projects. There was no production remaining in Denmark in 2023. Hours worked for contractors under Bonava's site management come from systems for recording workplace attendance except Germany, where the hours are based on invoices and were the same as for 2022. Hours worked for own employees are based on information from the salary management systems.

Millions of hours worked

	Contractors under Bonava's site management		Own employees	
	2023	2022	2023	2022
Germany	2.40	2.40	1.54	1.77
Sweden ¹⁾	0.39	0.50	0.35	0.48
Finland	0.39	0.62	0.30	0.39
Denmark	0	0.12	0.03	0.07
Baltics	0.81	0.93	0.44	0.52
Discontinued operations²⁾				
Norway	0.01	0.19	0.06	0.13
St. Petersburg	0.14	0.75	0.25	0.50
Total	4.14	5.50	2.98	3.86

¹⁾ The Group function has been included in the data for Sweden

²⁾ The data pertains to the period up until the date of divestment of the business units. Norway was divested on 30 June and St. Petersburg was divested on 2 November.

New employee hires and employee turnover, summary¹⁾

	Number in 2023	Proportion of entire staff, %	Number in 2022	Proportion of entire staff, %
New employees	43	3	249	11
Terminations	447	33	463	21

¹⁾ Does not include fixed-term employment (line consultants and temporary employment).

Comments on the results

In 2023, 43 new employees started working at Bonava and 447 employees concluded their employment. A reduced workforce and new recruitments in 2023 were due to the prevailing challenging market situation. A majority of all new employees participated in Bonava's Global Onboarding Days, which were held digitally.

New employee hires and employee turnover, by age group and gender¹⁾

		<30 years						30–50 years				>50 years			
		Total		Women		Men		Women		Men		Women		Men	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Germany	New employees	1	71	0	11	0	6	0	14	1	29	0	2	0	9
	Terminations	147	94	7	8	6	4	32	15	53	34	11	3	38	30
Sweden	New employees	10	35	1	1	0	4	6	16	2	10	1	3	0	1
	Terminations	114	84	1	4	1	3	36	33	43	20	13	8	20	16
Finland	New employees	4	32	0	2	0	9	3	5	1	10	0	1	0	5
	Terminations	81	61	8	3	3	5	18	19	28	21	6	6	18	7
Denmark	New employees	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Terminations	19	10	0	0	0	1	0	1	9	5	5	0	5	3
Baltics	New employees	28	81	12	12	3	14	3	20	13	30	0	1	5	4
	Terminations	86	59	3	3	12	8	20	14	33	24	2	1	13	9
Discontinued operations²⁾															
Norway	New employees	N/A	8	N/A	0	N/A	1	N/A	4	N/A	2	N/A	0	N/A	1
	Terminations	N/A	19	N/A	1	N/A	0	N/A	6	N/A	10	N/A	1	N/A	1
St. Petersburg	New employees	N/A	22	N/A	4	N/A	1	N/A	7	N/A	7	N/A	0	N/A	3
	Terminations	N/A	136	N/A	21	N/A	9	N/A	59	N/A	40	N/A	1	N/A	6

¹⁾ Does not include fixed-term employment (line consultants and temporary employment). Employee data is intended to reflect how the organisation looked at the end of the year.

²⁾ Employee data is intended to reflect how the organisation looked at the end of the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November 2023, after which the data for 2023 is not applicable

N/A = Not Applicable

S14 Diversity

Diversity on the Board of Directors and Executive Management Group, and among employees

	<30 years				30–50 years				>50 years			
	Women		Men		Women		Men		Women		Men	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Board of Directors	0	0	0	0	0	0	2	1	4	3	4	3
Executive Management Group	0	0	0	0	0	2	0	1	3	2	4	4
Salaried employees	58	134	72	148	326	494	397	611	129	173	220	297
Skilled workers	0	1	12	17	1	7	65	105	4	14	105	134
Line consultants	1	6	0	6	8	10	8	8	3	2	2	6

Comments on the results

Bonava has an equal distribution between men and women on the Board of Directors and in the Executive Management Group. The category of skilled employees still stands out, with few women workers. This is changing slowly, due primarily to the industry structure in the geographical markets where Bonava has employed skilled workers. In order of size, these markets are: Germany and the Baltics. In Germany, where most of Bonava's skilled workers are employed, there are few skilled women workers to hire. Diversity as regards ethnic origin, sexual orientation, disability or religion cannot and should not be monitored with data from the employee database.

S15 Employees covered by collective agreements

Proportion of employees covered by collective agreements, %

	2023	2022
Germany	94	94
Sweden	100	100
Finland	54	55
Denmark	0	0
Baltics	0	0
Discontinued operations¹⁾		
Norway	N/A	0
St. Petersburg	N/A	0

¹⁾ Employee data is intended to reflect how the organisation looked at the end of the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November 2023, after which the data for 2023 is not applicable.

N/A = Not Applicable

Additional disclosures

In the countries where Bonava has employees who are covered by collective bargaining agreements, the working conditions and terms of employment for those employees not covered are based on the same agreements that cover the other employees, with certain exceptions for senior executives.

S16 Compliance

Reported deviations	2023		2022		2021	
	Number	Comment consequence	Number	Comment consequence	Number	Comment consequence
Bonava SpeakUp	4		8		3	
Other channels	1		5		7	
Total no. of reports	5		13		10	
Of which, significant deviations:	0		5	Three employees terminated, three formal warnings	4	Four employees terminated
Of which, deemed groundless or not significant enough for formal consequences following investigation:	5		8		6	
Of which, legal action against competition-restricting practices or significant sanctions for breaches of current laws and regulations	0		0		0	

Comments on the results

5 (13) deviations were reported in 2023, of which 0 (5) were significant deviations.

Additional disclosures

Apart from the results linked to reporting of deviations, Bonava monitors the proportion of employees who have undergone basic training linked to the Code of Conduct, including guidelines for anti-corruption. At the end of 2023, 94 per cent (94) of all employees had undergone the training. New employees who have not undergone training are reminded both by the system itself and by their respective managers.

Compliance regarding environmental incidents is also monitored.

In 2023, 32 environmental incidents (57) were reported through Bonava's Group-wide system support for risk management and reporting of incidents concerning the environment, health and safety. All reports consisted of minor deviations from procedures or incidents without lasting damage to the environment, which resulted in corrections and communications measures.

New and renewed agreements in 2023 with Bonava's Supplier Requirements included

	2023	
	Number of new and renewed project-related contracts with supplier requirements included	Proportion of new and renewed project-related contracts with supplier requirements included, %
Germany	919	100
Sweden	53	100
Finland	163	100
Denmark ¹⁾	N/A	N/A
Estonia	71	99
Latvia	112	90
Lithuania	50	90
Discontinued operations²⁾		
Norway	N/A	N/A
St. Petersburg	N/I	N/I

¹⁾ Denmark did not have any operations in 2023.

²⁾ Norway was divested on 30 June 2023 and did not have any operations during the year. St. Petersburg was divested on 2 November 2023 and there is no data.

N/I = No Information

N/A = Not Applicable

Comments on the results

Bonava sets requirements on suppliers through the company's Supplier Requirements. These requirements contain criteria linked to the environment and the climate, health and safety, human rights and anti-corruption. For 2023, the average number of new and renewed project-related contracts with included Supplier Requirements was 96 per cent.

For 2023, the definition of this metric was changed to monitor new and renewed project-related agreements. The range of suppliers has been reduced compared with previous years when all suppliers were included. Suppliers with the greatest risk linked to a negative impact on people and the environment are now included. This makes comparisons with data from previous years difficult.

The greatest risk of third-party risks and impact on the environment and people is found among contractors and subcontractors in projects as well as materials suppliers, according to the comprehensive third-party risk assessment that was conducted in 2022, where all business units contributed to the assessment.

New contracts signed during 2022 and 2021, with approved Bonava Supplier Requirements review

	2022		2021	
	Number of reviews	Proportion of total value, new contracts, %	Number of reviews	Proportion of total value, new contracts, %
Nordics ¹⁾	770	100	396	100
Germany	1,310	100	833	100
St. Petersburg and the Baltics	611	92	125	100

¹⁾ Denmark did not have any operations in 2022.

Even if the 2023 results indicate that our suppliers and contractors accept our Supplier Requirements to a high degree, Bonava is aware that follow up of the requirements is necessary to ensure that they are followed. A third-party strategy was adopted in 2023 that will be implemented in the business units with start from 2024, which entails Bonava following up the requirements it has set on its suppliers through its Supplier Requirements annex.

Additional disclosures

The metric for 2023, 2022 and 2021 are reported separately due to the redefinition of the key figure. This is for purposes of transparency, but also to demonstrate previous monitoring of suppliers.

Bonava's mandatory routines for tax management ensure that we:

- Comply with applicable tax legislation in all countries where we operate.
- Conduct ourselves in accordance with the OECD's transfer pricing guidelines.
- Maintain transparent relationships with tax agencies in all countries where we operate.
- Do not avoid taxation through artificial and aggressive tax schemes.

Our business units report to and consult with Group Head of Taxation Issues. Checks to ensure that no tax risks or inaccuracies arise in any business unit are integrated into our process and the risk management system, which is led by Bonava's Head of Risk and Compliance. The efficiency of tax-related checks is evaluated by Bonava's Risk Committee together with the Head of Taxation Issues.

Approach, governance and organisation

Bonava's commitment to sustainable tax management (see above) is reflected in its mandatory tax procedures, which are established by the CEO. These procedures are revised on a regular basis and apply to all of the Group's business units. Bonava's Head of Taxation Issues is responsible for these procedures and has overall responsibility for Bonava's tax strategy, assessment of tax-related risks and internal pricing. Our business units are responsible for managing ongoing tax-related issues and risks, including collaboration with local tax authorities. Specific inquiries from other external stakeholders – the media, for example – are managed with support from the Head of Taxation Issues. The business units escalate to the Head of Taxation Issues in situations with increased tax-related risks. If there are suspicions that Bonava's commitments to sustainable tax management are not being complied with, this is taken up directly with the Head of Taxation Issues or alternately reported anonymously through Bonava's SpeakUp whistle-blower system for further investigation.

Bonava presents an overview of total taxes – both its own and collected – broken down by market to show how Bonava contributes to these countries' tax revenue. Since 2020 we have been supplementing this report with information from country-by-country reporting in accordance with OECD guidelines. Bonava compiles a report of this type every year for the Swedish Tax Agency, and the country-by-country table below provides information from the latest published report (i.e., pertaining to the 2022 financial year), whereas other taxes and fees are recognised as paid and collected during 2023.

Bonava's country-by-country reporting, and total tax contribution (SEK M)³⁾

Tax domicile	Germany			Sweden			Finland		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Time period for information									
No. of companies in the Bonava Group	12	12	11	90	90	101	1	1	1
External revenue ¹⁾	N/I	7,849	7,359	N/I	3,059	2,933	N/I	1,759	1,842
Internal revenue ¹⁾	N/I	5,679	4,543	N/I	807	507	N/I	11	11
Profit before tax ¹⁾	N/I	707	900	N/I	90	858	N/I	78	9
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	11,167	9,875	N/I	1,795	1,515	N/I	2,405	2,250
Income tax paid ¹⁾	N/I	143	200	N/I	34	0	N/I	0	0
Accrued income tax for the year ¹⁾	N/I	140	132	N/I	1,470	7	N/I	0	0
Other own and collected taxes:									
Property tax, paid	4	4	4	6	5	5	4	7	7
Transfer tax, paid	134	93	63	7	15	15	1	5	5
Social security contributions, paid ²⁾	152	153	139	87	102	98	3	3	3
Other taxes, paid	1	1	1	0	0	0	0	0	0
VAT, collected	-52	-39	-17	116	240	412	191	229	167
Employee withholding taxes, collected	127	145	124	88	107	103	52	54	51
Tax domicile	Denmark			Estonia			Latvia		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Time period for information									
No. of companies in the Bonava Group	1	2	4	3	2	2	2	1	1
External revenue ¹⁾	N/I	612	1,148	N/I	336	370	N/I	376	386
Internal revenue ¹⁾	N/I	6	11	N/I	7	4	N/I	8	6
Profit before tax ¹⁾	N/I	38	128	N/I	40	38	N/I	53	55
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	0	177	N/I	471	367	N/I	601	390
Income tax paid ¹⁾	N/I	0	0	N/I	0	0	N/I	0	0
Accrued income tax for the year ¹⁾	N/I	-7	-1	N/I	0	0	N/I	0	0
Other own and collected taxes:									
Property tax, paid	0	2	1	0	0	0	3	2	2
Transfer tax, paid	0	0	0	0	0		0	2	1
Social security contributions, paid ²⁾	0	0	1	14	13	9	13	12	9
Other taxes, paid	0	0	0	1	1	0	3	5	2
VAT, collected	-12	45	-35	-10	5	6	88	45	70
Employee withholding taxes, collected	21	26	28	9	8	6	18	16	12

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2022 will be reported by 31 December 2023 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

³⁾ In 2022, N/I was mistakenly reported for all countries instead of the correct data in "Bonava's country-by-country reporting" except for "Number of companies in the Bonava Group" when the data was available.

N/I = No Information N/A = Not Applicable

S18 Tax, cont.
Bonava's country-by-country reporting, and total tax contribution (SEK M)³⁾

Tax domicile Time period for information	Lithuania			Discontinued operations ³⁾ Norway			St. Petersburg		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
No. of companies in the Bonava Group	1	1	1	0	27	22	0	3	3
External revenue ¹⁾	N/I	119	0	N/I	1,668	583	N/I	559	803
Internal revenue ¹⁾	N/I	0	0	N/I	0	83	N/I	12	16
Profit before tax ¹⁾	N/I	9	-52	N/I	68	-118	N/I	77	222
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	113	10	N/I	2,519	2,250	N/I	1,533	964
Income tax paid ¹⁾	N/I	0	0	N/I	5	9	N/I	42	50
Accrued income tax for the year ¹⁾	N/I	2	1	N/I	37	2	N/I	31	44
Other own and collected taxes:									
Property tax, paid	0	0	0	0	1	2	N/A	N/A	3
Transfer tax, paid	0	0	0	0	3	0	N/A	N/A	0
Social security contributions, paid ²⁾	0	0	0	0	13	11	N/A	N/A	14
Other taxes, paid	0	0	0	0	0	0	N/A	N/A	0
VAT, collected	-16	12	0	0	20	12	N/A	N/A	0
Employee withholding taxes, collected	7	6	3	0	27	23	N/A	N/A	8

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2022 will be reported by 31 December 2023 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

³⁾ In 2022, N/I was mistakenly reported for all countries instead of the correct data in "Bonava's country-by-country reporting" except for "Number of companies in the Bonava Group" when the data was available.

N/I = No Information N/A = Not Applicable

Comments on the results

We disclose the annual country-by-country account of income tax that is reported to the Swedish Tax Agency. The information for 2023 will therefore not be available until the country-by-country account has been submitted to the Tax Agency at the end of 2024. The difference between income tax reported and what the tax would have been if only local tax rates had been applied consists of non-deductible expenses, non-taxable revenues and the tax effect resulting from non-capitalised tax loss carry-forwards.

Additional disclosures on tax

The information applies to all the business units in the Bonava Group, and the number of companies is indicated in the table on the left.

S19 Ratio, annual total compensation
Ratio, annual total compensation for the organisation's highest-paid individual against the median wage for all employees (excluding the highest-paid individual)

	Title of highest-paid individual	2023	2022	Change in ratio, %
Germany	BU President	6.6	6.7	-2.6
Sweden	CEO	10.7	10.9	-1.4
Finland	BU President	3.5	3.6	-0.1
Denmark	Managing Director	1.8	1.8	0.0
Estonia, Latvia & Lithuania	Country Manager	4.0	4.0	0.0
Discontinued operations¹⁾				
Norway	Region Manager	N/A	2.4	N/A
St. Petersburg	Country Manager	N/A	10.4	N/A

¹⁾ Employee data is intended to reflect how the organisation looked at the end of the year. Norway was divested on 30 June and St. Petersburg was divested on 2 November 2023, after which the data for 2023 is not applicable.

N/A = Not Applicable

Comments on the results

The ratio decreased slightly in Sweden and Germany during the year. The fixed salary for highest paid individual is compared to median fixed salary for all employees (excluding the highest paid individual). Permanent employees on payroll at year end in each country is included in reporting. Full-time equivalent (FTE) pay rates are used for part-time employee. Bonava reports by country since a comparison within the same currency and same market conditions is more relevant. Bonava is aware that the ratio does not reflect the total compensation package for the company's employees, since only fixed salary has been included. The remuneration report in Bonava's annual report shows compensation in absolute figures of CEO and the management team.

S20 Transparency

In addition to our statutory sustainability report, Bonava aims to annually report its progress under the GRI Universal Standards 2021 and the UN Global Compact. Bonava also reports in accordance with the OECD Guidelines for Multinational Enterprises. Read about Happy Index and Home and Neighbourhood Sustainability, Bonava's internal measurement indicators, on pages 18 and 111, and in Note S5.

By using the systematic methods described in the principles of the GRI Standards, Bonava works continuously with follow-up and transparency in its reporting. To further ensure quality in its reporting, Bonava has its Annual Report and Sustainability Report externally audited in accordance with the ISAE 3000 and RevR12 standards.

Additional disclosures, Bonava indicator

The indicator is intended to provide an account of Bonava's presentation of its Sustainability Report. The definition for the indicator comprises current legal requirements for sustainability reporting, the GRI Universal Standards 2021 for the relevant indicators and reporting requirements for the UN Global Compact.

S21 SDG mapping against Bonava's targets

Strategic targets	Global SDGs that Bonava contributes most to	Relevant targets for the main goal	Other enabling and/or overlapping targets
Profitability			3.9, 4.4, 4.7, 5.1, 5.5, 6.4, 6.6,
Capital efficiency			7.2, 7.3, 9.5, 10.2,
Healthy and safe workplace	8,	8.2, 8.4, 8.5, 8.6, 8.7, 8.8,	12.2, 12.4, 12.5, 12.8,
Employee engagement	11,	11.1, 11.3, 11.6, 11.7,	14.1,
Customer satisfaction	13	13.1, 13.2, 13.3	15.5,
Combat climate change			16.5 16.7,
			17.1, 17.16, 17.17, 17.19

Above is a summary of how Bonava promotes the UN Sustainable Development Goals. For more information, read the Sustainability Report in its entirety.

Relevant targets for the main goals:	How Bonava contributes:
	8.2 Promote economic productivity through diversification, technological innovation and upgrades
	8.4 Improve resource efficiency in consumption and production
Decent work and economic growth	8.5 Employment and decent work, and equal pay for all women and men
	8.6 Promote employment, education or training for youth
	8.7 Eradicate modern slavery, human trafficking and child labour
	8.8 Protect labour rights and promote safe and secure working environments for all workers
Sustainable cities and communities	11.1 Ensure affordable housing
	11.3 Enhance inclusive and sustainable urbanisation
	11.6 Reduce the environmental impact of cities
	11.7 Provide access to safe and inclusive green and public spaces
Combat climate change	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
	13.2 Integrate climate change measures into national policies, strategies and planning
	13.3 Improve education, awareness and capacity on climate change mitigation and adaptation

Other enabling and/or overlapping relevant targets

Good health and well-being	3.9	Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
	4.4	Increase the number of individuals with relevant skills for employment and decent jobs
Quality education	4.7	Education that ensures that all learners acquire the knowledge and skills needed to promote sustainable development
	5.1	Eradicate discrimination against women and girls
Gender equality	5.5	Ensure women's full participation and equal opportunities for leadership and decision-making
	6.4	Increase water-use efficiency and safe water supply
Clean water and sanitation	6.6	Protect and restore water-related ecosystems
	7.2	Increase the proportion of renewable energy
Affordable and clean energy	7.3	Double the increase in energy efficiency
	9.5	Enhance scientific research and upgrade the technological capabilities of industrial sectors
Industry, innovation and infrastructure	10.2	Promote social, economic and political inclusion
	12.2	Sustainable management and use of natural resources
Responsible consumption and production	12.4	Sound management of chemicals and wastes
	12.5	Reduce waste generation through prevention, reduction, recycling and reuse
	12.8	Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles
Life below water	14.1	Reduce marine pollution
Life on land	15.5	Take action to reduce the degradation of natural habitats and halt biodiversity loss
Peace, justice and strong institutions	16.5	Combat corruption and bribery
	16.7	Ensure responsive, inclusive, and representative decision-making
	17.1	Strengthen domestic capacity for tax and other revenue collection
Partnerships for the goals	17.16	Enhance the global partnership for sustainable development with multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources
	17.17	Encourage effective partnerships
	17.19	Develop measurements of progress towards sustainable development

For more information about Bonava's sustainability initiatives and reporting, contact:

Daniel Oppenheim
 Group Head of ESG Control and Reporting
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 Tel. +46 8 409 544 00

GRI index

Statement on use	Bonava hereby submits its report in accordance with GRI Universal Standards 2021 for the period 1 January–31 December 2023.
GRI 1 Standard	GRI 1: Foundation 2021
GRI Sector Standard	As yet, no sector standards are available for Bonava's industry.

GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
GRI 2: General Disclosures 2021	2-1	Organizational details	53	A greyed-out cell indicates that departures are not permitted.
	2-2	Entities included in the organization's sustainability reporting	125	
	2-3	Reporting period, frequency and contact point	125, 148	
	2-4	Restatements of information	125	
	2-5	External assurance	153	
	2-6	Activities, value chain and other business relationships	3–5, 18, 109, 111, 123	
	2-7	Employees	141–142	
	2-8	Workers who are not employees	141–142	
	2-9	Governance structure and composition	41–49	Deviation for under-represented social groups
	2-10	Nomination and selection of the highest governance body	41–42	
	2-11	Chair of the highest governance body	43, 48	
	2-12	Role of the highest governance body in overseeing the management of impacts	47, 110	
	2-13	Delegation of responsibility for managing impacts	47, 110	
	2-14	Role of the highest governance body in sustainability reporting	47, 110	
	2-15	Conflicts of interest	47, 110, 121	
	2-16	Communication of critical concerns	43, 47, 110	
	2-17	Collective knowledge of the highest governance body	48, 110	
	2-18	Evaluation of the performance of the highest governance body	44, 110	
	2-19	Remuneration policies	44–45	
	2-20	Process to determine remuneration	44–45	
	2-21	Annual total compensation ratio	146	Deviation: The calculation model deviates in 2022 and 2023.
	2-22	Statement on sustainable development strategy	11, 17, 19	
	2-23	Policy commitments	44–45, 121–123, 131	
	2-24	Embedding policy commitments	107, 110, 121–123	
	2-25	Process to remediate negative impacts	131	
	2-26	Mechanisms for seeking advice and raising concerns	121–123	
	2-27	Compliance with laws and regulations	143	
	2-28	Membership of associations	127	
	2-29	Approach to stakeholder engagement	107, 109, 125	
	2-30	Collective bargaining agreements	143	

GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
GRI 3: Material Topics 2021	3-1	Process to determine material topics	125	A greyed-out cell indicates that departures are not permitted.
	3-2	List of material topics	106	
Material Topics				
Happy neighbourhoods for the many				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 17, 18, 111, 126, 127	
Happy neighbourhoods	Part of 102-43/44	Routines for customer satisfaction, including results of customer satisfaction surveys	18, 111, 126	
Embedded environmental respect				
Sustainable use of land				
GRI 3: Material Topics 2021	3-3	Management of material topics	108, 109, 112–115, 126	
GRI 304: Biodiversity 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	136	
Land degradation, contamination and remediation	G4-CRE5	Land remediation	114, 136	
Circular production and sound materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 112, 114, 126	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	136	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	108, 110, 115	
Efficient buildings				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 112, 115, 126	
Energy	G4CRE1	Building energy intensity	137	
Greenhouse gas emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 20–21, 112–114, 126	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	113, 128	
	305-2	Energy indirect (Scope 2) GHG emissions	113, 128	
	305-3	Other indirect (Scope 3) GHG emissions	113–114, 128	
	305-4	GHG emissions intensity	113, 128	

GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
People-centric culture				
Health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 10-21, 116-120, 126	
GRI 403: Occupational Health and Safety 2018	403-1 – 7	All mandatory disclosures	116-118	
	403-8	Workers covered by an occupational health and safety management system	116-118, 138-142	
	403-9, 10	Work-related injuries and ill health	138-140	Deviation: For reasons of confidentiality, data for contractors and employees in Germany and Finland pertaining to work-related ill health is not available.
Value-driven workplace				
GRI 3: Material Topics 2021	3-3	Management of material topics	20-21, 116, 119-120, 126	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	142	
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	119-120	
Passionate Workplace	Own	Commitment and loyalty	119-120	
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	116, 120, 126	Deviation: The issue of diversity is governed from an internal perspective; information for the entire value chain is absent.
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	120, 143	
Governance for high performance				
Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	121-123, 126, 143	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	110, 122, 143	Information, but not mandatory training for board members.
	205-3	Confirmed incidents of corruption and actions taken	143	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	143	
Responsible supply chain management				
GRI 3: Material Topics 2021	3-3	Management of material topics	123, 126	
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	123	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	123	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	123	
Transparency				
GRI 3: Material Topics 2021	3-3	Management of material topics	123, 126	
	Own	Transparent sustainability reporting	147	

UN Global Compact

Mapping against UN Global Compact		Page
Human Rights		
<i>Principle 1</i>	Businesses should support and respect the protection of internationally proclaimed human rights; and	121–123
<i>Principle 2</i>	make sure they are not complicit in human rights abuses.	109, 121–123
Labour		
<i>Principle 3</i>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	143
<i>Principle 4</i>	the elimination of all forms of forced and compulsory labour;	121–123
<i>Principle 5</i>	the effective abolition of child labour; and	121–123
<i>Principle 6</i>	the elimination of discrimination in respect of employment and occupation.	120, 121–123
Environment		
<i>Principle 7</i>	Businesses should support a precautionary approach to environmental challenges;	112
<i>Principle 8</i>	undertake initiatives to promote greater environmental responsibility; and	112–115
<i>Principle 9</i>	encourage the development and diffusion of environmentally friendly technologies.	112–115
Anti-corruption		
<i>Principle 10</i>	Businesses should work against corruption in all its forms, including extortion and bribery.	121–123

Auditor's Limited Assurance Report on Bonava AB's Sustainability Report and statement on the Statutory Sustainability Report

To the annual meeting of shareholders of Bonava AB (publ), corporate identity number 556928-0380

Introduction

We have been engaged by the Board and group management of Bonava AB (publ) ("Bonava") to undertake a limited assurance of Bonava's Sustainability Report for the year 2023. The company has defined the scope of its sustainability report on page 55, which also constitutes the statutory sustainability report.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 125 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability

report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Bonava according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

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

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

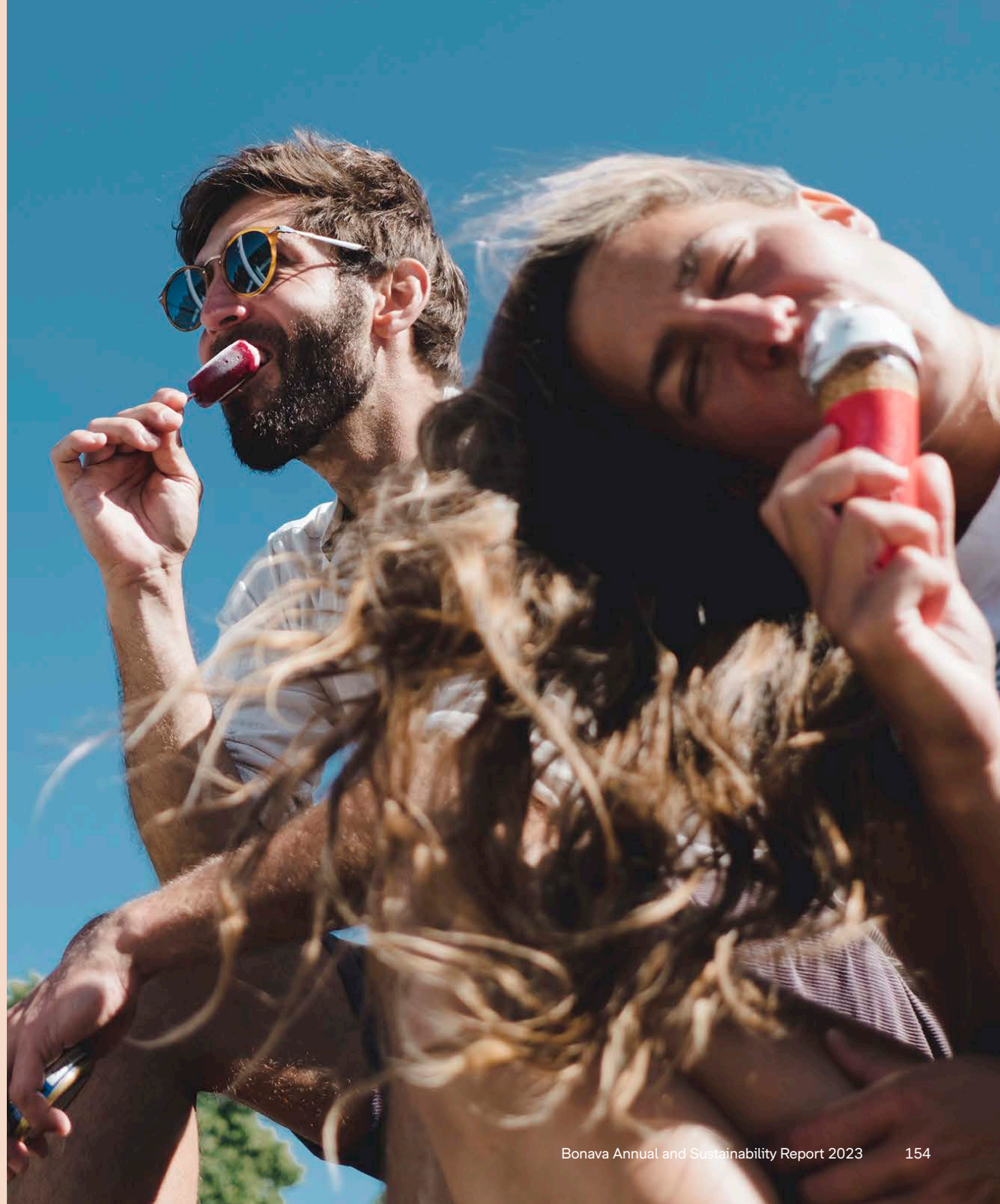
A Statutory Sustainability Report has been prepared.

Stockholm, 15 March 2024
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Isabelle Hammarström
Sustainability Expert,
Member of FAR

Other information



Capital structure and financing

Residential development is a capital-intensive business, and in Bonava's balance sheet there are assets in the form of land and ongoing housing projects that require financing. In several of Bonava's markets, most payments are not received until the homes are delivered to customers. This imposes requirements on how we manage the Group's liquidity, financing and financial risks. Bonava's operations are financed in local currency with internal loans from Bonava's Treasury Department. Bonava's main source of liquidity is cash flow from operating activities and borrowing from external creditors.

The Group's financial risks are regulated by a Finance Policy and are managed centrally. More information about financial risk management can be found in Note 24 for the Group.

Green financing

Bonava has a green financing framework since 2020, which is a further building block in Bonava's ambitious sustainability agenda. Through the framework, Bonava can issue bonds

and raise loans using the proceeds to fund sustainable residential development with the aim of promoting positive environmental effects. The green assets have comprised of land and projects in Sweden, Finland and Germany to be certified under the Nordic Swan Ecolabel or with a certain energy classification. More information concerning the green financing framework can be found on Bonava.com and in the in-depth sustainability information on page 110.

Long-term debt financing

In 2023 Bonava had a revolving credit facility (RCF) with a limit of SEK 3 Bn with Danske bank, Handelsbanken, Nordea, OP Bank, SEB and Swedbank, all of which participate with equal shares. The credit facility had a maturity date in January 2025. The facility acts as a back-up facility for Bonava's commercial paper programme, and also to raise loans. In 2023 the use of commercial paper market have been limited.

Bonava also had loan agreements with the Swedish Export Credit Corporation (Svensk Exportkredit, SEK) regarding

four fixed-term loans totalling EUR 100 M, with maturity dates in 2025, 2026 and 2027. In addition, Bonava had loan agreements with commercial banks.

All loans had interest at a floating rate, and the terms and conditions included covenants linked to the equity/assets ratio and interest coverage ratio. In 2023 Bonava renegotiated the RCF and all term loan. All loans will be paid out in 2024 with a maturity date in 2027 and will replace all existing facilities and loan agreements.

Corporate bonds

Bonava had SEK 1,200 M in green corporate bond outstanding, with a maturity date in March 2024. The bond is listed on the Nasdaq Sustainable Bond List and initially fund projects under the Nordic Swan Ecolabel. In January 2024 the bond was prolonged with three year with a new maturity date in 2027.

Commercial paper

In 2023 Bonava had a Swedish commercial paper programme of SEK 3 Bn. The programme was registered with Euroclear and could be utilised in either SEK or EUR. The issuing agents was Danske Bank, SEB, Svenska Handelsbanken and Swedbank. There was also a commercial paper programme of EUR 250 M in Finland for the purpose of diversifying the Group's financing sources to include an additional capital market.

The RCF of SEK 3 Bn described above also functions as a back-up facility for commercial paper outstanding under both programmes, in the event that the market for commercial paper is unavailable when borrowing is needed.

More information can be found in the "Commercial paper" information brochure and in the presentation for investors in commercial paper at bonava.com.

Short-term financing

In 2023 Bonava had credit limits with banks in the form of confirmed 364-day overdraft facilities. There was also a possibility to raise money market loans, without committed credit.

Financing as of 31 December 2023

Loan type	Currency	Limit	Maturity date	Interest base	Utilised amount	Unutilised amount
Overdraft facilities	SEK M	649	< 1 year	Floating	0	649
Commercial paper, Sweden	SEK M	3,000	< 1 year	Floating	0	3,000
Commercial paper, Finland*	EUR M	250	< 1 year	Floating	0	250
Corporate bonds	SEK M	1,200	< 1 year	Floating	1,200	0
Loan	NOK M	500	< 1 year	Floating	500	0
Revolving credit facility (RCF)*	SEK M	3,000	< 1 year	Floating	1,689	1,311
Loan	EUR M	20	< 1 year	Floating	20	0
Loan	EUR M	30	< 1 year	Floating	30	0
Credit facility	EUR M	30	< 1 year	Floating	15	15
Loan	EUR M	30	< 1 year	Floating	30	0
Loan	EUR M	30	< 1 year	Floating	30	0
Loan	EUR M	20	< 1 year	Floating	20	0

* Commercial paper is included in both the utilised amount for the RCF and the unutilised amount for commercial paper in Finland

The table details Bonava AB's financing frames. In addition, there are unutilised contractual credit frames for projects in Swedish tenant-owner associations and Finnish housing companies. There is also the possibility to raise money market loans, without committed credit.

Project-specific financing for tenant-owner associations and housing companies

In Sweden and Finland, Bonava sells housing units in the form of tenant-owner associations and housing companies respectively, which are established when the housing projects start. The funding of these projects during the construction period is partly from Bonava Treasury and partly in the form of project financing from banks, wherein the loans are paid out in pace with construction. The tenant-owner associations or housing companies act as borrowers. These loans are consolidated in Bonava's consolidated balance sheet, since Bonava considers itself to have controlling influence over tenant-owner associations and housing companies during the production period. Accordingly, this causes Bonava's net debt to increase.

Guarantees

Bonava's customers pay advances and for that they receive surety for the completion of their home, for example as an bank guarantee. In Germany for example the customer pay advances in seven installments as their home is being constructed. Advance payments provide an advantage because some of the construction can be financed with these cash flows.

Apart from surety requirements for advance payments, some markets also require surety for completion, wherein guarantees may be issued by banks or credit insurers which creates high demand for credit limits for this purpose. Collateral can also take the form of guarantees issued by a Group company.

Seasonal variations affect net debt

Bonava's operations exhibit significant seasonal variations, which is also reflected in its net debt. In the first three quarters of the year, borrowing usually increases as many projects are started and there are many housing units in production. In the fourth quarter, many housing units are handed over to customers, which normally generates cash inflows that are used to reduce debt accumulated over the year. In addition to starting projects and housing units being handed over to customers Bonava's net debt also is affected by acquiring land and divestment of land. These transactions are not affected by seasonal variations.

The diagrams below illustrate how assets, cash flow and net debt progress between quarters, and the proportion of borrowing comprising financing of tenant-owner associations and housing companies.

Specification of net debt	2023	2022
Non-current interest-bearing receivables ¹⁾	582	2
Current interest-bearing receivables ¹⁾	108	18
Cash and cash equivalents	180	303
Interest-bearing receivables	870	324
Non-current interest-bearing liabilities	227	4,050
Current interest-bearing liabilities	5,594	3,533
Interest-bearing liabilities ²⁾	5,821	7,583
Net debt	4,951	7,259
Of which St. Petersburg ³⁾	0	275

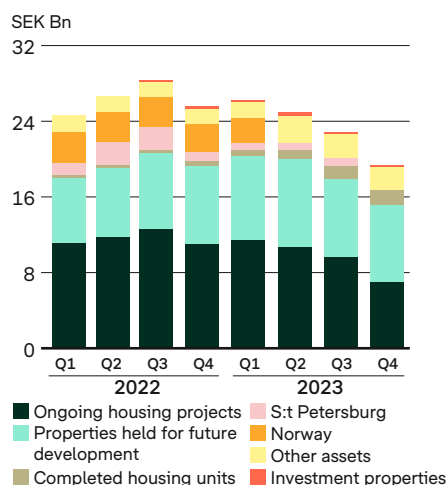
¹⁾ Vendor notes that have been issued to the buyer of the Norwegian operations are included in long-term and current interest-bearing receivables. See further Note 8.

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

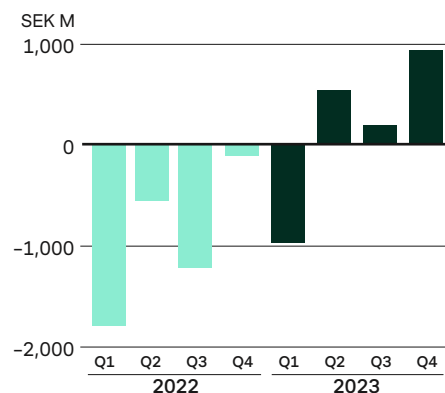
³⁾ The operations in St. Petersburg have been reported as discontinued operations. See Note 28.

Share of net debt pertaining to tenant-owner associations and housing companies	2023	2022
Cash and cash equivalents	13	17
Gross debt	816	1,767
Net debt in tenant-owner associations and housing companies	803	1,751

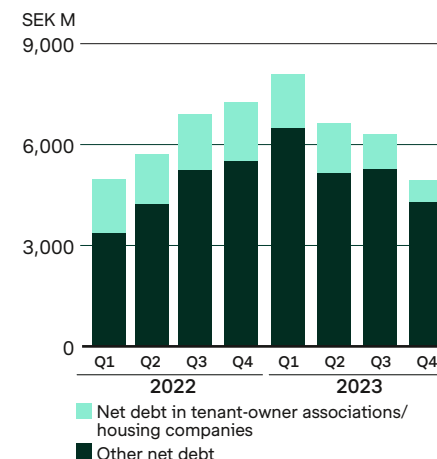
Allocation of assets in the balance sheet



Cash flow before financing



Net debt



Varying payment models and cash flows in our markets

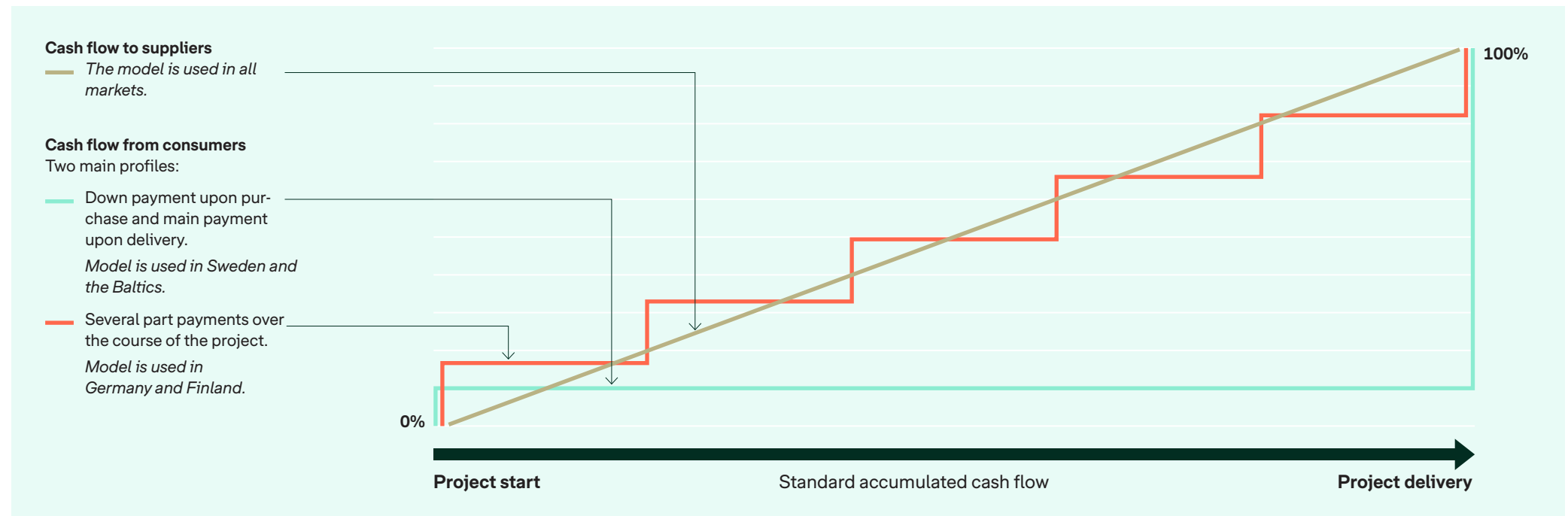
Payment models and cash flows among Bonava's markets and customer segments differ. The cash flow profile from consumer transactions differs among Bonava's markets, while the structure for the cash flow from investor transactions is negotiated between the parties on a transaction-by-transaction basis in all markets.

Regulations and traditions vary among Bonava's markets and thus the consumer segments have differing cash flow profiles. In Germany, customers make several partial payments in accordance with the applicable regulations. This means that our capital employed in projects is low during ongoing production. Finland has a similar payment model. In Sweden and the Baltics, customers make a small down payment at the start of the project while the main payment is made on delivery of the home.

This requires a considerably higher level of capital employed during production.

Some payments to suppliers are made prior to the start of production, for example for land and architectural services. Payments for material and contractors are made on an ongoing basis during the construction period and may occasionally also continue after delivery to the customer, for example, for putting the finishing touches to the neighbourhood.

Cash flow profile for consumer transactions in Bonava's markets



The Bonava share and shareholders

The Bonava share has been listed on Nasdaq Stockholm since 9 June 2016. Since January 2021, the share is included in the Mid Cap segment. Bonava has two share classes, Class A and Class B, which both trade on Nasdaq Stockholm. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on 31 December 2023, divided among 108,435,822 shares and 208,829,760 votes. Bonava had 11,154,882 Class A shares and 97,280,940 Class B shares. Read more about the share capital performance at www.bonava.com/en/investor-relations/share.

Owners and ownership structure

Bonava had 30,385 shareholders at the end of the year. The largest shareholder, Nordstjernan AB, controlled 49.4 per cent of the votes and 24.5 per cent of the capital. No other shareholder, directly or indirectly, holds more than 10 per cent of the shares

in Bonava (votes or capital). At the end of the year, Swedish institutions and companies owned 49.9 per cent of the capital and 65.2 per cent of the votes. Foreign ownership amounted to 19.5 per cent.

Progress during the year

During the year, Bonava's Class B share declined 55.37 per cent, while OMXSPI rose 15.48 per cent during the same period. The closing price on 29 December 2023 was SEK 13.25 per Class A share and SEK 13.13 per Class B share, corresponding to a market capitalisation of SEK 1.4 Bn.

Share turnover and trading

The average daily turnover for the Class B share for the year was 755,935 shares. Bonava's Class B shares were traded on multiple marketplaces, of which Nasdaq Stockholm represented 55.64 per cent of turnover.

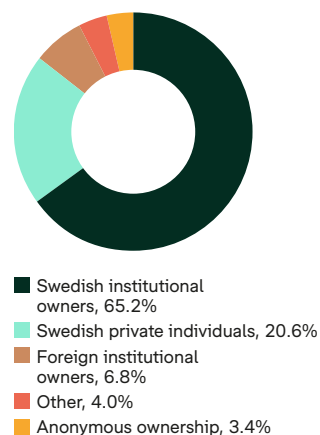
Largest owner as of 31 December 2023

Largest shareholders	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Nordstjernan	8,500,000	18,077,265	24.5	49.4
Fourth Swedish National Pension Fund (Fjärde AP-fonden)	131,462	9,891,274	9.2	5.4
Schroders	0	6,539,674	6.0	3.1
Nordea Liv & Pension	48	6,051,497	5.6	2.9
Swedbank Robur Fonder	0	4,719,535	4.4	2.3
Avanza Pension	38,594	3,410,039	3.2	1.8
Janus Henderson Investors	0	2,548,474	2.4	1.2
Dimensional Fund Advisors	0	1,826,649	1.7	0.9
Bonava AB	0	1,245,355	1.1	0.6
Charles Schwab Investment Management Inc	0	1,167,618	1.1	0.6
Subtotal, ten largest shareholders	8,670,104	55,477,380	59.2	68.1
Other	2,484,778	41,803,560	40.8	31.9
Total number of shares	11,154,882	97,280,940	100.0	100.0

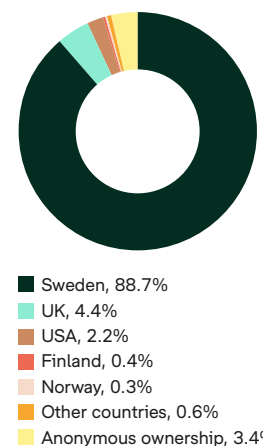
Breakdown of owner size as of 31 December 2023

Size range	Owner, number	Owner, %	No. of shares	Capital, %	Votes, %
1-500	22,794	75.0	3,347,541	3.1	3.6
501-1,000	3,418	11.2	2,775,651	2.6	2.6
1,001-10,000	3,750	12.3	10,939,054	10.1	8.3
10,001-1,000,000	411	1.4	20,979,816	19.3	13.5
1,000,001-5,000,000	8	0.0	16,078,040	14.8	7.9
5,000,001-	4	0.0	49,191,220	45.4	60.8
Unknown size of holding			5,124,500	4.7	3.4
Total	30,385	100.0	108,435,822	100.0	100.0

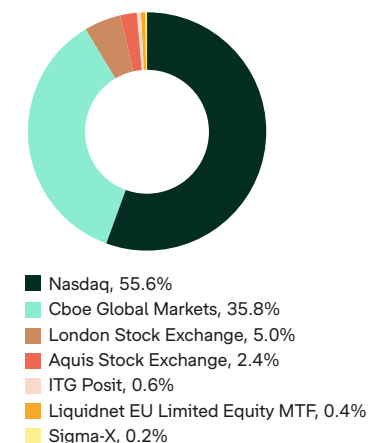
Ownership categories



Ownership by country



Market share (trading)



Average daily turnover (no. of shares)	2023
Class A shares	2,066
Class B shares	755,935
Trading in Class B shares	2023
Share turnover, million	189.7
Value of share turnover, as of 31 December	SEK 3.9 Bn
Average daily turnover	SEK 15.5 M

Dividend and dividend policy

Bonava's dividend policy is to annually distribute 40 per cent of profit after tax for the year over time. As part of the new financing package, the possibility of distributing dividends over the next three years will be limited. The Board proposes that no dividend be paid for the 2023 financial year.

Repurchase of treasury shares

The 2023 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2023 incentive programme. During 2023, no Class B shares were repurchased. As of 31 December 2023, there were 1,245,355 Class B shares in treasury.

Conversion of shares

Under Bonava's Articles of Association, owners of Class A shares are entitled to conversion to Class B shares. In 2023, a total of 40,100 Class A shares were converted to 40,100 Class B shares.

LTIP 2023

Bonava has two long-term share-based incentive programmes, covering a total of approximately 40 people. The Annual General Meeting on 3 April 2023 authorised the introduction of an additional share-based incentive programme consisting of the Executive Management Group and certain key executives, a total of some 50 individuals. For more information, refer to Note 4 for the Group.

Rights issue

In February 2024 Bonava completed a fully underwritten rights issue which provided approximately SEK 1,050 M before deduction of issuing costs. The issue was oversubscribed by 169.7 per cent. As a result of the rights issue Bonava's share capital increased with SEK 104,580,931 to SEK 538,324,219. The total number of shares increased by 22,139,706 Class A shares and 192,241,228 Class B shares, to a total of 321,571,401 shares, of which 33,209,559 as Class A shares and 288,361,842 as Class B shares.

Per share data as of 31 December	2023	2022
Share price, Class A, SEK	13.25	30.80
Share price, Class B, SEK	13.13	29.42
High, Class B, SEK	34.20	82.65
Low, Class B, SEK	10.91	24.62
Share price performance, %	-55.37	-62.40
Shareholders' equity per share, SEK	61.58	74.45
Dividend, SEK	0.00 ¹⁾	0.00 ¹⁾
Total return, %	-55.37	-58.58
Dividend yield, %	0 ²⁾	0 ²⁾
Earnings per share ³⁾ , SEK	-10.66	4.10
Cash flow from operating activities per share, SEK	-3.15	-30.25
P/E ratio	-0.8	7.2
No. of shares	108,435,822	108,435,822
No. of shareholders	30,385	32,470

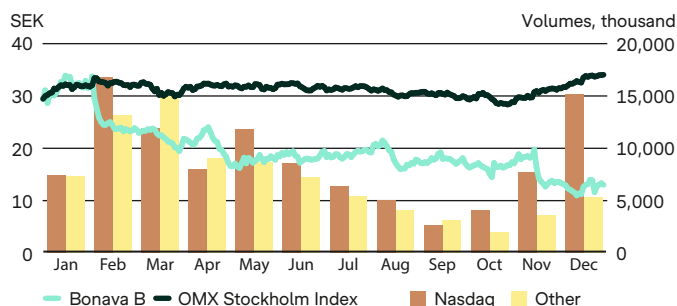
¹⁾ Proposed by the Board.

²⁾ Based on proposed dividend.

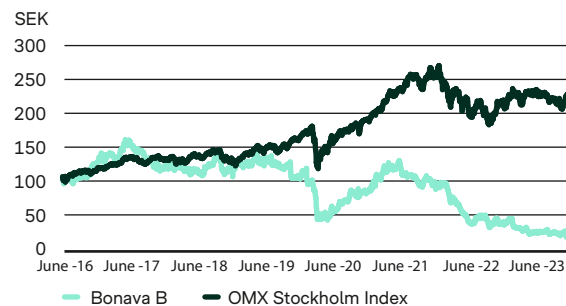
³⁾ Before and after dilution.

Analysts who cover Bonava	Name
ABG Sundal Collier	Fredrik Stensved, Markus Henriksson
Carnegie Investment	Erik Granström, Fredrik Cyon
DNB Markets	Simen Mortensen
Handelsbanken Capital Markets	Johan Edberg, Oscar Lindquist
Nordea Markets	David Flemmich
SEB Equities	Keivan Shirvanpour
Kepler Cheuvreux	Jan Ihrfelt

Bonava B share price and trading volume, 2023



Bonava B share price trend 2016–2023



Source pages 158–159: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Quick facts

Marketplace	Nasdaq Stockholm
Segment/sector	Financials/ Real estate
Share class	Class A and Class B
No. of shares	108,435,822
Market cap. as of 31 Dec 2023	SEK 1.4 Bn
ISIN code, Class B share	SE0008091581
ISIN code, Class A share	SE0008091573

ticker symbols

Nasdaq:	BONAV B
Bloomberg:	BONAVA:SS
Reuters:	BONAVb.ST

Five-year overview

Sector related key performance indicators¹⁾

No. of unless otherwise stated	2023	2022	2021	2020	2019
Building rights	28,900	29,400	28,000	25,800	27,600
Of which, building rights off the balance sheet	8,200	11,350	13,500	10,100	11,590
Housing development for consumers					
Housing units sold	1,242	1,682	3,438	3,086	3,100
Sales value of housing units sold, SEK M	4,795	6,096	11,239	10,805	10,487
Housing units started	1,082	1,428	3,297	3,164	2,211
Housing units in ongoing production	2,153	3,871	5,271	4,615	4,877
Sales rate for housing units in ongoing production, %	36	51	58	55	60
Reservation rate for ongoing production, %	3	1	4	4	3
Completion rate for ongoing production, %	61	56	43	49	44
Housing units for sale (ongoing and completed)	1,875	2,042	2,295	2,434	2,356
Housing units recognised in profit	2,419	2,744	3,002	3,463	3,390
Value of sold housing units, not yet recognised in profit, SEK M	4,363	8,220	11,828	10,419	12,215
Housing development for investors					
Housing units sold	251	854	1,028	1,678	1,244
Sales value of housing units sold, SEK M	802	2,162	2,863	4,221	2,409
Housing units started	251	1,085	1,223	1,481	1,441
of which investment properties		231	195		
Housing units in ongoing production	902	2,627	3,168	3,421	3,434
of which investment properties		426	195		
Sales rate for housing units in ongoing production, % ²⁾	100	100	94	100	94
Completion rate for ongoing production, % ²⁾	45	47	41	37	33
Housing units recognised in profit	1,550	1,625	1,476	1,494	1,271
Value of sold housing units, not yet recognised in profit, SEK M	2,766	5,746	6,510	7,525	6,610

¹⁾ Continuing operations. 2022–2019 have been restated compared to the year end report for 2022.

²⁾ Excluding investment properties.

Financial key performance indicators³⁾

SEK M unless otherwise stated	2023	2022	2021	2020	2019
Return on capital employed, % ⁴⁾ ⁵⁾	4.3	6.9	9.6	7.9	8.1
Interest coverage ratio, multiple ⁵⁾	–1.1	4.4	7.7	8.3	7.7
Equity/assets ratio, %	34.6	31.2	35.1	34.6	32.1
Interest-bearing liabilities/total assets, %	30.5	29.6	18.9	20.6	31.5
Net debt	4,951	7,259	3,313	3,311	6,873
Net debt excl. tenant-owner associations and housing companies	4,297	5,802	2,121	2,061	4,525
Debt/equity ratio, multiple	0.8	0.9	0.4	0.4	0.9
Capital employed at end of period	12,422	15,568	12,794	12,641	14,933
Capital employed, average	14,707	14,816	12,677	13,953	14,579
Capital turnover rate, multiple ⁵⁾	0.9	1.1	1.3	1.2	1.1
Share of risk-bearing capital, %	34.7	31.4	35.6	35.2	32.7
Average interest rate at end of period, % ⁶⁾	7.07	4.03	2.38	2.18	1.12
Average fixed-rate term, years ⁶⁾	0.1	0.2	0.2	0.1	0.1
Average interest rate at end of period, % ⁷⁾	5.58	3.70	1.65	1.50	1.23
Average fixed-rate term, years ⁷⁾	0.4	0.3	0.2	0.3	0.3
Per share data					
Profit/loss after tax, SEK ⁸⁾	–10.66	4.10	6.64	4.92	3.84
Cash flow from operating activities, SEK	–3.15	–30.25	6.71	35.30	3.55
Dividend, SEK ⁹⁾			3.50	5.25	
Shareholders' equity, SEK	61.58	74.49	77.64	73.77	70.08
Average number of shares, million	107.2	107.2	107.2	107.4	107.6

³⁾ Including discontinued operations. 2022–2019 have been restated compared to the year end report for 2022.

⁴⁾ Before items affecting comparability. For a description of items affecting comparability, refer to Notes 1 and 25.

⁵⁾ Calculations are made on the basis of a 12-month average.

⁶⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies and leases. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁷⁾ Pertains to loans in Swedish tenant-owner associations and Finnish housing companies. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁸⁾ Excluding discontinued operations.

⁹⁾ Dividend 2023 refers to the Board's proposal to the AGM.

Definitions

Bonava uses measurements including the following alternative performance indicators: return on capital employed, net debt and equity/assets ratio. The Group considers that these key performance indicators provide complementary information to readers of its financial reports that contributes to assessing the Group's capacity to pay dividends, make strategic investments, meet its financial commitments and to evaluate its profitability. Calculations and more information about the alternative key performance indicators are available at bonava.com/en/investor-relations/financial-information. The Group defines the key performance indicators as shown below. Comparative figures have been restated.

Financial key performance indicators

Share of risk-bearing capital

Total shareholders' equity and deferred tax liabilities as a percentage of total assets.

Return on shareholders' equity

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

Return on capital employed

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

Total assets

Total assets or liabilities and shareholders' equity.

Gross margin

Gross profit as a percentage of net sales.

Dividend yield

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

Average interest rate

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

Average fixed-rate term

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

Average shareholders' equity

Average reported shareholders' equity as of the last five quarters

Average capital employed

Average capital employed as of the five last quarters

Items affecting comparability

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

Capital turnover rate

Net sales on a rolling 12-month basis divided by average capital employed.

Production costs

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

Net sales

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

Net debt

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

Net debt/equity ratio

Net debt divided by shareholders' equity.

Earnings per share

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

Earnings per share adjusted for items affecting comparability

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

Interest-bearing liabilities/Total assets

Interest-bearing liabilities divided by total assets.

Interest coverage ratio

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

Operating margin

Operating profit as a percentage of net sales.

Equity/assets ratio

Shareholders' equity as a percentage of total assets.

Capital employed

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

Total return

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

Underlying gross margin

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

Sector-related definitions

Housing units in ongoing production

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

Housing units for sale

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

Building right

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

Production start

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

Properties held for future development

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

Completed housing units

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

Completion rate

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

Sales rate

Number of housing units sold in production in relation to the total number of housing units in production. Excluding Build-to-Manage.

Sales value

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

Number of housing units recognised in profit

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

Reservation rate

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

Housing units sold

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

Information to shareholders

2024 Annual General Meeting

The Annual General Meeting (AGM) of Bonava AB (publ) will be held on Wednesday, 10 April 2024 in Stockholm, Sweden. All meeting documentation is available at bonava.com/en/general-meeting/annual-general-meeting-2024

Participation

Shareholders wishing to participate in the AGM must:

- be included in the share register kept by Euroclear Sweden AB by no later than Tuesday, 2 April 2024,
- notify the company of their intention to participate by no later than Thursday, 4 April 2024.

Registration

Registration can be completed:

On Bonava's website:

bonava.com/en/general-meeting/annual-general-meeting-2024

(shareholders who are natural persons)

By telephone to Euroclear:

+46 (0)8 402 92 26 on weekdays between 9:00 a.m. and 4:00 p.m.

By post to the following address:

Bonava AB, c/o Euroclear Sweden AB
Box 191, SE-101 23 Stockholm, Sweden

Nominee-registered holdings

Shareholders whose shares are nominee-registered must temporarily re-register their shares in their own name with Euroclear Sweden AB in order to be entitled to participate in the Meeting. The shareholders' register as of the record date on 2 April 2024 will include voting registrations made no later than 4 April 2024. Therefore, shareholders should inform their nominees well in advance of this date.

Proposed dividend

The Board of Directors proposes that no dividend be paid for financial year 2023.

Financial calendar

Interim Report Q1 Jan–Mar 2024	24 April 2024
Interim Report Q2 Jan–Jun 2024	19 July 2024
Interim Report Q3 Jan–Sep 2024	27 October 2024
Year-end Report Jan–Dec 2024	3 February 2025

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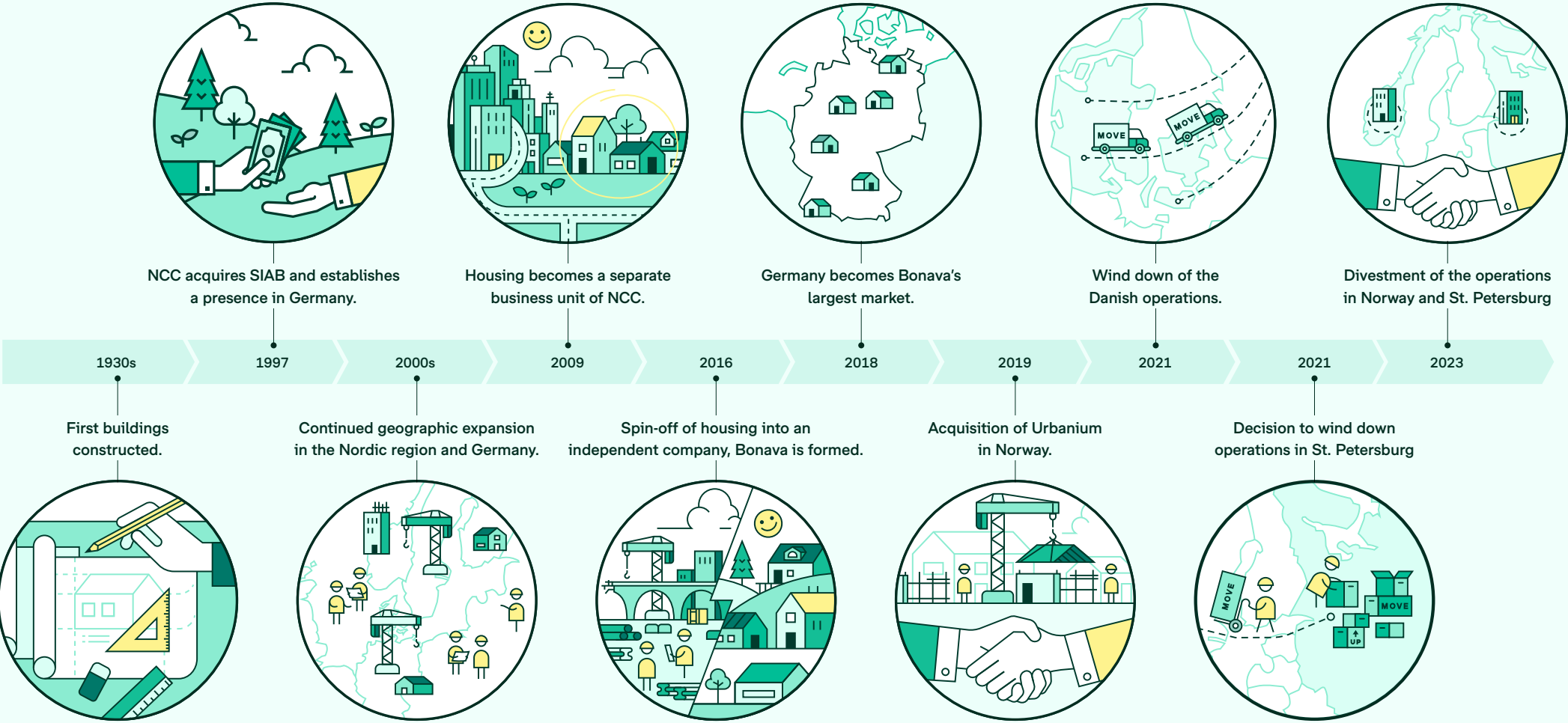
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We have a long history of creating homes and neighbourhoods



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