

MAGNOLIA

**Magnolia Bostad
Annual Report 2021**

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Anna Nyström and Jonathan Strömbäck.

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2021 in brief

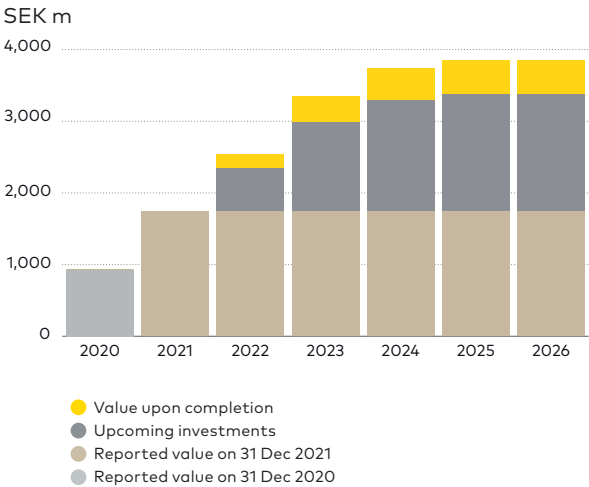
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January – December 2021

- Net sales amounted to SEK 1,268 m (2 358).
- The operating profit was SEK 260 m (906), of which SEK 128 m (336) was due to changes in the value of investment properties.
- The profit before tax for the year was SEK 75 m (725) and the profit after tax was SEK 50 m (688).
- Earnings per share after deductions for minority shares was SEK 1.59 (17.40).
- During the year, production started on just over 1,600 residential units, to be developed both for self-management and for sale.

Value of properties for self-management

The value of properties for Magnolia Bostad's self-management amounted to SEK 3,900 m when including the value of completed properties and the estimated value of properties in production upon completion by 2026.



Group KPIs	2021 Jan–Dec	2020 Jan–Dec
Project related ¹⁾		
Number of production-started residencies during the period	1,615	3,327
Number of residencies sold during the period	800	3,904
Total number of residencies in production	9,410	8,607
Total number of estimated building rights	20,112	18,646
Financial		
Investment properties, SEK m	2,276	1,483
Operating profit, SEK m	260	906
Return on equity, %	3.6	49.4
Equity/assets ratio, %	38.7	32.7
Interest coverage ratio, times	2.2	4.1
Share related		
Earnings per share, SEK	1.59	17.4
Equity per share, SEK ²⁾	44.34	42.95

¹⁾ Including Magnolia Bostad's share of joint ventures and share attributable to holdings without a controlling influence in Magnolia Bostad's subsidiaries.
²⁾ Excluding non-controlling interests (minority) and hybrid loans.

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Land acquisition, over 3,600 residential units throughout Sweden

Q1: Strengthened our presence in Upplands-Bro municipality by acquiring land through a JV with KF Fastigheter for an additional 950 residential units. We also acquired land in Gnesta and Enköping for around 210 and 190 residencies, respectively.

Q2: Acquired land for around 1,300 residential units in Östersund, Sundsvall, Håbo, Sundbyberg, Tyresö and Kungsbacka and won a land allocation competition for around 115 residencies in Luleå.

Q3: Acquired land for around 650 residential units in Eskilstuna, Järfälla, Nynäshamn and Svedala. We also acquired a conference centre in Österåker for conversion to a school for about 800 students and won a land allocation for about 125 student residencies in Göteborg.

Q4: Won two land allocation competitions for just over 500 residential units in Kungälv and acquired a property in central Stockholm for the development of 25 tenant-owned apartments.



Construction is planned to start on over 300 residential units in 2022 in the Liljedal project in Kungälv, acquired in 2021. Representation.

Production starts and sales

Production started on just over 1,600 residential units both for self-management and sale.

Completed residential units

Over 1,000 residential units completed. Since the founding of the company Magnolia Bostad has completed over 5,800 residential units.



Almost 500 residencies in Brogårdstaden, Upplands-Bro municipality were occupied.

Activities for the climate

In September, along with other property companies and the research institute Rise, we started the local sustainability forum Hålbart (Sustainable) Stockholm 2030. HS30 works to reduce the ecological footprint of the housing industry while highlighting social sustainability issues. We are already participating in Malmö's LFM30.

At the end of the year we started to measure our climate footprint in all three scopes of greenhouse gases according to the Green House Gas Protocol and applied for a research-based climate target, an SBT (Science-Based Target).

New ownership structure accelerates self-management portfolio

Since September 2021, Magnolia Bostad has been jointly controlled by the Holmström Group and funds and entities that are managed and advised by Areim AB. This new ownership structure enables the faster development of a larger self-management portfolio.



100% green bonds

Green bonds were issued and a bond maturing in 2022 was redeemed. Our first green bond report was published.



Environmentally-certified housing

Around 90% of all completed residencies in 2021 were environmentally certified or had an environmental certification in progress as of 31 December 2021.



Self-management in focus

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One of Sweden's largest building rights portfolios

A year passes quickly but it packs a lot in, something I know after my first year as CEO. During the year, we added just over 3,600 building rights to our building rights portfolio, which at the end of the year consisted of just over 20,000 building rights. We started production on just over 1,600 residential units, with about 40% being sold and about 60% are being developed for self-management. At the turn of the year, we had 9,400 residencies in production. In addition, we completed just over 1,000 residential units during the year. All this is thanks to the drive that I see in our organization. This drive continued despite the adjustments to our way of working that we had to make during the pandemic. Many thanks to all employees who made this possible.

New ownership structure enables faster development of properties for self-management

During the year, our focus on developing residencies for self-management became increasingly clear. In September, we put in place a new ownership structure, Holmströmgruppen and Areim. Shortly afterwards, we delisted Magnolia Bostad's shares from the stock market.

Through capital contributions from our new owners, we have reached a stronger financial position and can therefore develop more properties for self-manage-

During the year we added just over 3,600 building rights to our portfolio

Our target is to hold just over 6,000 completed residencies for self-management before the end of 2026

ment in a shorter time. Our aim is to hold just over 6,000 completed residencies for self-management before the end of 2026.

During the year, we completed 108 residential units for self-management, which means that we are now up to a total of 176 managed properties. We will now accelerate our development of properties for self-management while at the same time continuing to develop properties for sale.

Our commitment as an urban developer

In our role as urban developers, we collaborate with other parties to help with the industry's adaptation to the global sustainability goals. During the year, we started HS30 (Hålbart (Sustainable) Stockholm 30) together with Rise and five other housing developers having already been committed with LFM30 in Malmö.

We also took part in a pilot project on proactive climate calculations and began to measure our climate impact in all three scopes of greenhouse gases according to the Green House Gas Protocol.

We have also applied for a research-based climate goal, an SBT (Science-Based Target) in order to set the relevant targets to become climate neutral.



Johan Tengelin, CEO

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” *We started to measure our climate footprint in all three scopes of greenhouse gases and applied for a research-based climate target*

As a result of our business focus on sustainability at all levels, financing that is sustainable based on environmental and social aspects feels natural. During the year, we issued another green bond and redeemed an older bond. This means that we now only have green bonds. Our aim is for all our future financing in the long-term to be sustainable in terms of environmental and social aspects.

We increased our community involvement by starting a collaboration with Her House whose purpose is to support, promote and strengthen women's health through various initiatives in society, and through a partnership with Mitt Liv, which runs mentoring schemes for academics of foreign descent. We are already working for integration and gender equality, including through our involvement in girls' and women's football, where we now support about 30 clubs around Sweden.

The future

At the beginning of 2022, we are seeing great geopolitical unrest due to the war started by Russia in Ukraine. This is a terrible humanitarian catastrophe.

We live at a time of various uncertain external factors that we follow, and plan for flexibility while we continue to work on our mission.



During the year, we completed the Stranblick project in Östersund for the long-term self-management of 108 apartments.

Within five years, we will complete just over 6,000 residencies for self-management and our journey has begun in earnest towards becoming the Nordic region's most colourful landlord.

Stockholm, March 2022

Johan Tengelin
CEO

” *We increased our community involvement with diversity and inclusion through a partnership with Mitt Liv*

This is Magnolia Bostad

Magnolia Bostad is a leading urban developer developing new housing in attractive locations. Our building rights portfolio is one of Sweden's largest and as of 31 December 2021 comprised a total of just over 20,000 building rights, mainly for the development of rental accommodation. In addition, around 9,400 residential units were in production, most of which will be ready for occupancy over the next 5 years.

We develop housing both for self-management and for sale - rental accommodation and tenant-owned apartments, community service properties and hotels. Our business extends from Ystad in the south to Luleå in the north and we have offices in five locations: Stockholm, Göteborg, Malmö, Norrköping and Umeå.

We create sustainable housing and neighbourhoods where people want to live and work. Our work is guided by a holistic view where business is conducted in a way that promotes sustainable social development. We get committed in the places where we operate promoting gender equality and integration by supporting girls' and women's football, among other things.

Since September 2021, Magnolia Bostad has been controlled by HAM Nordic AB and its owner F. Holmström Fastigheter AB, and funds and units that are managed and advised by Areim AB.

The Ophelias Brygga project in Helsingborg



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Our values – a compass in everyday life

Magnolia Bostad's values sum up our culture and our driving forces and act as a compass in everyday life. They serve as a guidance in meetings with our customers, partners, suppliers and the outside world in general. We can be recognized through our yellow colours that illuminates the places where we manage and develop tomorrow's housing.

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Proud

We are proud to be one of Sweden's leading urban developers. For us, building housing is not enough. We also want to be an active and committed force in the places where we operate.



"I feel proud to be a part of Magnolia Bostad - a company that constantly wants to move forward and develop."

Johan Neander



Hungry

We are innovative and inquisitive, proud but never satisfied. Our driving force is to constantly improve and develop what we have to offer.



"Hungry for me is about inquisitiveness, movement and constantly wanting more. Creating new contacts, new knowledge and being active in our role as urban developers."

David Brink



Long-term

Together with our partners and municipalities, we develop sustainable housing and safe neighbourhoods where people want to live and work for generations.



"I see a long-term perspective in sustainable housing, in terms of both materials and function. It's important to create flexible, pleasant homes adapted to different target groups and conditions."

Madalina Gherghina

Targets and strategy

Today we are a leading urban developer. We are now taking the next step. We will also become a significant housing manager throughout Sweden.

Business targets to be achieved before the end of 2026

6,400

Residential units in self-management¹⁾

Alternatively, to own investment properties with a property value of at least SEK 14,800 m.

Financial target

>30.0%

Equity/assets ratio

Sustainability targets

For sustainability notes see [pages 120-123](#).

¹⁾ Refers to Magnolia Bostad's own ownership and the company's ownership in JVs.

Position 31 Dec 2021

176

Residential units in self-management¹⁾

Value of completed properties: SEK 308 m. Estimated value at completion of investment properties in production that are expected to be completed before the end of 2026: SEK 3,560 m.

Result 31 Dec 2021

38.7%

Equity/assets ratio

Vision

We want to be the Nordic region's leading urban developer and most colourful landlord.

Business concept

To develop and manage attractive and sustainable living environments.

Strategy

- Properties are developed as residential units, community service properties or hotels, based on current market conditions and the individual potential of each property.
- Developments will be in locations with good long-term demographic conditions.
- Properties will be developed partly for self-management and partly for sale.
- Properties for self-management will be developed into an attractive management portfolio with a strong cash flow.
- Properties for sale are mainly developed in collaboration with long-term customers.
- Production only starts when there is a guaranteed demand
- The business is characterized by a strong corporate culture and highly committed employees.

Business model

As urban developers, we focus on people and start from a life cycle perspective where environmental factors and security play a major role.

Projects are developed for self-management or sale. When projects for self-management are completed, these residential units contribute long-term value growth and an ongoing cash flow for the company. Projects developed for sale are usually sold at an early stage, generally before building permits have come into force and before production has started. Buyers are usually financially strong institutions or property companies.

How we create value

Safe land acquisitions

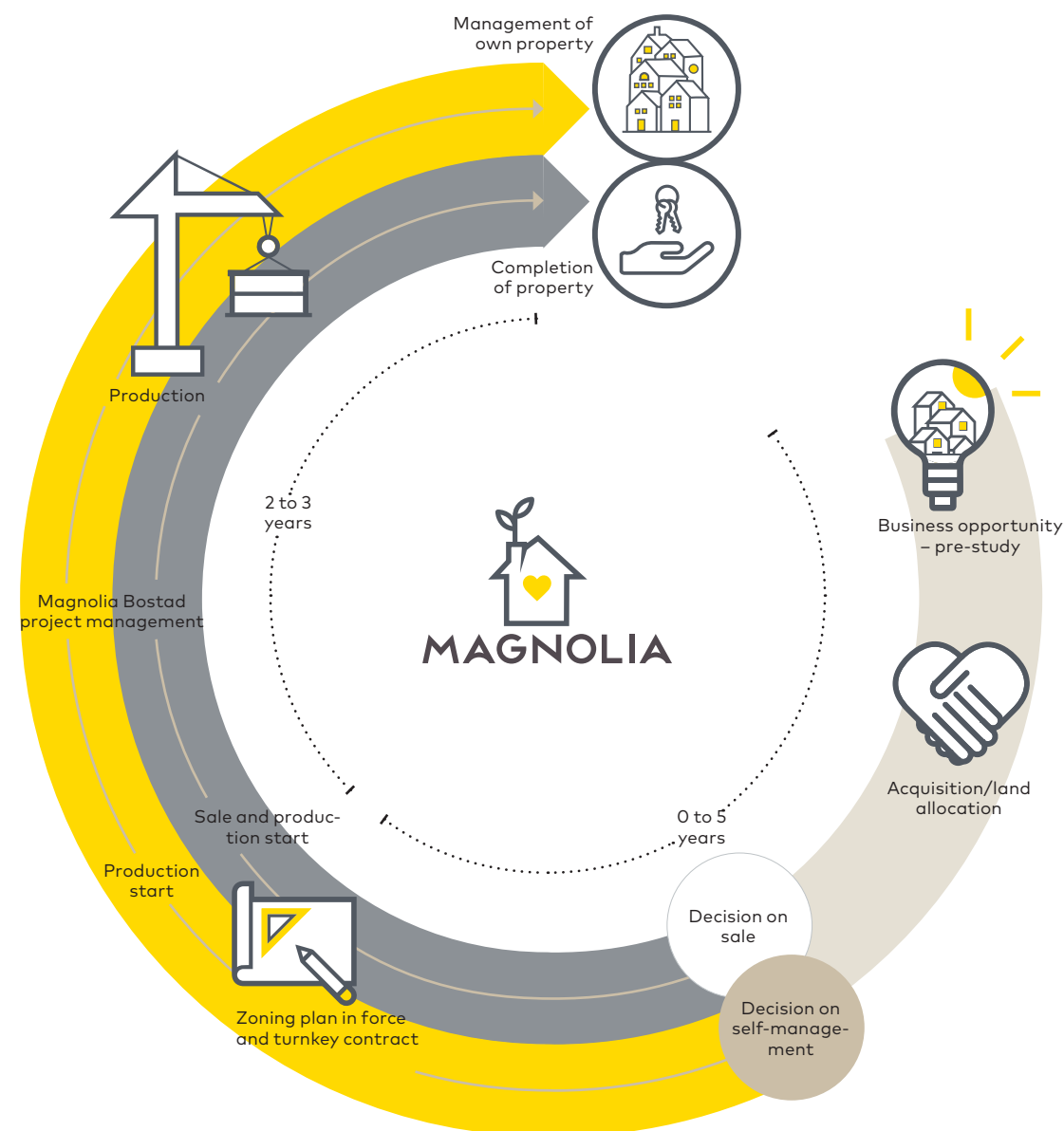
We continuously monitor the market for new business opportunities. Once attractive land has been identified, we carry out feasibility studies such as market analyses and revenue and cost estimates. We usually acquire land based on a residential rental calculation and careful preparatory work where major consideration is given to sustainability aspects.

Project development

After the acquisition is completed, we develop the project from the idea, through zoning plans and concept development, until final completion. Construction is procured in the form of turnkey contracts at a fixed price, which limits the risk of cost increases at the construction stage.

Our own architects

With our own architects, we can highlight softer values that cannot be measured in figures. The focus is on creating good, safe living environments and choosing materials and building systems with a view to sustainability.



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Our internal architects work on both developing their own projects and collaborating with external architect firms and our business and project developers.

Parallel development

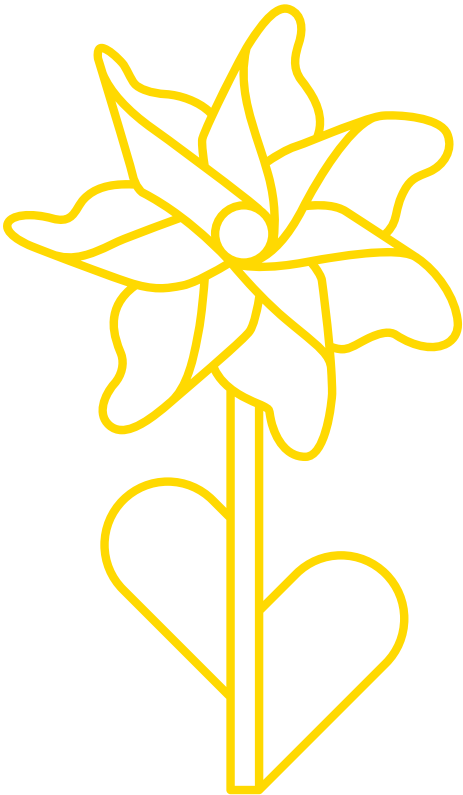
Work begins on developing attractive and sustainable residencies in parallel with the land acquisition process. We work closely with our contractors to develop cost-effective solutions. We are also in contact with buyers early in the process

Life cycle perspective for sustainability

With a focus on people, we start from a life cycle perspective when we develop housing. We strive to achieve or exceed the requirements for environmental certification according to the Swedish Green Building Council's silver certificate, the Nordic Swan Ecolabel or an equivalent. Magnolia Bostad's life cycle perspective means that we take responsibility throughout, from the time a new neighbourhood or residential area is planned, until the land can be used for other things by future generations.

Climate neutrality

We work on reducing our climate impact through material selection, energy and recycling. We measure our climate footprint. We have applied for a research-based climate goal, an SBT (Science-Based Target). In collaboration via HS30 and LFM30, we work to contribute to the industry's adaptation to the UN's global sustainability goals, Agenda 2030 and the Paris Agreement.



Safety in the societies we develop

To make areas we develop safe, we collaborate with BoTryggt2030, a body for urban planning. Through measures in the physical environment, help to prevent crime and increase security. We also promote safety by supporting girls' and women's football, read how on **page 33**.

Employees

All employees sign Magnolia Bostad's Code of Conduct, which governs the company's business ethics, health and safety, human rights and working conditions.

Value Magnolia Bostad delivers to its stakeholders

Communities and municipalities

Sustainable residential areas and neighbourhoods developed with care for design, well-being and safety.

Tenants and customers

Functional, space-efficient, attractive housing for the tenant, and easy-to-manage housing for the property owner.

Partners and suppliers

Partners with expertise who follow the projects from feasibility study to completion.

Employees

An attractive employer caring about the health and safety of its employees. An equal workplace that nurtures skills development and career planning.

Owners and financiers

Sustainable returns and value growth.

Our regions

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We cover the whole of Sweden through our five regional offices. Each regional office has its own business and project developers who run the business in the region's area from idea via concept development and building permits to final completion.

Our local presence gives us very good knowledge of the property market and local conditions.

The regional offices collaborate with Magnolia Bostad's own architects, often from a very early stage in the development of the projects. This enables a deeper analysis of the project's possibilities even before the land acquisition has taken place. When acquiring the land, the work usually goes on to an external architectural office. External architectural offices are also involved at an early stage in land allocation competitions and direct allocations. Magnolia Bostad's architects are involved in parallel as support throughout the development process.

Magnolia Bostad's regions in brief, 31 Dec 2021	
Number of estimated residences in the building rights portfolio	20,100
Residences in production	9,400



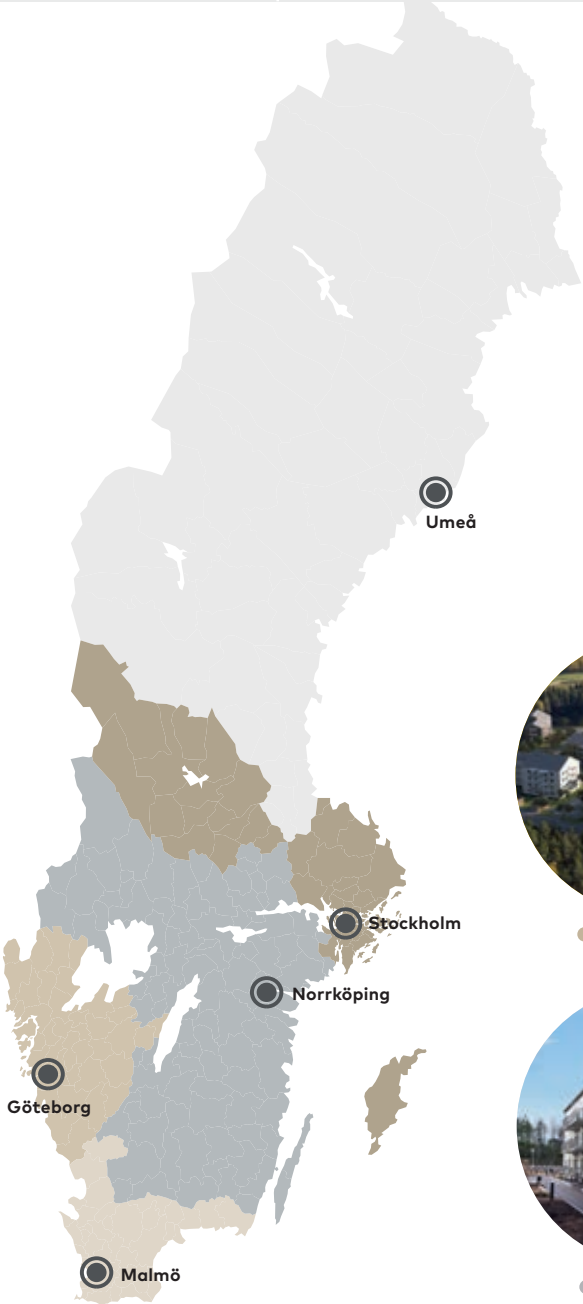
Northern Region



Western Region



Southern Region



Eastern Region



Central Region

Eastern Region: The development of Sweden's largest urban development projects

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The Eastern Region spans Greater Stockholm and the Mälardalen region. This is Magnolia Bostad's largest region in terms of developed housing and the size of the building rights portfolio.

One of the Eastern Region's larger projects is Bro Mälärstad in Upplands-Bro with around 2,300 residential units. The project began in 2018 through the acquisition of land and has since grown with further land acquisitions. The area is divided into three stages. Occupancy in stage one began in 2021 and the entire area is expected to be completed in around 2030.

Simon Edberg works as a project developer in the Eastern Region:
 "Bro Mälärstad is a good example of how we develop entire neighbourhoods. We are developing rental accommodation, tenant-owned apartments, detached houses and community service properties such as nursery schools and schools. We are developing some of the residencies for long-term self-management and others for sale. Some parts are being developed together with JV partners such as Heimstaden and KF-fastigheter."

"The third stage of the area will be built on an old brickworks, where we will reflect the area's history

Eastern Region in brief 31 Dec 2021	
Number of estimated building rights in the portfolio	11,120
Residential units in production	4,770
Number of employees	33



Sofie Stangmo and Simon Edberg in front of a building being constructed in Bro Mälärstad.



In the Bro Mälärstad project, Magnolia Bostad is working with the vision "Where there's a bit more room for life."

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through the design of the buildings and through the renovation and restoration of two historically-protected buildings."

Sofie Stangmo is sales manager for the project's third stage, which will also include tenant-owned apartments.

"We plan to start selling tenant-owned apartments in autumn 2022. The apartments are located near Lake Mälaren, which can offer a wonderful start to the day with a morning dip at the pier or a run next to the beach."



Magnolia Bostad has built a nature trail that winds its way through the area. Wood chips from trees felled in connection with housing construction are being used for the surface.
 Right: A building being constructed in Bro Mälärstad.

"The environment and security are central to our development work," Simon continues. "All the residencies are planned to be certified according to the Swedish Green Building Council's silver certification. We build in an energy-efficient way by making climate-smart material choices and by installing geothermal heating systems and solar panelling. We also want to make the area safe and secure, and we do this in collaboration with BoTryggt."

"As we are developing an entire neighbourhood, streets and roads, a marina with a restaurant and a public

bathing area are also part of it. We are also building a nature trail that we will fill with wood chips from trees that were felled in connection with the housing production and build stormwater dams that function as a treatment system and thus protect lakes and watercourses."

"To contribute to biodiversity, we are creating an insect park that provides living conditions for bumblebees, bees and other insects. School children will be able to learn about nature there."



Central Region: Covers almost 100 municipalities across Sweden

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The Central Region works on projects from Karlstad in the west to Kalmar in the east. Magnolia Bostad currently has around 1,200 residential units in production in the region. The Föreställningen 1 project, located in Björkalund just outside Norrköping, is one of the region's projects.

The project is a good example of our focus on sustainability. The property is certified according to the Swedish Green Building Council's silver certification and has solar panels on the roof that provide electricity in the public areas. The project consists of 116 rental apartments that Heimstaden has bought and now manages.

Oskar Käll is a project developer at the Central Region: "The first week I worked at Magnolia Bostad, I had to submit a building permit application for the project. It's great now, two years on, to see and meet the happy and hopeful tenants when they move into their wonderful apartments."

"I grew up in this area and know what beautiful surroundings there are, including the Vrinnerviskogen nature reserve around the corner."

Derome has been the general contractor and the entire project is built of wood. The apartments are bright

Central Region in brief, 31 Dec 2021	
Number of estimated building rights in the portfolio	2,540
Residential units in production	1,200
Number of employees	8



Occupancy of the Föreställningen 1 project took place at the end of 2021 and beginning of 2022.

with stylish furnishings and energy-efficient appliances.

Elina Alsharami and her partner have recently moved into the area.

"We really like it here and feel much safer than we did in our previous place," says Elina.



Oskar Käll of Magnolia Bostad talking to Elina Alsharami who recently moved into the area.

Western Region: Great need for more housing in a growth region

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The Göteborg region is growing and there is a great need for housing. Magnolia Bostad currently has around 1,010 residential units in production in the region. An example is the Western Region's project in Majorna, where about 350 residential units are being developed.

Manne Wahlberg works as a project developer the Western Region:
"We are planning two blocks of tenant-owned apartments of 118 and 124 units, respectively in the old Fixfabriken area between Sandarna, Klippan and Kungsladugård. The remaining 110 or so residential units consist of rental apartments and also include a number of special units, i.e. residencies with access to care, support and service.

"We are proud to be part of this major transformation of an industrial area into an attractive residential area with both rental accommodation and tenant-owned apartments," says Manne.

Magnolia Bostad's own architects are responsible for the design and layout of the buildings. The design is inspired by the area's industrial history. The apartments will have large, tall windows, well-planned areas and generous balconies. The interior design concept is

in light, warm, grey tones and black details. Magnolia Bostad is currently running several projects in JVs to secure financing. The project in Majorna is being run as a JV with Niam.

"I grew up near Majorna and appreciate the area's special atmosphere. We want to protect and improve it to make a wonderful area even nicer," says Manne. "We want to take social responsibility in the areas we develop and in Majorna we are doing this by sponsoring Sandarna football club."

Ulrika Coster, business developer, and Mattias Klintbäck, project developer, also work in the Western Region. They describe Magnolia Bostad's development of a new residential area in Borås.

"Borås has a high population growth, a prosperous business community and a popular university. A new residential area is being developed five kilometres from the centre of Borås called Öresjö Ängar, which will consist of apartment blocks, terraced and semi-detached houses and detached houses, totalling around 500residential units," says Ulrika and continues:

From an industrial area to an attractive residential area in Majorna, Göteborg. We are developing about 350residential units here, both rental apartments and tenant-owned apartments. Representation.



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"Öresjö Ängar is a quiet, green area within walking distance of Lake Öresjö. We are developing around 500 residencies and a nursery school here, in several stages. We like Borås and are very happy to be involved in building this beautiful new neighbourhood.

"When I'm looking for new building rights to create good, enjoyable homes as a business developer, I'm interested in everything from undeveloped land to land with zoning plans in force. We acquired the land in Öresjö Ängar with zoning plan basically in place. We enjoy good collaboration with a local firm which has

done the zoning plan work and who will continue to own and develop a number of other areas in the neighbourhood. Together we will create a pleasant, mixed and diversified district."

"As a project developer, I work with architects and contractors to ensure that all government requirements are met and that we produce attractive, top-quality, energy-efficient housing with space-efficient apartments," says Mattias Klintbäck.

"We get an approved building permit and sign a turnk-

ey contract before we start constructing the buildings. We chose to collaborate with the architectural firm Wahlström Steiner, which was involved in the zoning plan work and which came up with a beautiful design for the buildings."

The buildings will be certified according to the Swedish Green Building Council's silver certification and the housing has a high technical standard with authentic material choices and modern floor plans. The facades will be clad with climate-smart heat-treated pine wood that will mature beautifully over time.



Öresjö Ängar Centre. Around 290 residential units are being developed here for Magnolia Bostad's self-management. Representation.

Manne Wahlberg, Ulrika Coster and Mattias Klintbäck chatting about project development.



Southern Region: From desolate parking spaces to a lifelong homely feeling

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The Southern Region spans Skåne, Blekinge and southern Halland. In addition to an expansive metropolitan region with a major need for new housing, there are large rolling landscapes with Sweden's best agricultural land. When working to preserve this valuable agricultural land, densification projects are an important aspect.

The Nyponrosen project is one of the Southern Region's projects that was completed in 2021. Northern Horizon Capital has purchased the residencies and premises from Magnolia Bostad, which developed and completed them. The project is in the Rosengården district in Helsingborg, a stone's throw from Helsingborg's city centre.

Rosengården emerged as an area as part of the environmental programme between 1965 and 1975. In 2016, the city of Helsingborg adopted a zoning plan aimed at promoting and densifying the centre of Rosengården. The area is attractive with its proximity to the city centre and is in walking distance from the large sports facility Olympia, the beautiful Fredriksdal park and the Filborna Arena.

Sara Håkansson is a project developer at the Southern Region and worked on the Nyponrosen project until it was ready for occupation in the summer of 2021:

Southern Region in brief, 31 Dec 2021	
Number of estimated building rights in the portfolio	2,420
Residential units in production	1,640
Number of employees	8

The Nyponrosen project in Helsingborg was completed in 2021.



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- A word from the CEO →
- This is Magnolia Bostad →
- Our values - a compass in everyday life →
- Targets and strategy →
- Business model →
- Our regions →

Eastern Region →

Central Region →

Western Region →

Southern Region

Northern Region →

"We started construction in 2019 and other builders also began to start adjacent densification projects at about the same time. A great deal of work began on renovating the entire centre of Rosengården.

"Our project consists of a care home, specially adapted housing for adults, rental apartments, a gym, a hairdresser's and an underground car park. The entire project is environmentally certified in accordance with LEED.

"I see huge advantages in a project with many different functions in the same building. The tenants of the care home and the specially adapted housing have a more exciting environment at the same time as they and their staff ensure safety for other residents around the clock."

Niklas Yjord, site manager for Veidekke, which has been the turnkey contractor for the project, thinks it has been a good project:
"Despite the fact that it's been a complex job in the middle of a city centre and with many different activities, we managed to keep to the schedule. A success factor has been a good collaboration with both clients and other parties involved."

Malick Moussa from Hestia is the property manager at Nyponrosen:
"It really feels like the centre of Rosengården has been given a boost and that we have a building with very satisfied tenants. It has very pleasant apartments catering to a wide target group, which has meant that there has been significant interest in the apartments - all of them have been rented out."

Sara Håkansson with Malick Moussa and Niklas Yjord in the courtyard of the recently built Nyponrosen project in Helsingborg.



Northern Region: More and more attention on northern Sweden

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Northern Region

The Northern Region is Magnolia Bostad's largest region in terms of area. With an emerging investment boom in renewable energy, battery production and fossil-free steel, thousands of new jobs are expected in Norrland and with them a great need for new housing.

In recent years, Magnolia Bostad has seen the increased need for housing and is constantly recruiting new employees to meet the demand.

Kristoffer Larsson is a project developer in the Northern Region and works on the LU: 1 project in Luleå. The project is being developed as a JV for self-management with Slättö.

"This is a project built using wooden modules and energy-saving solutions. The tenants started to move in in 2021 and many people really seem to enjoy the apartments. The residencies are close to nature with toboggan runs, ski trails and nature reserves but also close to the centre with its culture, entertainment and shopping."

The residencies will be certified in accordance with the Swedish Green Building Council's silver certification,

Northern Region in brief, 31 Dec 2021	
Number of estimated building rights in the portfolio	1,590
Residential units in production	800
Number of employees	5



In the Kronan area of Luleå, Magnolia Bostad is developing 117 apartments for self-management in a JV with Slättö.



Kristoffer Larsson, project developer in the Northern Region.

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- Northern Region

ranging from studio flats to two-bedroom apartments and will be completely non-smoking, indoors as well as on balconies and patios. For the residents, there is a bike shelter, greenhouse and shared area available. The building also has a small commercial premises available.

The new Kronan neighbourhood is expected to be fully developed by 2030 with nursery schools, schools, residential care homes, a sports hall and its own centre with shops and restaurants. Today, about 1,700 people live in the area and when it is fully developed, about 7,000 Luleåns will live here.

The new Kronan neighbourhood is close to both exercise tracks, ski slopes and nature reserves as well as central Luleå with its shopping and entertainment.



"A luxury to live in a brand-new apartment"

Frida longed for her own apartment, so when she heard about the new Kronan neighbourhood, she jumped at the chance.

"I moved in on 22 December 2021 and it feels like a luxury to live in a brand-new apartment of my own. It's nice to be close to the forest and in the evening you can see the lights from the ski slope," she says.

The fact that the area is still under construction isn't a worry for Frida.

On the contrary, she is happy that the contractor decorated the building fence with lights before Christmas and that the landlord had a Christmas tree in the courtyard.

"It makes you feel comfortable and at home," she concludes before her dog Doris scratches on the door wanting to go out.



Frida Karlsson.

Sustainable urban development

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility →

Double materiality →

An urban developer with a focus on sustainability

Magnolia Bostad's Head of Sustainability Filippa Strandänger talks about the company's view about and work on sustainability issues:

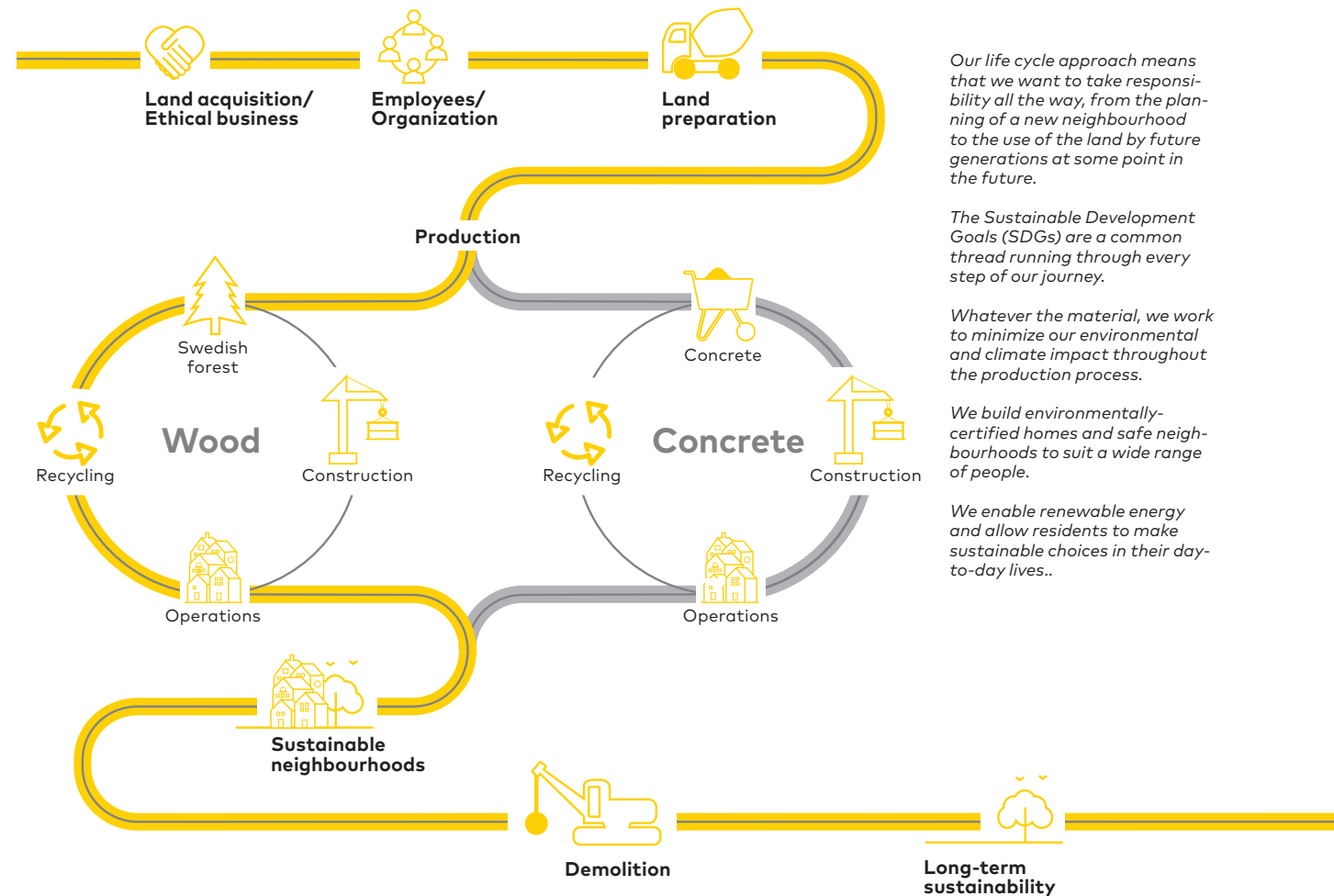
"We are keen to be at the forefront of sustainable development, to be part of encouraging the industry towards climate neutrality and to be an attractive employer. To achieve this, we work on issues relating to climate, the environment, social responsibility, business ethics and financial sustainability. We want to enable buyers and tenants to make a sustainable choice by choosing our homes.

"To future-proof our business model and our projects, we want to be part of the solution for the climate and contribute to the UN Sustainable Development Goals and the Paris Agreement. This is critical to our strategy, our stakeholders and our role in the industry in which we operate. Our materiality analysis is the basis for our work.

Magnolia Bostad's vision is to be the Nordic region's leading urban developer and most colourful landlord. Our company is constantly striving to contribute to innovative solutions for sustainability, adapt to its environment, minimise risks and commit to sustainable transformation.

"Sustainability is a constant in our life cycle analysis, planning, production, management and financing. The land that is prepared and the buildings that are built will be used by generations for many years to come.

The Magnolia Bostad way, a life cycle perspective



An urban developer with a focus on sustainability

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility →

Double materiality →

An urban developer with a focus on sustainability

Strategic focus areas →

- Responsibility for the climate →
- Environmental responsibility →
- Social responsibility →
- Ethical business responsibility →
- Financial responsibility →

Double materiality →

That’s why we have a strong project organisation working towards modern and sustainable construction with energy-efficient technologies, healthy material choices and reuse.

Magnolia Bostad always builds to the minimum criteria of the Swedish Green Building Council’s silver certification or Nordic Swan Ecolabel in its projects and the projects are inspected by third parties with environmental auditing. To create a sense of safety in the communities the company develops, the Safer Sweden Foundation’s BoTryggt 2030 is part of our architecture and project development work. Every year, a sustainability audit is carried out on a turnkey contract. In addition, as a part of our sustainable governance and business ethics, during the year we developed and adapted our codes of conduct for employees, partners and sponsorship.

“To enable the allocation of capital to sustainable social development, our bonds are now 100% green. To measure our climate impact in both operations and our business, we have performed a measurement of our carbon footprint in all three scopes of the Greenhouse Gas Protocol. This not only gives us a good overview of where we stand, but also sets the stage for us to adapt our business strategy and climate roadmap in the right direction, with transparency. We have applied for a Science-Based Target (SBT) to become climate neutral.

” Sustainability is a constant in our life cycle analysis, planning, production, management and financing

In collaboration through HS30 (Sustainable Stockholm 2030) and LFM30 (a Malmö initiative), Magnolia Bostad is working to align the sector with the Sustainable Development Goals. In addition to this, the company is now involved in a pilot project for proactive climate calculations for materials, energy and recycling and to contribute to sustainable innovation. This allows Magnolia Bostad to work proactively on the climate declarations.

“Along with our social commitment to being an active force in the communities where we operate, our football family continues to grow and we now support around 30 girls’ and women’s football clubs across the country. Our investment in football makes a difference in terms of inclusion, safety, diversity and health.

During the year, we participated in the Friends “Fair Workplace” course, which provided us with the knowledge and tools to contribute to a good corporate culture together.

Filippa Strandängér
Head of Sustainability



Strategic focus areas

Magnolia Bostad's overall focus in its sustainability work is to be at the forefront of sustainable development, to be part of encouraging the industry towards climate neutrality and to be an attractive employer.

An urban developer with a focus on sustainability →

Strategic focus areas

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility →

Double materiality →



Responsibility for the climate

The construction industry accounts for about 20% of Sweden's total emissions. Magnolia Bostad has a great responsibility to try to minimize this impact.

See page 27.



Environmental responsibility

We want to create an attractive and sustainable environment, both indoors and outdoors. Our environmental responsibility is about how we manage our impact on the environment, nature and ecosystems in a sustainable way.

See page 29.



Social responsibility

Social responsibility permeates everything, from projects to manage the safety of our residents to how we treat our employees and actively engage in collaborative initiatives.

See page 32.



Ethical business responsibility

In civil engineering, business ethics are important to employees, management and the board, but also to partners and suppliers throughout the value chain.

See page 35.



Financial responsibility

For Magnolia Bostad, our financial responsibility means working for sustainable profitable growth and enabling the allocation of capital for sustainable properties.

See page 37.

Responsibility for the climate

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility →

Double materiality →

In relation to one of the greatest challenges of our time, climate change, we have a responsibility and an important role to play in the transition to a sustainable future.

We work actively and from a long-term perspective to contribute to a climate-neutral construction and property sector. We do this aligned with our strategic objectives and global sustainability goals. The aim is to enable our customers to make conscious climate-smart choices by selecting our homes and properties.

We want to secure the long-term future of our business and contribute to the sustainable development of society as a whole. Through our business model and LCA (Life Cycle Assessment), we work effectively to integrate responsibility for the climate into our processes to achieve quality results.

Climate responsibility in brief, 2021	
Climate footprint ¹⁾	955,908 CO ₂ e
Climate target	Applied for a science-based climate target under the Science Based Target initiative (SBTi)
Share of economic activities partially aligned with EU taxonomy ²⁾ :	
Income	96%
Investments	94%
Costs	100%
¹⁾ According to Greenhouse Gas Protocol (GHG), total scope 1, 2 & 3. See Climate footprint on page 123. ²⁾ Data collected by Magnolia Bostad and calculations performed by Cicero. For more information, see the Magnolia Bostad homepage.	

Selected events in 2021:

- Started measuring our carbon footprint according to the Green House Gas Protocol in all three scopes of greenhouse gases, in our operations and for our projects.
- Applied for a science-based climate target under the SBTi (Science Based Target Initiative) to work towards climate neutrality.¹⁾
- Was one of the initiators of the **HS30** forum to contribute to the industry's work on Agenda 2030 and the transition to climate neutrality under the Paris Agreement.
- Participated in an innovative pilot project for the proactive climate calculation of materials, circular material choices, energy and design in relation to climate targets, certifications and climate declarations.
- Reported for the first year in accordance with the EU Sustainable Activity Taxonomy, to contribute to transparency and to meet stakeholders' information needs.

Examples of what we will be working on in 2022:

- Further develop our climate roadmap towards climate neutrality in terms of materials, energy, design and recycling.
- Continue work to incorporate climate-related risks in line with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD).
- Gather knowledge through our participation in the innovative pilot project on climate projections and declarations and continue to participate actively in HS30 and LFM30.

¹⁾ The SBTi target option for SMEs with fewer than 500 employees involves setting the science-based target for scope 1 and 2 emissions through predefined target options. For scope 3, companies are required to commit to measuring and reducing their emissions.

Global sustainability goals

Agenda 2030

In terms of the climate, we primarily work on:



Goal 11 - Sustainable cities, targets 11.1, 11.3 and 11.6
 For example, by enabling recycling and creating smart mobility solutions.



Goal 13 - Combat climate change, targets 13.1 and 13.3
 For example, by assessing climate risks and reducing climate impacts.

The Paris Agreement

The Paris Agreement's climate target is to limit global warming to 1.5 degrees Celsius. The property sector accounts for 20% of Sweden's greenhouse gas emissions. Globally, the property sector accounts for 40% of the world's greenhouse gas emissions. New construction and renovation account for 60% of emissions.

Magnolia Bostad is dedicated to working on the climate issue to support the Paris Agreement. Through climate adaptation, climate mitigation and climate action, we are striving to become resilient to climate change.

Read more about our work on the UN Global sustainability goals on **pages 118-119**.

How can the construction and property sector reduce its impact on the climate?

Together with five other property companies and the research institute Rise, Magnolia Bostad launched the local sustainability forum HS30 (Sustainable Stockholm 2030) in 2021.

Through HS30, we will work together to reduce the ecological footprint of the construction and property sector, while raising and taking social sustainability issues even more seriously. HS30 is focused on the Mälardalen region and the project will result in useful learning and concrete actions within environmental, financial and social sustainability.

We talked to Andreas Huss, who heads up HS30, is a project manager at RISE and a SAR/MSA architect and urban planner, about how the construction and property industry can contribute to reducing climate impact.



Andreas Huss, project manager at RISE, is heading up HS30.

How can HS30 contribute to the climate transition?

"Our members operate in an industry with a large carbon footprint and they want to reduce it and quickly. We know that the way forward is to set ambitious targets and to work together."

How can science, industry and the financial sector work together for a more sustainable climate?

"Because the problems are not concentrated, neither are the solutions; if we are to find ways to achieve the

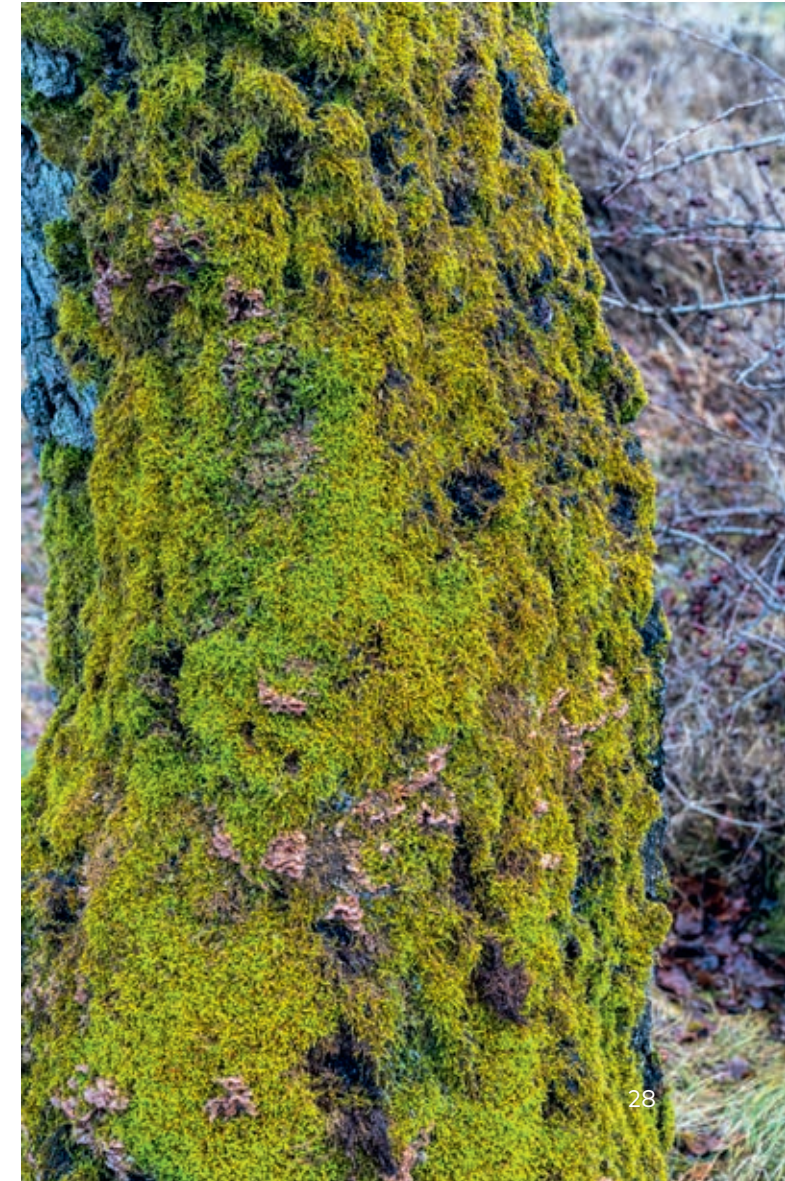
ambition of the Paris Agreement, we need new ways of looking at whole systems simultaneously.

"Cross-collaboration is called for between stakeholders in society, the so-called "quadruple helix" in which academia, the public sector, industry and society in general are all involved. Partly to share knowledge, experience and risks, but also to test the viability of new ideas and innovations across entire value chains at an early stage of development. This requires us to create opportunities together, which in turn may require entirely new collaborative models to share risk and reward. There are different ways of working. HS30 is an example of local collaboration while, for example, the Formas climate research programme is a national example and the EU's Climate KIC is an international example."

What is a science-based climate target?

"A science-based climate target, or SBT, is a target that sets out what is needed to limit global warming in line with the ambitions of the Paris Agreement. An SBT clarifies how much and how fast a company must reduce its emissions. A company that has an SBT and complies with is doing its bit for what science says is necessary to limit warming to a certain level."

Several years ago, CDP (an international non-profit organisation that helps companies and cities find out their environmental impact) conducted a study that found that out of the business leaders surveyed (all with SBTs), 65% said that an SBT drives innovation, 35% said it increases company resilience, 55% said it increases profitability and competitiveness, and 52% said it leads to increased investor confidence.



Environmental responsibility

- An urban developer with a focus on sustainability →
- Strategic focus areas →
 - Responsibility for the climate →
 - Environmental responsibility
 - Social responsibility →
 - Ethical business responsibility →
 - Financial responsibility →
- Double materiality →

Our environmental responsibility is about how we manage our impact on the environment, nature and ecosystems in a sustainable way. How we reduce our negative impact and increase our positive impact in our operations and business.

We want to create an attractive and sustainable environment indoors and outdoors. For us, this means taking environmental responsibility all the way, from planning to production and management or handover. This is important for us and our customers, but also for society in general, which is why we work to consider climate impacts and externalities (other effects on the environment).

In our life cycle assessment, we analyse everything from water impacts to how we can reduce pollution and climate impacts. We do this to enable informed choices. For example, by building with wood, we achieve a relatively low carbon footprint with a material that also stores carbon dioxide.

We are members of the SGBC (Sweden Green Building Council) and in all our projects we plan for environmental certification according to the minimum criteria

Environmental responsibility in brief, 2021	
Environmental certification according to the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent.	Number of residences 931
Planned or completed certifications for completed projects	Proportion 90%
Green financing	100% green bonds
Environmental audits	20

of the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent. Environmental audits are carried out on our projects in both the design and production phases.

Selected events in 2021:

- Around 90% of all completed housing in 2021 was eco-certified or is in the process of being eco-certified.
- Performed environmental audits through an external environmental auditor for our projects in the design and production phase.
- Carried out a sustainability audit of a turnkey contract through an external auditor.
- Further work on our sustainable financing and green bonds.
- Included innovative solutions to promote sustainable nature and biodiversity, including meadow flowers and rain gardens.
- ISO certified our subsidiary for community properties, Svenska Vårdfastigheter AB, in accordance with ISO 14001.

Examples of what we will be working on in 2022:

- Evaluate sustainability certifications and work to ensure that all projects achieve at least the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent certification.
- Work on improved analysis and management of environmental issues, ecosystems and biodiversity.
- Work on energy efficiency and increase the proportion of renewable energy in our projects.

Global sustainability goals

Agenda 2030

In terms of the environment, we primarily work on:



Goal 7 Affordable and clean energy, targets 7.2 and 7.3
For example, by enabling the use of renewable energy and energy from renewable sources.



Goal 15 - Protect biodiversity and natural habitats, target 15:5
For example, by engaging specialists, municipalities and interest groups on how to protect nearby habitats.

Read more about our work on the UN Global sustainability goals on **pages 118-119**.

Environmental aspects of new building construction

Magnolia Bostad has the target of environmental certification according to the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent.

We talked to Kent Eriksson and Lin Lerpold, both researchers at the Sustainable Finance Lab, about environmental aspects of new building construction and how the property sector can contribute to sustainability.

What environmental aspects are important for the property sector to consider?

"The sectors with the greatest climate impact are transport, energy and construction and property management. These areas are interconnected: transport takes place around buildings and energy is used in both the construction and operation of buildings.

"The environmental area that has seen the most action so far is energy, where significant progress has been made through industry initiatives and regulation. Reducing the environmental impact of harmful substances and protecting biodiversity are increasingly important in construction today."

How important is it to invest in the environment to achieve long-term sustainability?

"Environmental investments are usually long-term, but with today's rapid technological developments in building materials, it is not obvious that solutions within construction will be the same today as tomorrow. One example is that concrete is rapidly moving towards less environmentally damaging concrete. Factoring technological advances into investments is new

and an exciting challenge. The construction sector is extremely innovative right now. For example, we have so-called 'green steel' and who knows, maybe concrete will be able to be recycled in the future.

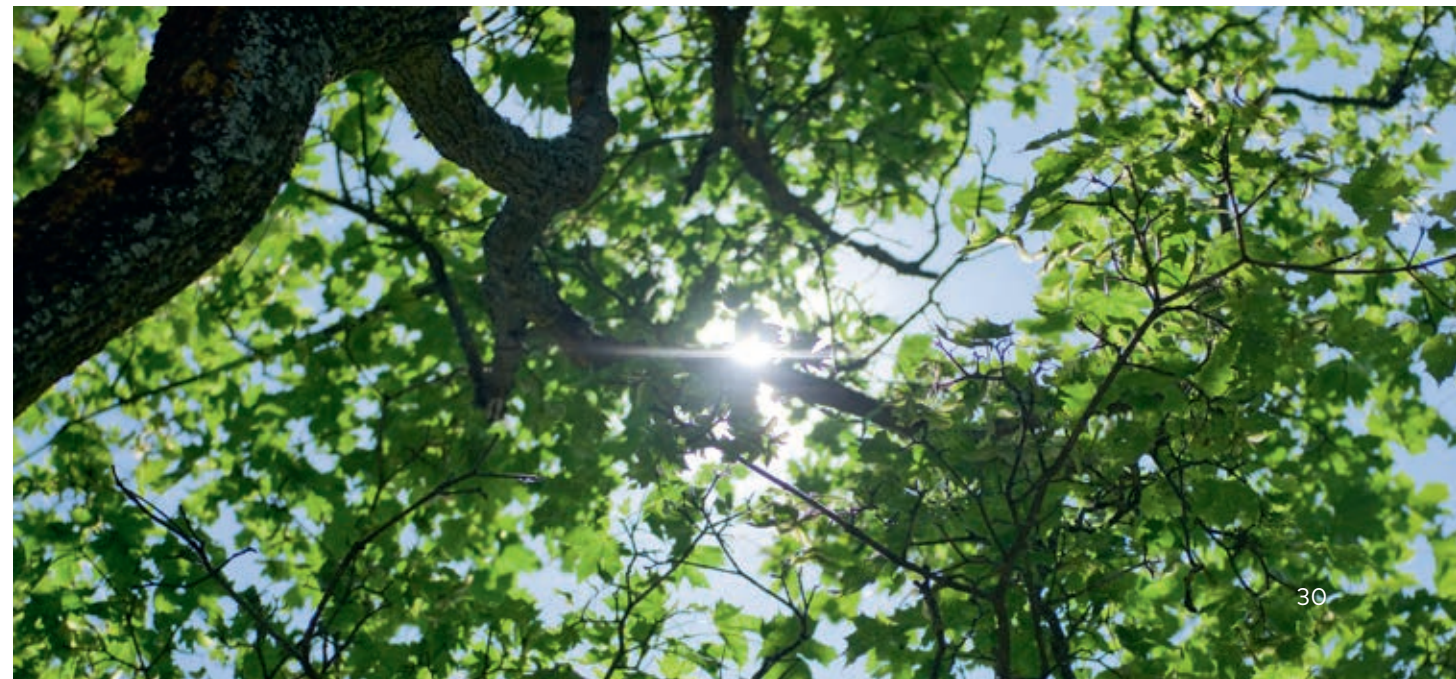
"Environmental issues also have short-term benefits. Research shows that tenants want green-branded properties. The properties also receive a discount when financed by banks and the bond market. The trend is a strong one and it is certainly a selling point now that property only has a small environmental impact. As a result, green-branded buildings have generated a higher sales price, so although most companies make environmental investments primarily because they have their own incentives to work to improve the environment in the long term, it is also good business."



Kent Eriksson, Professor at KTH, Department of Property and Construction, and head of the Sustainable Finance Lab.



Lin Lerpold, Associate Professor at the Stockholm School of Economics, Department of Marketing and Strategy, and Director of the SIR Center for Sustainability Research (CSR) and Deputy Director of the Sustainable Finance Lab.



Environmental aspects of new building construction (cont.)

An urban developer with a focus on sustainability →

Strategic focus areas →

- Responsibility for the climate →
- Environmental responsibility
- Social responsibility →
- Ethical business responsibility →
- Financial responsibility →

Double materiality →

What are the links between environmental and social issues?

"There is a strong trend right now of financiers and property owners wanting to improve social sustainability. They want to develop metrics to evaluate whether the actions they take actually lead to better social sustainability.

"Social sustainability has many dimensions, such as security, diversity and inclusion. During the pandemic, we have seen that property owners want to build in a way that minimizes the spread of infection. It is certainly the case that property owners want to participate in improving society, and there is absolutely no contradiction between working for greater social sustainability and doing good business in the property sector.

"Socially sustainable properties are more attractive to tenants. Property can also attract good financing terms through so-called social bonds. Another social sustainability issue that has received increased attention is the construction industry's responsibility towards labour market migrants. A major problem in the sector is the monitoring and enforcement of collective agreements and poor working conditions, often through temporary employment agencies."

What does science contribute to environmental and sustainability issues?

"Science contributes in two main areas: One is to evaluate whether the metrics used to measure environmental impact are having the intended effect. Research ensures that classifications, rules and guidelines lead to less environmental impact. Evaluation is constantly needed as new and better materials

appear and because the environment changes, such as increasing rainfall.

"The second is to develop new metrics. There is a strong move towards more sophisticated life cycle analysis, so that not only energy, but also biodiversity and environmental impacts in general are addressed. Here, too, there is a strong development through new rules and not least the option of digitally mapping the various components of a property.

"One future prediction is that buildings will have extensive digital information on areas such as energy, biodiversity and social factors, and that these measures will be developed and monitored by researchers. We are also noticing that research is increasingly taking place in property companies and not just in universities and colleges. The intensity of knowledge in the sector has increased."



Social responsibility

- An urban developer with a focus on sustainability →
- Strategic focus areas →
 - Responsibility for the climate →
 - Environmental responsibility →
 - Social responsibility**
 - Ethical business responsibility →
 - Financial responsibility →
- Double materiality →

Magnolia Bostad wants to be a committed force in the places where we operate. We want to be at the forefront of sustainable social development and be an attractive employer. For us, social responsibility is about putting people first.

It's about creating greater inclusivity, safety, equality, accessibility, health and well-being for customers, partners and employees. We are proud of our social commitment to the community, which improves how we work with social sustainability in our projects and beyond.


Read about our collaboration initiatives on **the next page**.

Social responsibility in brief, 2021	
Football	We support around 30 girls' and women's football clubs around the country
Cooperation initiatives	8 initiatives
Employees	53% women and 47% men

- Selected events in 2021:**
- Included four additional football clubs and now support a total of around 30 girls' and women's football clubs. In this way, we are helping to be an active force in the places where we develop housing.
 - Participated in Mitt Livs Chans (My Life's Chance) as mentors to contribute to a more open and inclusive labour market by supporting people with foreign backgrounds to navigate the Swedish labour market.
 - Expanded our community involvement by supporting the partnership initiative Her House, which provides sheltered housing for women.
 - Had training on social issues for all employees including human rights and workshops on BoTryggt 2030 to increase awareness, knowledge and create conditions to develop our social commitment.


- Examples of what we will be working on in 2022:**
- Further develop our social screening and increase the integration of social issues throughout our process from project inception to completion and management.
 - Develop our collaborative initiatives and increase active engagement and participation of employees.

Global sustainability goals
Agenda 2030
 In terms of social responsibility, we primarily work on:



5 GENDER EQUALITY

Goal 5 - Equality, targets 5.1 and 5.5
 For example, by promoting girls' and women's participation and involvement in football and club life in the places where we operate.



10 REDUCED INEQUALITIES

Goal 10 Reduced inequalities, target 10.3
 For example, by ensuring equal opportunities and reducing the incidence of unequal outcomes through pay mapping and employee surveys.

Read more about our work on the UN Global sustainability goals on **pages 118-119**.

Our eight cooperation initiatives in social sustainability

- An urban developer with a focus on sustainability →
- Strategic focus areas →
 - Responsibility for the climate →
 - Environmental responsibility →
 - Social responsibility
 - Ethical business responsibility →
 - Financial responsibility →
- Double materiality →

We actively work on diversity, equality, inclusion, safety and health by participating in various cooperation initiatives. For us, social responsibility is about how we are committed to the sustainable development of society.

Sustainability through football
 We support around 30 girls' and women's football clubs in Sweden, including a summer football school to increase integration and help with homework to help players stay in their sport. In addition, we train female football leaders to inspire and create role models. To enable more people to play football, we have created a social fund. In our annual Sustainability through Football report, we describe how we make a difference in the places we operate in.

Ownership
 We are partners with Ownership to enable research and progress in female ownership.

BoTryggt 2030
 We are working with BoTryggt 2030, which is an important part of our project process, helping us to integrate security and build crime away. Through BoTryggt's checklists and handbook, we can implement these principles in the planning phase and influence the design of homes and communities.

Mitt Liv
 We are a partner of Mitt Liv, which aims to actively contribute to a more open and inclusive labour market. Magnolia Bostad employees are given the opportunity to become mentors in Mitt Livs Chans – Sweden's largest mentoring programme for graduates with a foreign background who lack jobs corresponding to their skills.

Min Stora Dag
 We are involved in Min Stora Dag to support the foundation in granting wishes and creating important breaks for children and young people with serious illnesses and diagnoses.

Her House
 We work with the Her House Foundation, which supports, promotes and improves the health of women and children through housing and community outreach.

Äldrekontakt
 Through Äldrekontakt (Age Contact)'s volunteers, lonely elderly people can meet people to make their lives more meaningful.

Spring för livet
 Employees take part in Spring för livet (Run For Life), the property industry's big fun run, where everyone's a winner, as well as, of course, the UNICEF project in Malawi - where all proceeds from the race go.



How can football change society?

Eskilstuna United was one of the first clubs Magnolia Bostad sponsored. Today we sponsor both the football club and Hjärta (Heart) United.

Emre Gurler, sustainability manager at Eskilstuna United, talks about the team's sustainability work and the collaboration with Magnolia Bostad: "As a top-league football club, we want to show that a football club can take great social responsibility in tough contemporary issues such as loneliness, long-term unemployment and inclusion, working with people aged 8 to 98. We want to be a relevant, modern and important force, not only in Södermanland but also throughout Sweden. On and off the football pitch.

"It's an extremely tough and long-term job that never ends. You must be animated by these issues. But with the help of companies like Magnolia Bostad that have the right values in place, our work becomes much easier.

"Magnolia Bostad impress me. Not only have you supported us for a very long time, you really "walk the talk", which is difficult as sustainability issues are very complex to approach. The



Emre Gurler, sustainability manager at Eskilstuna United.

key to success in sustainability work is to understand the holistic approach, that things are connected and try to find the "glue" with partners from all sectors of society. Solitude is never strong!

"Magnolia Bostad is a role model in terms of supporting women's football, both nationally and with us at Eskilstuna United. I am really looking forward to continue developing our cooperation and also how Magnolia and United together can inspire other companies in terms of gender equality, modern sponsorship and how we can develop our businesses together to move together towards the global goals!"

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility

Ethical business responsibility →

Financial responsibility →

Double materiality →

About Hjärta (Heart) United

- Care United – the initiative came from the first-team players themselves in 2017 and was the start of the association Hjärta United. The players wanted to help people and started by combating loneliness in service housing in Eskilstuna. Today, first-team players act as extra resources and fellow human beings for the elderly.
- Work United – a labour market project matching long-term unemployed people with the skills needs of sponsoring companies. So far, Work United has found work for 50 people.

- Reflect United - training platform where youth players take part in values exercises.

- Girls United - integration work in schools. For girls between 8 and 15 years old in socio-economically disadvantaged areas in Eskilstuna.

- Summer holiday football for children and young people led by first team and academy players. In 2021, Eskilstuna United invested 1,000 working hours during nine weeks of summer holiday football.



- The Pink Ribbon Match - Contributes to breast cancer research, has been played every year since 2015.

- JAG2030 - a call for gender equality that has led the football club to create a vocational college, Eskilstuna Management Academy, which trains women in various industries regarding gender equality, business leadership and individual coaching.

Eskilstuna United was the only sports club nominated for the Swedish Gender Equality Award 2022. The Swedish Gender Equality Award is a national award that is presented each year to a body actively working for a more gender-equal society.

Ethical business responsibility

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility

Financial responsibility →

Double materiality →

For us, business ethics is about clear accountability, having control over our operations and value chain, having procedures in place for how we work on business ethics and how we deal with deviations from our guidelines and processes. Business ethics are important to our employees, management and the board, but also to partners and suppliers throughout the value chain.

The Board sets the company's sustainability direction with input from the management team and the Head of Sustainability and determines policies for the company's operations. The CEO and the management team decide on guidelines and various activities linked to the adopted sustainability policy. The Head of Sustainability works strategically on sustainability in governance, the business plan, integration in operations and business, risk management, targets and reporting. The Green Bond Committee (which includes the CFO, Head of Legal and Head of Sustainability) decides on issues related to sustainable financing. Legal ensures good order and procedures related to business ethics. To manage whistleblowing cases, the company has set up an Ethics Council which includes the CFO and Head of Legal. The company's Health and Safety Committee oversees the company's health and safety issues, chaired by the general counsel and including the HR manager, safety representative and employee representative.

Governing documents:

- Codes of conduct for employees, partners and sponsorship.
- Sustainability policy
- Anti-harassment guidelines

- Guidelines against discriminatory treatment
- Checklist against harassment and discriminatory treatment
- Contracts and agreements

Selected events in 2021:

- Updated our codes of conduct for employees, partners and sponsorship.
- Implemented activities in line with updates to the Whistleblowing Directive.
- Performed environmental audits on a total of 20 projects in 2021 and sustainability due diligence on a turnkey project to validate data, procedures and processes.

Examples of what we will be working on in 2022:

- Establish a sustainability and innovation forum for the further development of sustainable solutions and proptech.
- Continue to work towards zero tolerance of discriminatory treatment.
- Work towards achieving 100% signed codes of conduct in our contracts.
- Train all employees in anti-corruption.

Business ethics in brief, 2021	
Codes of Conduct	100% signed and witnessed by employees, partners, and sponsorship recipients.
Codes of Conduct	Updated 2021
Cases of corruption	None

Global sustainability goals

Agenda 2030

In terms of business ethics, we primarily work on:



Goal 8 - Decent work and economic growth, targets 8.1 and 8.8
For example, through codes of conduct as well as the Ethics Council, the Safety Committee and employee forums.



Goal 16 – Peace, justice and strong institutions, target 16.5
For example, by preventing corruption and bribery and having a whistleblowing function.

Read more about our work on the UN Global sustainability goals on **pages 118-119**.

How can the property sector contribute to a corruption-free society?

In civil engineering, business ethics are important to employees, management and the board, but also to partners and suppliers throughout the value chain.

We spoke to Hayaat Ibrahim, Secretary General of the Institute Against Bribery (IMM):

Why is anti-bribery and anti-corruption work crucial?
"Corruption is a major blow to trust and confidence in society. From a business perspective, it is clear that corruption and good business do not fit together.

"Corruption and bribery distort competition in the market, often resulting in poorer quality and higher prices. As corruption is often hidden, it is difficult to estimate exactly how much corruption costs society, but the OECD and the World Bank, among others, estimate that around SEK 35,000 bn is lost annually to corruption. At the same time, the UN estimates that the financial gap to achieve the Sustainable Development Goals (SDGs) is SEK 25,000 bn.

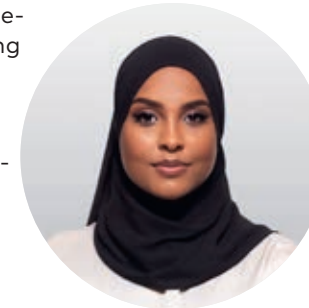
"Working against corruption frees up capital that can be used to make a successful transition to sustainable development."

How can the property sector contribute to a corruption-free society?

"To prevent corruption, businesses must be able to identify corruption. The first step is therefore to understand the nature and incidence of corruption in the sector. This means that each organization must conduct a risk analysis to understand its internal and external corruption risks. Based on this, concrete

measures should then be developed, such as the training of employees and business partners.

"As more players in the sector refuse to act corruptly, a new culture of doing business in an ethical and sustainable way appears."



Hayaat Ibrahim, Secretary General, Institute Against Bribery.

What are the challenges in trying to reduce corruption?
"One challenge is that corruption is often hidden. You can ask yourselves 'how can we build more transparency into our business model?'. For example, you can rotate staff in certain key functions or have more people involved in negotiating major agreements.

"As an employer, you should strive to make it difficult to do wrong and easy to do right."

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility

Financial responsibility →

Double materiality →

Financial responsibility

Financial responsibility is important to work for sustainable profitable growth and enable the allocation of capital for sustainable properties. It is also crucial in achieving the goals of Agenda 2030, the Paris Agreement and a sustainable transition.

Magnolia Bostad's financial responsibility means working for sustainable profitable growth and value for our owners. Magnolia Bostad does this, among other things, through a broad portfolio of housing types, which reduces the company's risk. We want to create neighbourhoods and meeting places that are developed in such a way that they contribute to the economic growth and well-being of the area. We work in close dialogue with the community and other stakeholders.

SEK 1,275 m **SEK 2,015 m**

Total volume of green bonds outstanding

Scope available for new green bonds under our green framework

SEK 3,065 m

Total volume of green pool, funds that are used and can be used for housing that meets the environmental criteria set in Magnolia Bostad's green framework.

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility

Double materiality →

Through our green bonds, we increase transparency and facilitate the allocation of capital for sustainable properties. In the spring of 2021, Magnolia Bostad issued its second green bond. The first was issued in the autumn of 2020. Both were designed in accordance with the 2018 Green Bond Principles guidelines. The framework has been reviewed by Cicero Shades of Green, which has given the framework a rating of Medium Green.



Magnolia Bostad has a Green Bond Committee consisting of the company's CFO, Head of Sustainability and Head of Legal. The Committee monitors to ensure that only eligible projects are financed from the green bond funds. In 2021, four Green Bond Committee meetings were held.

Selected events in 2021:

- Issued SEK 725 m in green bonds.
- Launched our first green bond report.

Examples of what we will be working on in 2022:

- Continue to work on green bonds.
- Evaluate sustainable financing solutions beyond green bonds.
- Continue work on diversity and inclusion.

Global sustainability goals

Agenda 2030

For financial responsibility, we work with several of the Sustainable Development Goals, and in green bonds, the green framework focuses on:



Goal 11 – Sustainable cities and communities

The aim of this goal is to make cities safe, inclusive and sustainable.

Through our green financing, we enable inclusive, safe communities and homes that are sustainable due to being resilient.



Goal 13 – Combating climate change

The aim of this goal is to combat one of the greatest challenges of our time – climate change.

Our Green Framework has criteria for action to combat climate change.

Read more about our work on the UN Global sustainability goals on **pages 118-119**.

How is society affected by sustainable financing?

Magnolia Bostad's main focus in financing is to provide the business with capital on favourable terms regarding sustainability, price, interest rate risk and structure. Our aim is for all new financing to be environmentally and socially sustainable over time.

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility

Double materiality →

Currently, all our outstanding bond programmes are green. As a sustainable community developer, it is essential for Magnolia Bostad to use sustainable financing. We spoke to Sasja Beslik, Head of Sustainability at PFA Pension, about sustainable financing.

Why is it important to work with sustainable financing?
"Financing is central to the ability of businesses to grow and develop. Capitalization can determine whether a company can transform its operations, develop new products and enter new markets.

Many companies look at sustainability as part of their internal work and today increasingly in relation to their products and services. However, it is often the case that the financing aspect, i.e. the treasury function itself, still, in many cases, works in accordance with common financing models where sustainability does not have a central function. As a result, many companies' own sustainability measures do not synchronize with how the company is financed or how its transition is financed. A case in point is a company that develops products that are sustainable but where the financing itself is not sustainable. The effect of what they are trying to achieve will then be small. Green bonds are used by many today, and the future is for all lending and financing to be sustainable. Today, around 10% of global assets under management are invested sustainably.

How do you think you can speed things up and highlight sustainability work through the economic, financial aspect of sustainability?

"New EU legislation, the Sustainable Finance Disclosure Regulation (SFDR), is putting pressure on financial operators to disclose how they integrate sustainability considerations into their investment decisions. The next stages will also include lending."



Sasja Beslik, Head of Sustainability at PFA Pension and author of the current book "Where the Money Tree Grows".

For most companies on the market, it is clear that the transition to a more sustainable future requires a complete rebalancing of financing flows and capital allocation. Furthermore, there is now quite a lot of evidence that such sustainable financing and investment solutions also deliver better returns.

How can the financial sector influence the property industry in its transition to a sustainable future?

"Investments in property are often seen as defensive positions, stable investments and secure returns over time. The property sector accounts for significant carbon emissions in Europe and globally and has a major role to play in the transition to a more sustainable future. The financing of this transition in the property sector must be fully sustainable in the long term, otherwise the effects of the transition, such as reduced emissions per square metre, will be eroded."



Double materiality

Magnolia Bostad is affected by the world around it, and we affect the world around us through our operations. Sustainability risks are therefore doubly material.

By analysing and managing material sustainability risks, we can equip ourselves to mitigate risks and promote opportunities.

We have identified both physical climate risks and transitional risks. Together with LCA (Life Cycle Assessment), we currently carry out climate risk analyses for projects, such as in locations close to the sea. We are also developing a climate risk programme in agreement with the Taskforce on Climate-related Financial Disclosure (TCFD) to identify financial impacts.

Key sustainability risks: climate change, environmental risks, resource scarcity, corruption, improper workload and ill health, occupational health and safety risks for contractors' employees.

For a description of Magnolia Bostad's risks and risk management, **see pages 64-66**. For Magnolia Bostad's materiality analysis, **see page 117**.

An urban developer with a focus on sustainability →

Strategic focus areas →

Responsibility for the climate →

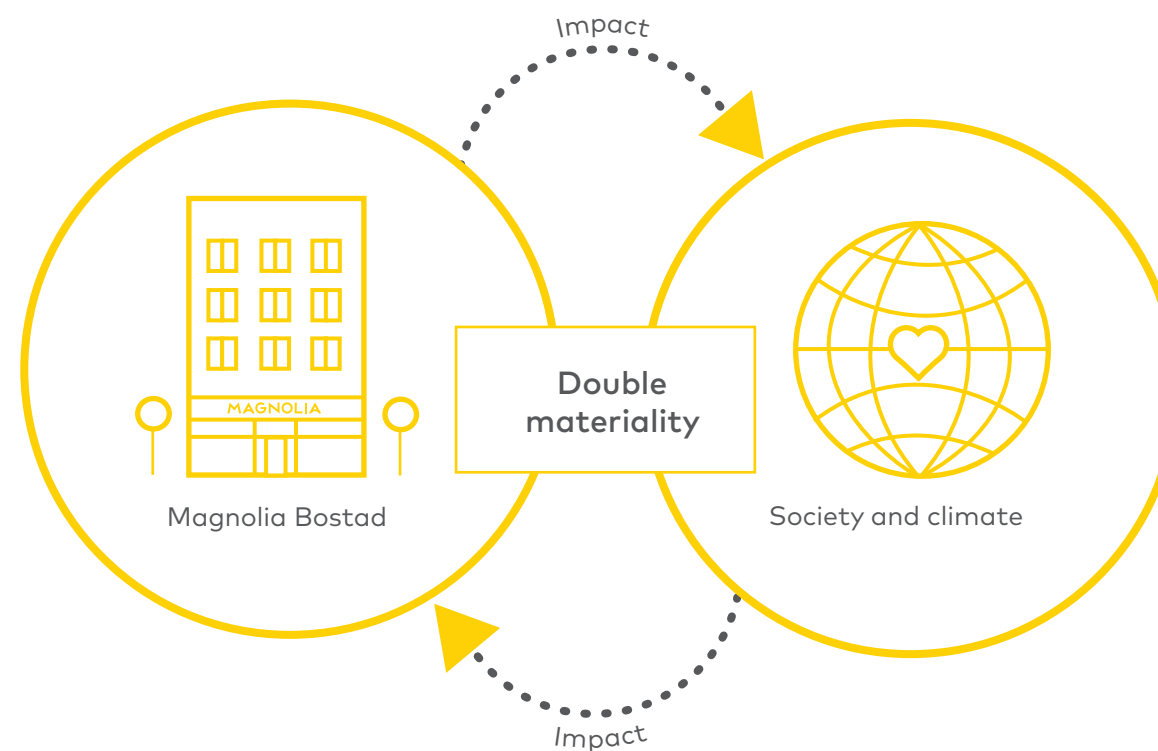
Environmental responsibility →

Social responsibility →

Ethical business responsibility →

Financial responsibility →

Double materiality



Projects and properties

20,000 building rights in the
portfolio →

9,400 residential units in
production →

Properties for self-
management →

Values and valuation →

20,000 building rights in the building rights portfolio

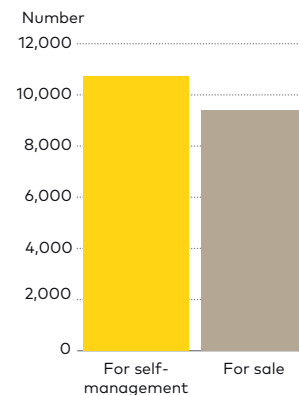
Magnolia Bostad has one of Sweden's largest building rights portfolios. We develop rental accommodation as well as tenant-owner apartments, community service properties and hotels. Our housing is developed as individual projects or as part of a larger project when a completely new neighbourhood emerges.

Our building rights portfolio consisted of just over 20,000 building rights at the end of December 2021. Just over half are intended for development for self-management and the other half for development for sale. Our ambition is to reach a percentage of at least 10% for all projects developed for sale.

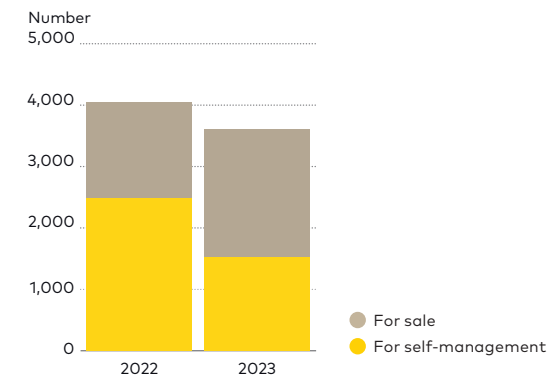
Our best estimate of production starts from the building rights portfolio as it stands as of 31 December 2021 is between 3,000-4,000 construction starts per year for the next two years. This figure may change as the building rights portfolio is replenished with newly acquired building rights, some completed with a zoning plan in force. There are also uncertainties such as zoning plan processes, government decisions or unspecified dates for vacant project properties that can cause estimates to change over time.

In 2021, Magnolia Bostad acquired ready-to-build on land for the development of around 350 residential units in central Kungsbacka. The new blocks will consist of varying facades in wood and brick and varying ceiling heights. Representation.

Building rights portfolio



Production starts in building rights portfolio



20,000 building rights in the portfolio

9,400 residential units in production →

Properties for self-management →

Values and valuation →



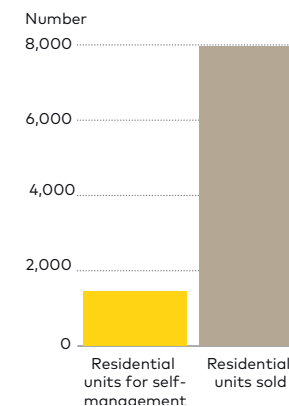
9,400 residential units in production

As of 31 December 2021, Magnolia Bostad had just over 9,400 residential units in production. Most of the units that are currently in production have been sold. In principle, Magnolia Bostad manages all projects sold until completion.

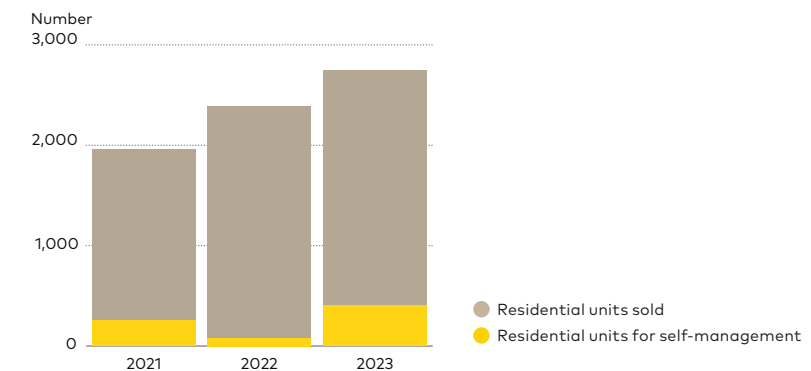
In line with Magnolia Bostad's focus on sharply increasing the number of residencies intended for self-management, the proportion of residential units for self-management in production will increase in future.

In 2021, we completed just over 1,000 residential units. Since its inception, Magnolia Bostad has completed over 5,800 units. Our ambition is for all completed homes to be environmentally certified according to the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or another equivalent standard. For 2021, environmentally certified housing, or with ongoing environmental certification, amounted to about 90% of the total amount completed residential units. In sold rental accommodation projects, Magnolia Bostad can, on behalf of and in collaboration with the buyer, sell parts of sold rental projects as tenant-owned apartments.

Residential units in production



Estimated completion of residential units in production



[20,000 building rights in the portfolio →](#)

[9,400 residential units in production](#)

[Properties for self-management →](#)

[Values and valuation →](#)

The Bro Mälarstad project under construction. The picture shows the installation of finished wooden apartment modules. Read more about the project on page 14.



Properties for self-management

20,000 building rights in the portfolio →

9,400 residential units in production →

Properties for self-management

Values and valuation →

Properties for self-management create the conditions for a long-term increase in the net asset value of the company and a predictable ongoing cash flow.

Projects for self-management are selected after an assessment of each project. In the assessment, we consider, among other things, whether the future property fits into our long-term strategy to build up our own property portfolio. By consolidating our investment properties in certain geographical locations, we can implement good, efficient management.

Certain properties are developed through joint ventures (JVs). In those cases, we contribute our development expertise while our partner accounts for a larger share of the capital requirement. When the property is completed, it is managed within the JV, or alternatively Magnolia Bostad and the JV parties each buy part of the property.

Through our new ownership structure since September 2021, and through close cooperation with JV partners, conditions have been created for a rapid pace of development and the opportunity to develop larger projects. An advantage of larger projects is that there is often great potential to add value in development.

Projects that involve the development of an entire neighbourhood often include a combination of rental accommodation, tenant-owned apartments, residential care homes, nursery schools, schools and hotels. Magnolia Bostad can therefore create an optimal mix in an area and work on the whole project based on the living environment and sustainability.

Breakdown of properties for self-management
Completed properties, projects in production and non-production-started projects.

	Estimated number of residential units	Rentable area upon completion, m²	Reported value, SEK m	Remaining investment, SEK m	Estimated property value upon completion, SEK m	Estimated annual rental value upon completion, SEK m
Properties for self-management, completed	176	7,827	308	-	308	15
Properties for self-management, in production	1,454	67,422	1,432	1,637	3,562	161
Properties for self-management, not production-started	10,724	597,062	1,948	21,667	32,557	1,90
Total	12,354	672,311	3,688	23,303	36,426	1,666

The reported value in the table above consists of what is reported as investment properties in Magnolia Bostad's report on financial position and Magnolia Bostad's share of investment properties in JVs. For important information about assumptions, see page 139.

Production-started properties for self-management
Production-started properties for self-management are estimated to have a property value of SEK 3.6 bn upon completion and generate an annual rental value of SEK 161 m. These projects are expected to be completed between 2022 and 2025. Remaining investments in these projects amounted to SEK 1.6 bn on 31 December 2021 and the remaining estimated undiscounted surplus value amounted to SEK 0.5 bn.

Building rights portfolio for self-management
Non-production-started properties for self-management are estimated to have an undiscounted surplus value of SEK 8.9 bn where there are zoning plans in force. The value is assessed after considering the initial estimate of costs for demolition, development, planning costs and more.

Targets and results for properties for self-management

- 20,000 building rights in the portfolio →
- 9,400 residential units in production →
- Properties for self-management
- Values and valuation →

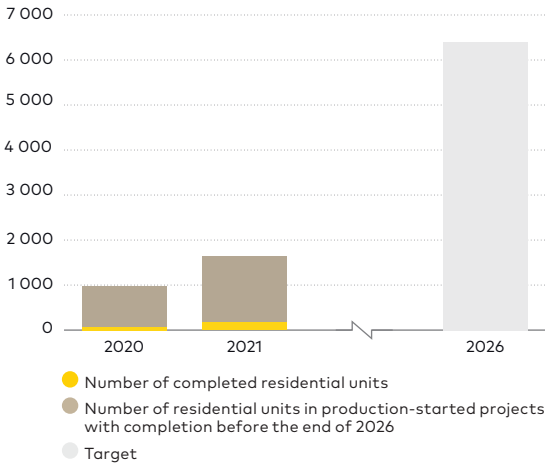
Magnolia Bostad’s target is for completed residential units to increase from the current 176 units to 6,400 units by the end of 2026, or for the property value for these to increase from SEK 308 m to at least SEK 14.8 bn over the same period.

A total of 1,454 residential units with an estimated property value upon completion of SEK 3,562 m are in production. All properties that are in production are expected to be completed before the end of 2025.

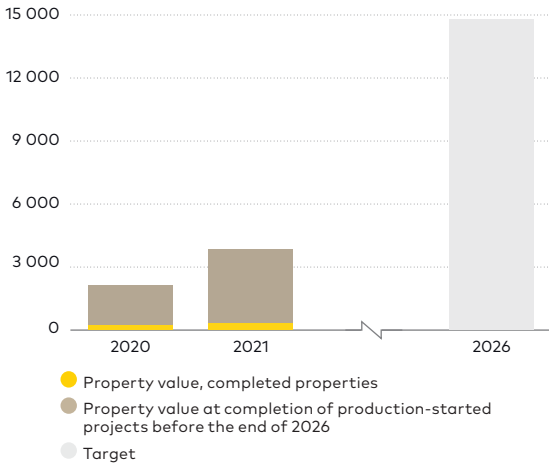
In addition to properties in production, an additional 4,800 residential units, with an estimated property value of around SEK 10,930 m, are needed to reach the target in 2026. The majority of this is estimated to come from production starts in the existing building rights portfolio.

As most non-production-started projects in the existing building rights portfolio have a calculated completion date beyond 2026, certain additional acquisitions will need to be made to achieve our targets. See also Financing of properties for self-management [page 54](#).

Number of residential units: position 31 Dec 2021



Property value, SEK m: position 31 Dec 2021



Value and valuation

We create value continuously throughout the process, from land acquisition through zoning plan work, until the building is complete. The increase in value of the project takes place gradually while our work is in progress, but the reported valuation occurs at a later specific time.

Initially, the land is reported at acquisition value. The valuation of properties for self-management is reported when a zoning plan comes into force and other prerequisites are in place to reliably estimate fair value. Thereafter, a fair value valuation is reported quarterly. During the production period, the change in value is usually due to project development profits that are reported as construction progresses and remaining uncertainties decrease. After completion, changes in value are mainly due to return requirements changing, but also to changes in estimates of future operating net income. For important information about assumptions, [see page 139](#).

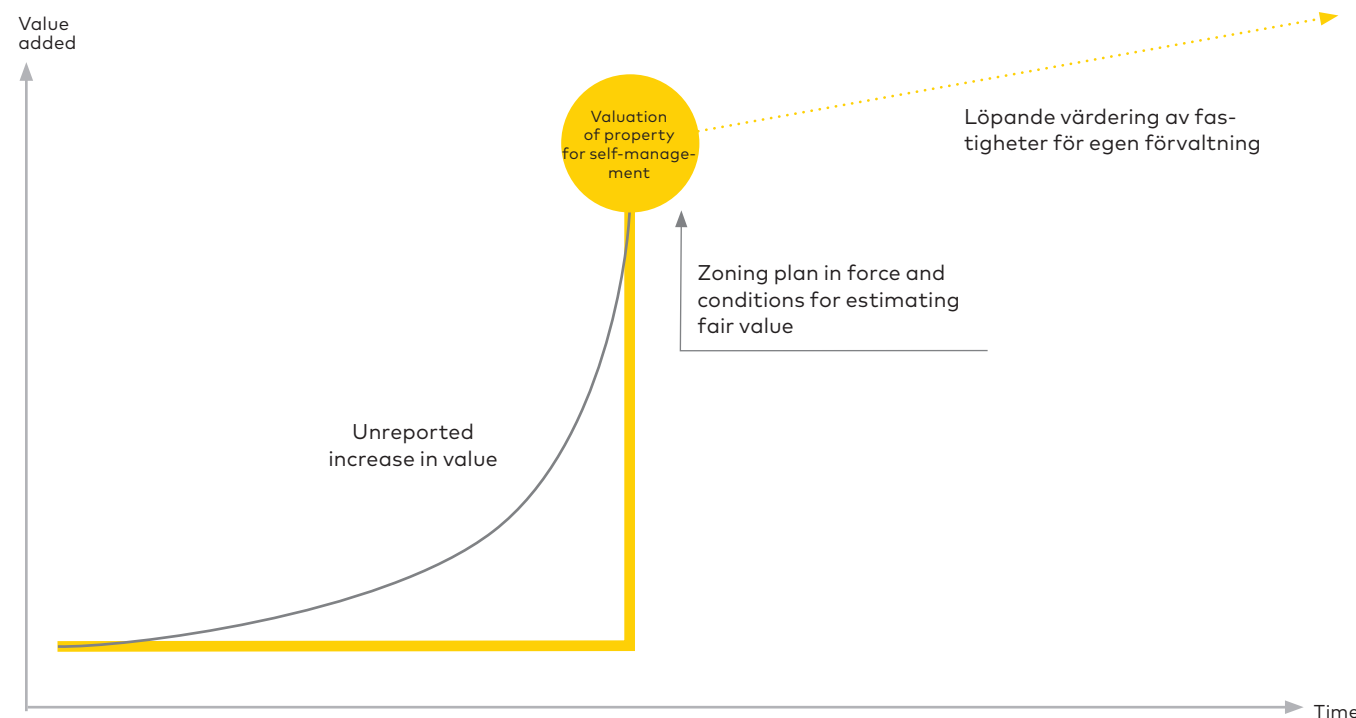
Projects for sale are valued at acquisition cost up to the time of sale.

20,000 building rights in the portfolio →

9,400 residential units in production →

Properties for self-management →

Values and valuation



The value of the property gradually increases during the zoning plan process but reporting the change in value only reported when there are conditions for estimating the property's fair value exist, normally when the zoning plan has come into force.

Value of properties for self-management

20,000 building rights in the portfolio →

9,400 residential units in production →

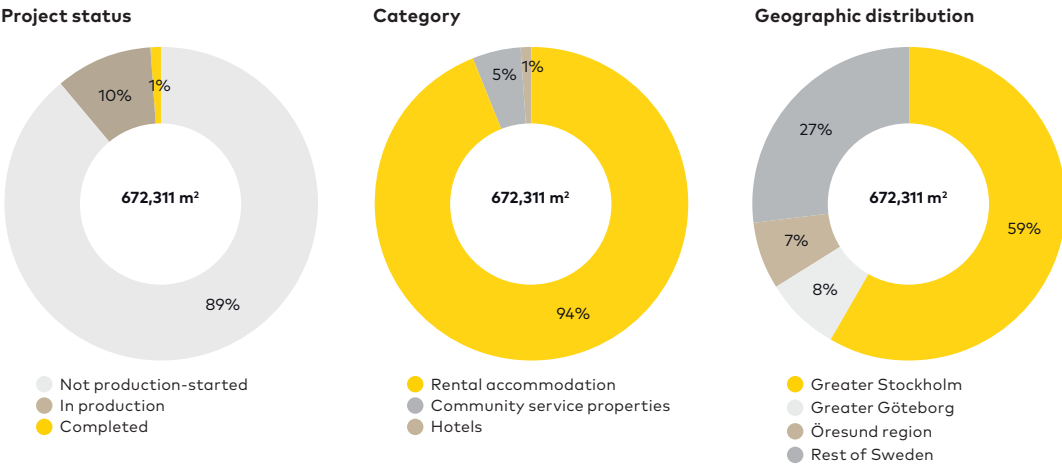
Properties for self-management →

Values and valuation

In the coming years, a larger share of the building rights portfolio will be set aside for the development of properties for self-management. The target is to reach 6,400 completed residential units for self-management before the end of 2026, or to own investment properties of a value of at least SEK 14,800 m upon completion. Reaching this target will require a high rate of production starts in the coming years, with the majority expected to come from the existing building rights portfolio.

The main part of the portfolio for self-management consists of non-production-started rental accommodation in Greater Stockholm. Other building rights are mainly in Greater Göteborg, the Öresund region and regional cities with good demographic conditions.

Properties for self-management:



SEK 308 m

Value of completed investment properties, 31 December 2021.

SEK 3,560 m

Estimated value on completion of the investment properties in production as of 31 December 2021 and which are expected to be completed before the end of 2026.

Method – valuation of properties for self-management

20,000 building rights in the portfolio →

9,400 residential units in production →

Properties for self-management →

Values and valuation

Managed properties and production-started properties are reported at fair value in accordance with the accounting standard IAS 40. Before a zoning plan comes into force, it is difficult to reliably estimate fair value, which means that properties without a zoning plan are reported at acquisition value, which includes directly attributable expenses, unless there are sales agreements or other reliable indications of other value.

Determination of fair value
Fair value is determined with a combined application of the return-based method and the local price method. For a definition of the valuation method, see page 137.

Production of properties takes place through signing turnkey contracts with external contractors. For properties in construction, costs for the turnkey contract, other production costs and a mark-up for the production risk (risks and uncertainties such as time aspects, degree of completion and local market risks) are included as remaining investments in the cash flow analysis on which the return-based value method is based.

The fair value of investment properties can include building rights and then the return-based value method is combined with the local price method.

Process - valuation of properties for self-management
All properties are valued through internal valuation at the end of each quarterly report. At least once a year, an external valuation takes place to validate the internal valuations for all properties that are not valued at acquisition cost or at fair value, based on a signed sales agreement. The external valuation was SEK 89 m higher, or 9%, than the internal valuation as on 31 December 2021 and the external valuation for investment properties owned via JVs was SEK 63 m higher, or 2.2%, than the internal valuation. External valuations can be performed more than once a year for projects that are in the early stages of the development process when uncertainty can be greater. To ensure a professionally performed valuation, the valuations are carried out in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC).

The reason why the share of the value of investment properties confirmed by external valuation amounted to 43% (32%) instead of 100% is that a larger proportion of the property value at the end of 2021 is valued at acquisition cost or based on signed sales agreements compared with the previous year.

Internal and external valuation respectively

	Investment properties owned via JVs		Investment properties	
	2021	2020	2021	2020
External valuation, SEK m	2,886	1,780	984	468
Percentage of total value of external valuation, %	100%	93%	43%	32%
External valuation higher than internal, SEK m	+63	+45	+89	+68

For the sensitivity analysis, see pages 94-95.
For important information about assumptions, see page 139.

Property portfolio properties for self-management

20,000 building rights in the
portfolio →

9,400 residential units in
production →

Properties for self-
management →

Values and valuation

Magnolia Bostad has 31 projects for self-management throughout Sweden. Most of the projects for self-management have not started production. As of 31 December 2021, Magnolia Bostad had two completed properties with a carrying amount of SEK 308 million. Nine production-started properties are owned via JVs and one production-started project is owned via a subsidiary.

Magnolia Bostad's share of properties in production amounts to SEK 1,432 m and the corresponding value of non-production-started properties amounts to SEK 1,948 m.

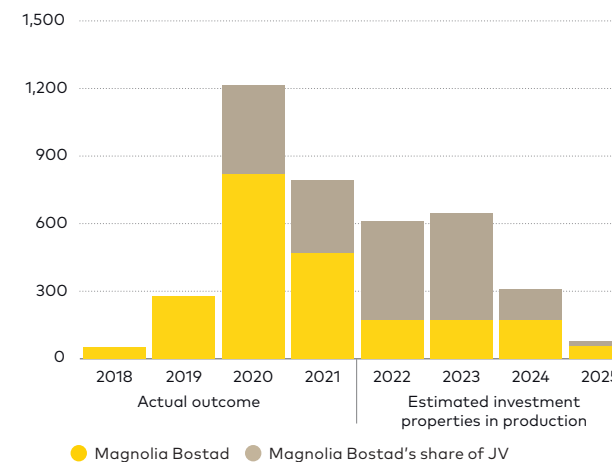
Completed investment properties

The Strandblick project in Östersund was completed in 2021. Strandblick is owned by a JV, and the total underlying property value is SEK 355 m with Magnolia Bostad's share amounting to SEK 178 m. The project consists of 216 rental units with an annual rental value of SEK 17 m. In addition, there is Adjutanten in Visby with a property value of SEK 130 m and an annual rental value of SEK 6 m. During the year, Orminge Centrum changed from completed investment property to non-production started as Nacka municipality has adopted a new zoning plan and Magnolia Bostad and Nacka municipality have signed development agreements to demolish existing buildings and develop housing.

Investments and acquisitions

Investments and acquisitions amounted to SEK 1,121 m during the year. The corresponding figure last year, after deductions for acquisitions made by JVs from Magnolia Bostad of SEK 186 m, amounted to SEK 1,612 m. Of this year's investments and acquisitions,

Investments and acquisitions, production-started properties
- including investment properties owned in JVs, SEK m



sitions, SEK 468 m was in subsidiaries and SEK 653 million was in JVs with JV partners.

Divestments

The Öresjö Ängar Berget project outside Borås was sold to Wikowia in 2021. Realized value growth since the start of production for investment properties sold during the year amounted to SEK 47 m, in addition, adjustments have been made for projects divested in previous years, which means that the year's total realized value growth amounted to SEK 23 million (181).

Estimated value at completion of investment properties in production

The property value of completed properties amounted to SEK 308 m as of 31 December 2021. Upon completion of properties in production as of 31 December

Changes in value of self-management properties

SEK m	2021	2020
Fair value at the start of the period	1,483	654
Reclassification and acquisitions	263	543
Investments and acquisitions	468	817
Changes in value	155	360
Sales	-93	-891
Fair value at the end of the period	2,276	1,483

Property value of properties for self-management owned by JVs

SEK m	2021	2020
Fair value at the start of the period	1,911	708
Reclassification and acquisitions	-	-112
Investments and acquisitions	653	980
Changes in value	320	335
Fair value at the end of the period	2,884	1,911

Input valuation at fair value 31 December 2021:

Discount rate, range: 5.30–7.40%

Direct yield, range: 3.25–5.25%

2021, the total property value is estimated to have increased to SEK 6,544 m and have a rental value of SEK 299 m, with Magnolia Bostad's share amounting to SEK 3,870 m in property value and SEK 176 m in rental value.

Estimated remaining investments as of 31 December 2021 for properties in production amounted to SEK 2,698 m, of which SEK 2,124 m of the investments will be made by the respective JVs. In total, properties and properties in production consist of 117,696 m² of which 100,548 m² is owned via JVs. In addition, there is 680,042 m² of non-production-started properties, of which 165,960 m² is owned in JVs.

Changes in value

20,000 building rights in the portfolio →

9,400 residential units in production →

Properties for self-management →

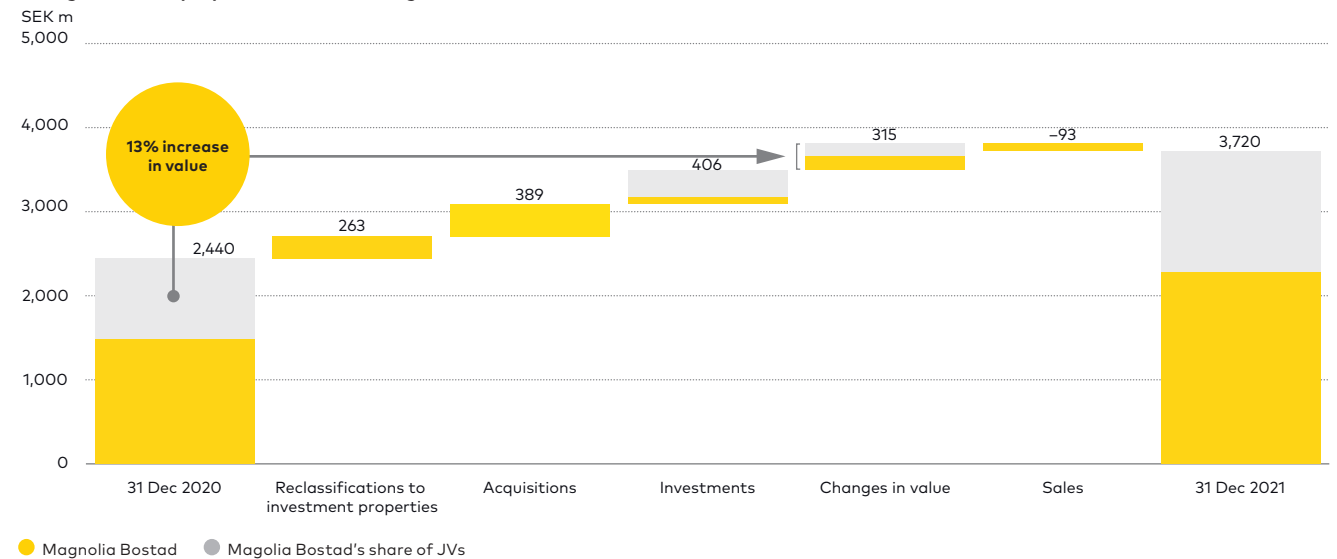
Values and valuation

Demand for properties, especially rental accommodation, remained significant in 2021, with falling direct yields and rising prices as a result. For rental housing, the required rate of return has been reduced to 3%, corresponding to a decrease of 0.75 percentage points during the year. The required rate of return for residential care homes with long leases in modern facilities, in large cities and regions with an aging population, also fell during the year and was 3.25%. Reported changes in value according to the income statement amount to SEK 128 m. The deviation of SEK -27 m against the item "Changes in value" of SEK 155 m in the table "Change in value of self-management properties" on **page 48** is due to profit effects arising during the year from properties sold to JVs in previous years.

Changes in return requirements and project gains mean that during the year Magnolia Bostad reported a change in value of SEK 155 m on properties owned in 2021. This corresponds to an increase of 10% compared with the value at the beginning of the period. Reported changes in value in JVs amounted to SEK 160 m, which corresponds to an increase of 17% compared with the value at the beginning of the period.

Development gains arise mainly through the work Magnolia Bostad puts in to ensure zoning plans come into force and during continuing production as uncertainty and thus risk deductions decrease. During the year, the Öresjö Ångar Berget project outside Borås was sold to Wikovia and an increase in value of SEK 47 m since the start of production was realized.

Changes in value, properties for self-management



Changes in value, own investment properties	2021 Jan-Dec	2020 Jan-Dec
Changes in net operating income	5	4
Changes in project costs	-24	-8
Project development	139	332
Changes in direct yield	13	1
Sales	21	32
Sales to JVs	-26	-25
Total	128	336

Financing

Magnolia Bostad's financing →

Financing of projects for self-management →

Financing of projects for sale →

Five questions for Fredrik Westin, deputy CEO & CFO →

Magnolia Bostad's financing

Magnolia Bostad's main focus in terms of financing is to provide the business with capital on favourable terms regarding price, interest rate risk and structure. Financing activities are conducted in accordance with the rules and guidelines established by the Board annually.

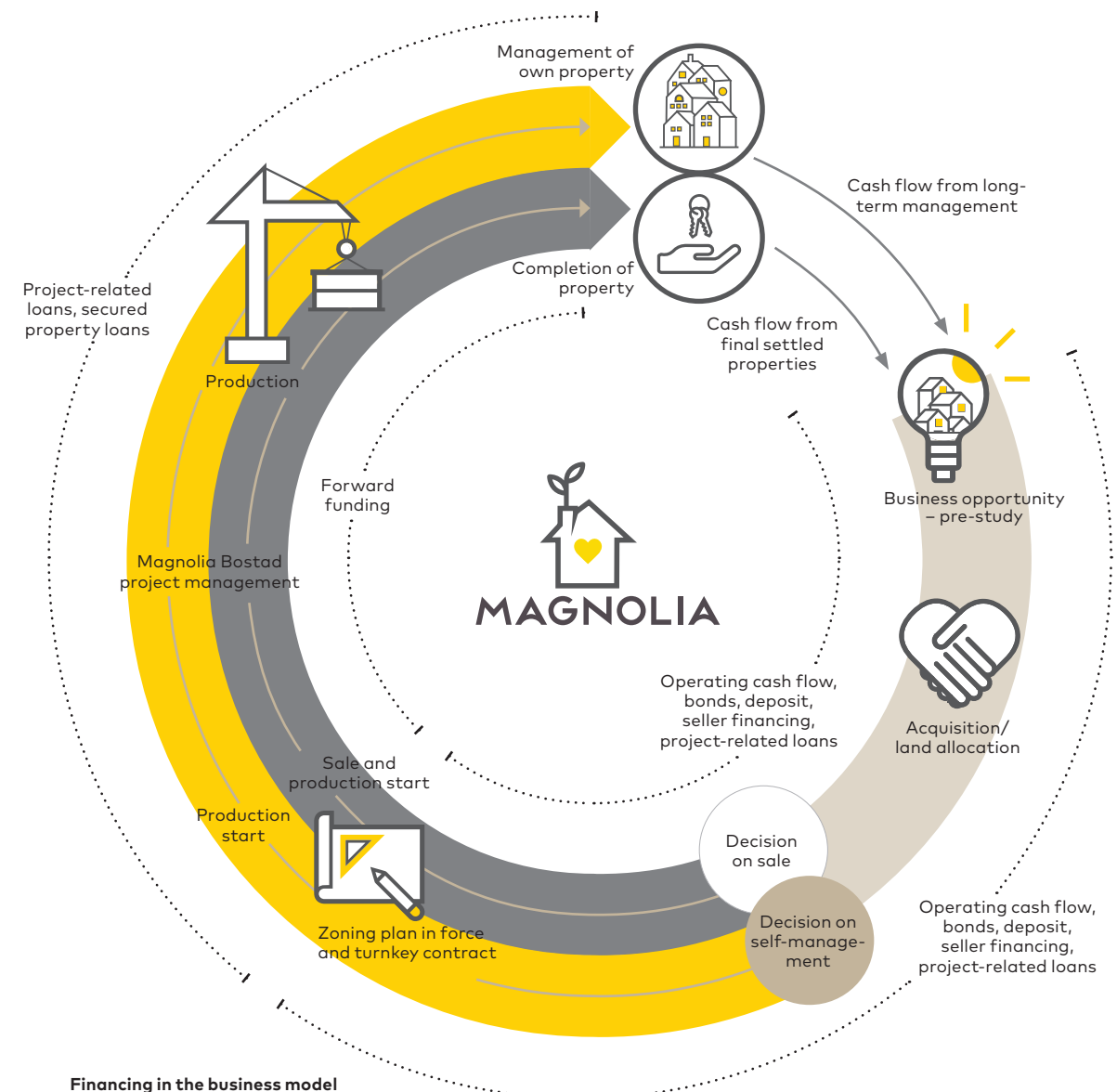
We work to achieve a long-term, stable capital structure with an even maturity structure and the least exposure to risk as possible. Today, all our outstanding bonds are green and we will explore the possibilities of using social financing. Our aim is that all our financing will be sustainable based on environmental and social aspects of society, within a couple of years.

Development for self-management entails the need for financing for contracting and construction as well as long-term financing in the form of property loans when the property is completed.

Projects for sale have a shorter capital requirement cycle as **forward funding** is normally received at the time of sale.

Financing is needed during the initial development phase, where capital is required for land acquisition and value-added work.

The need for financing varies from project to project depending on how long the development work takes and the type of acquisition in question. If Magnolia Bostad buys a property without a zoning plan, planning work and property conversion can take several years. Properties that are acquired with a zoning plan



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in force plan can often start production quickly, sometimes immediately following the acquisition.

Bonds are used to finance the processing of building rights, for other parts of the ongoing work of developing the projects and to finance the liquidity reserve. Certain land acquisitions are also initially financed with liquidity from bonds, thereby reducing the liquidity reserve. Land acquisitions can, to some extent, also be financed with seller financing. Acquired properties can usually be financed with various project-related liabilities. In the case of completed investment properties and rental-generating project properties, secured property loans are used as much as possible as the average interest rate for this type of financing is lower than for other financing.

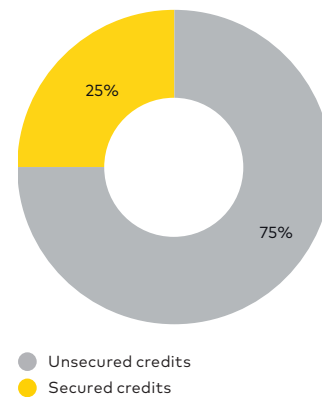
The Group's financing as of 31 December 2021

The majority of the interest-bearing liabilities consist of bonds with a carrying amount of SEK 1,259 m. From October 2021, Magnolia Bostad only has green bonds. The funds from green bonds are used to develop sustainable, environmentally certified projects. Magnolia Bostad has two outstanding bonds. A green unsecured bond of a nominal SEK 550 m within a framework of SEK 700 m, with a floating coupon of Stibor 3m + 7.50% (with a Stibor floor) maturing in April 2024 and a green unsecured bond of a nominal SEK 725 m within a framework of SEK 1,000 m, with a floating coupon of Stibor 3m + 6.90% (with a Stibor floor) maturing in March 2025.

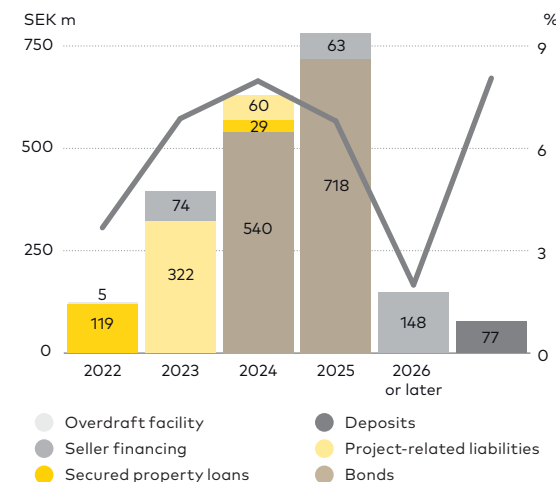
Financing KPIs, 31 December

	2021	2020
Equity, SEK m	2,406	1,733
Cash and cash equivalents, SEK m	233	277
Interest-bearing liabilities, SEK m	2,155	2,021
Unutilized credit, SEK m	123	490
Cash flow, operating activities, SEK m	-306	405
Cash flow, investment activities, SEK m	-303	-168
Cash flow, financing activities, SEK m	565	-401
Equity/assets ratio, %	38.7	32.7
Return on equity, %	3.6	49.4
Net financial items, SEK m	-185	-181
Interest coverage ratio, times	2.2	4.1
Average interest rate, %	6.7	7.1
Average fixed tied-up capital period (excluding deposits and utilized overdraft facility), number of years	2.9	2.0

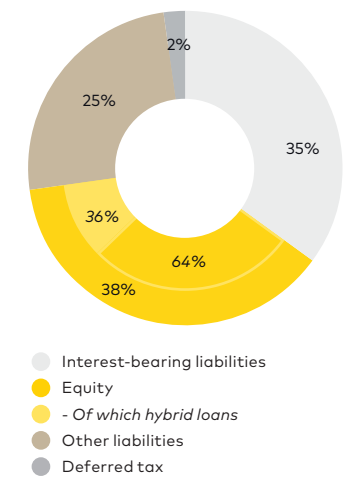
Securing credit



Maturity structure (SEK m) and average interest rate (%)



Supply of capital, 31 Dec 2021



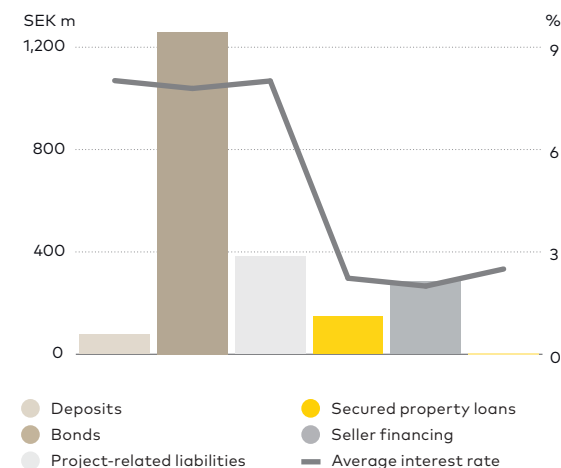
Project-related liabilities amounted to SEK 382 m, seller financing amounted to SEK 285 m and secured property loans amounted to SEK 148 m. The remaining interest-bearing liabilities consist of a deposit of SEK 77 m and an overdraft facility of SEK 5 m.

Magnolia Bostad also has various short-term revolving credit facilities (RCF) amounting to SEK 450 m, of which SEK 123 m was unutilized as of 31 December 2021. Of SEK 123 m in unutilized credit facilities, SEK 45 m consists of unutilized overdraft facilities.

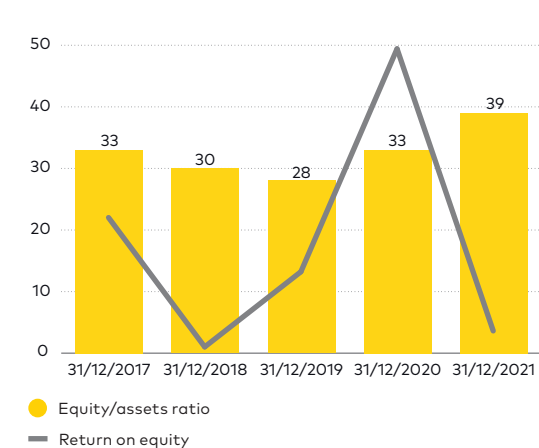
At the end of the period, Magnolia Bostad's average interest rate was 6.7%, compared with 7.1% as of 31 December 2020. Bonds with an average interest rate of 7.8%, as well as project-related liabilities and deposits with an interest rate of 8.0%, raised the average interest rate. The secured property loans and the seller financing have an interest rate of 2.2% and 2.0%, respectively. The interest coverage ratio for 2021 was 2.2 times, compared with 4.1 times for 2020.

Tied-up capital, excluding deposits, amounted to 2.9 years as of 31 December 2021, compared with 2.0 years as of 31 December 2020. Of the Group's liabilities, 25% is secured by property mortgages, share pledges or other security. Unsecured loans mostly consist of bonds. Through long-term work with banks and other lenders, refinancing work for larger loans begins no later than nine months before maturity.

Form of borrowing (SEK m) and average interest rate (%)



Soliditet och avkastning på eget kapital, procent



Financial target

The equity/assets ratio must be at least 30%.

Magnolia Bostad's finance policy stipulates that the equity/assets ratio must be at least 30%. The equity/assets ratio as of 31 December 2021 was 38.7%, which is in line with the financial target and the finance policy.

Magnolia Bostad's financing

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Financing of projects for self-management

Magnolia Bostad's aim to build up a property portfolio for self-management of just over 6,000 residential units before the end of 2026, requires extensive financing.

Magnolia Bostad's financing →

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Financing takes place in various forms. We receive capital partly from our owners, and partly from final settlements from sold projects. Our external financing consists of building loans from major banks and, after completion of the properties, long-term financing. Construction only starts after the credit-approved building credit is in place.

Investment properties

Completed investment properties

Magnolia Bostad has two completed properties for self-management with Magnolia Bostad's share having a carrying amount of SEK 308 m. One property is owned by a subsidiary with a carrying amount of SEK 130 m and another property is owned in a JV with a carrying amount of SEK 355 m.

The properties are financed with secured property loans and building credits totalling SEK 253 m, of which SEK 188 m is in JVs, with an average interest rate of 2.70%. The loans have a variable interest rates and the average capital tie-up is 0.93 years.

Production-started investment properties

During the year, production started in three projects, of which two are owned by JVs. A total of ten projects are in production, of which nine are owned in JVs.

The carrying amount of production-started projects in subsidiaries amounted to SEK 254 m. In JVs, the carrying amount of production-started projects amounted to SEK 2,356 m, where Magnolia Bostad's share of the property value amounted to SEK 1,178 m. During the year, a total of SEK 33 m was invested in projects run in subsidiaries and SEK 653 m was invested in projects owned by JVs.

Combined, our JVs have used building credit of SEK 683 m as of 31 December 2021, of which SEK 503 m was raised during 2021. The building credit has a variable interest rate, where the average interest rate on 31 December 2021 was 2.68%, and has an average tied-up capital of 1.00 year. The JVs currently have unutilized building loans on existing bank financing of SEK 383 m for future investment needs.

Non-production-started investment properties

Magnolia Bostad has 26 non-production-started projects for self-management with a carrying amount of SEK 1,948 m. Reported changes in value during the year amounted to SEK 96 m. During the year, the Öresjö Ängar Berget project was divested. Last year, a sales agreement was signed subject to a zoning plan being in force with a recently-started JV with SBB for the sale of the Vårby Udde project. The project will continue to be developed for self-management with SBB. By conducting the future production of Vårby Udde in a JV company together with SBB, Magnolia Bostad's future capital requirement for the development of around 1,800 estimated building rights in the project will be significantly reduced.

External project-related financing of SEK 279 m is available with an average interest rate of 7.75% and seller financing of SEK 137 m with an interest rate of 2.00%. Five projects were acquired during the year.

Sale of investment properties

Some investment properties may be sold to buyers and then the increase in value that has arisen during the development period will be realized. Realizing increase in value generates cash flows that can be invested in other projects to create further value growth.

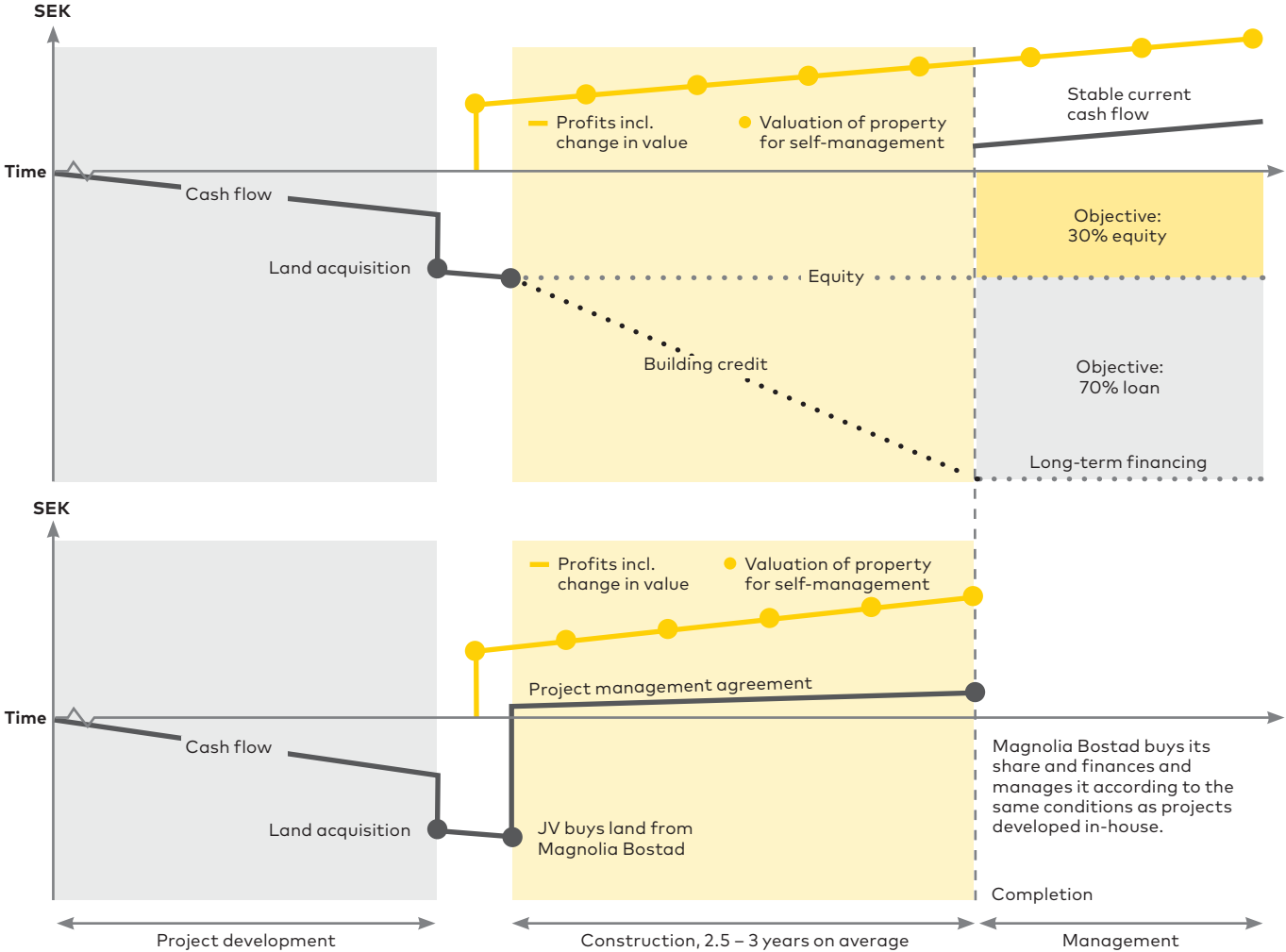
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Projects developed independently for self-management
 With Magnolia Bostad's changed ownership structure, which came into force in September 2021, we will be able to develop more residential units independently.

The closer the project comes the land acquisition and payment of the purchase price our investment increases. Thanks to ownership contributions, we can finance 30% of the project during development and construction. When the properties for self-management are completed, rentals start generating an ongoing cash flow.

Projects developed in joint ventures for self-management
 Some of the projects are being developed in JVs, where Magnolia Bostad and JV partners own equal shares in the JV. The JV partner usually contributes a larger part of the capital contribution to the JV, often through shareholder loans.

The closer the project comes the land acquisition and payment of the purchase price our investment increases. The JVs usually acquire the projects from Magnolia Bostad, which means that Magnolia Bostad can use the proceeds from the sale to the JV company or sales receipts to cover its share of the financing commitment. When the properties are completed, the JV parties buy out each share according to a predetermined agreement, normally 50% each.



The images are not intended to give any indication of the profitability of a project.

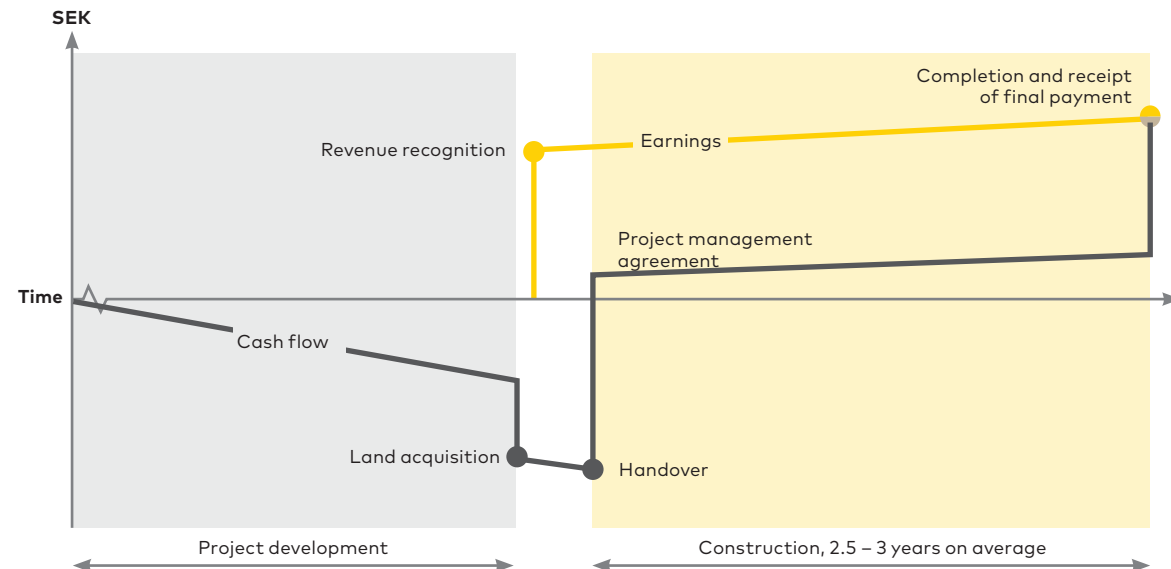
Financing of projects for sale

Magnolia Bostad also develops residential units for sale according to forward funding, which means that the buyer pays for investments made up to handover and is usually part of the project profit.

The closer the project comes the land acquisition and payment of the purchase price our investment increases. The largest aspect of Magnolia Bostad's bank financing is linked to individual projects where debt is repaid in connection with Magnolia Bostad's exiting the project. After handover, the project's financing responsibility passes to the buyer according to the forward funding model. For the period after the handover, Magnolia Bostad has a project management agreement with the buyer, which runs until the property is completed. The project management work is invoiced and revenue reported on an ongoing basis during the contract period. Upon completion of the property, Magnolia Bostad receives the final payment.

Sales and revenue recognition take place when binding purchase agreements, zoning plans are in force, and turnkey contracts have been signed. The time of Magnolia Bostad's exit is often when building permits have been obtained or when the demarcation of a property comes into force. The time between revenue recognition and legal handover can therefore vary from project to project. Handover usually takes place two to six months after the contract date, but it can take up to one year.

Diagram of cash flow and results in Magnolia Bostad's projects being developed for sale.



The image is not intended to give any indication of the profitability of a project.

Magnolia Bostad's financing →

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Forward funding means that projects developed for sale can be run with a small capital requirement. During a growth phase with an expanding building rights portfolio as well as acquisitions and access to properties early in the zoning plan process, however, the need for capital is greater.

Magnolia Bostad has receivables from buyers of projects of SEK 1,605 m (1,627). Counterparties for project sales must be well-established and chosen with great care. The credit risk for receivables for property sales is judged to be limited as the risk of the counterparties not being able to fulfil their obligations is judged to be low.

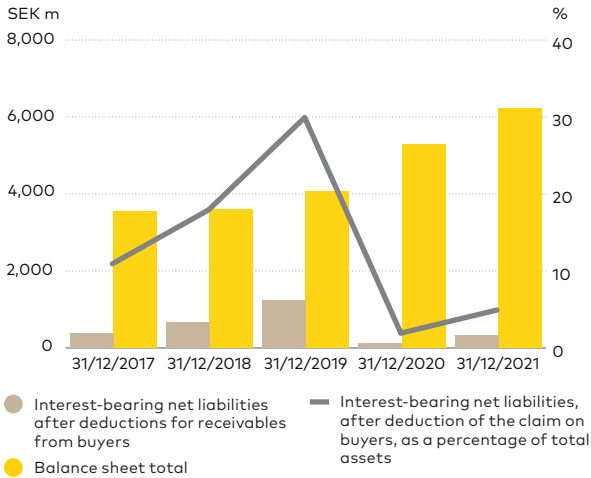
Of the Group's Other long-term receivables and Other receivables totalling SEK 1,787 m (1,801), which include receivables for property sales, SEK 901 m (1,164) are receivables from counterparties with investment grades in credit ratings by an independent credit rating agency. Counterparties for other receivables do not

have credit ratings from independent credit rating agencies, and most of the receivables are from counterparties such as Slättö, Trenum and PFA Bostad. The total receivables from these three parties amounted to SEK 586 m.

After deductions for cash and cash equivalents of SEK 233 m (277), interest-bearing net liabilities amounted to SEK 1,922 m (1,744). Interest-bearing net liabilities after deductions for receivables from the buyer of SEK 1,605 m (1,627) amounted to SEK 317 m (117). Interest-bearing net liabilities after deductions for receivables from buyers in relation to total assets amounted to 5.1% (2.2%), which is below the five-year average of 13.3%. Low interest-bearing net liabilities in relation to receivables from buyers indicate a good repayment ability for outstanding loans.

Liquidity obtained from final settlements is reinvested in projects, either projects for sale or projects for development for self-management.

Interest-bearing net liabilities and total assets, SEK m, and interest-bearing net liabilities as a percentage of the balance sheet total



Five questions for Fredrik Westin, Deputy CEO & CFO

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Five questions for Fredrik Westin,
deputy CEO & CFO

1. Has your way of financing the development of new housing changed with the new ownership structure?

– Through capital injections from our new owners, we are now in a stronger financial position and can therefore develop more properties for self-management in a shorter time. This also has a positive effect on our relationship with banks and financial investors.

2. How are you affected by current frameworks for sustainable activities and climate risks?

– By measuring and reporting against recognized frameworks, we find out where we are in relation to our strategy. Our stakeholders, in turn, get a transparent picture of where we stand.

As CFO with responsibility for sustainability, I see climate risk factors as important risk drivers for financial and non-financial risks. Therefore, we are now working to adapt to the **TCFD framework** for climate-related risks and opportunities. For 2021, we are proud to be able to report greenhouse gas emissions and the fact that we have now started to report against the **EU's taxonomy**.

3. How do you work with sustainable financing and how important is this for you?

– Our bonds are green and the aim is for all new financing in the long-term to be sustainable based on environmental and social aspects. This applies regardless of whether it is bonds, building loans or final financing. Our customers and current demands on housing developers have steered the property industry towards greater awareness. In principle, all our

projects are environmentally certified. The project development process follows a green framework and we have a green rating according to Cicero, and in 2021 we published our first green bond report in line with the **ICMA's Green Bond Principles**.

4. What will be the focus of your future financing?

– Our aim is to build up a significant portfolio of properties for self-management. This means that we will increase secured financing such as building credits and long-term property financing. In addition, we will continue to be active in the bond market.

5. Do you have an inflow of capital from the business?

– In addition to our aim of building a portfolio of properties for self-management, we will continue to develop and sell housing according to our **forward funding** model. In addition, flows from investment properties will gradually increase as projects for self-management are completed. The money released goes back into the process to enable new land acquisitions and to finance additional properties for self-management.



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Directors' report

The Board of Directors and CEO of Magnolia Bostad AB (pub), CIN 556797-7078, hereby submit the annual report and consolidated financial statements for the financial year 01/01/2021-31/12/2021.

The business in general

Parent company

The parent company, Magnolia Bostad AB, which is domiciled in Stockholm, has one (1) employee and conducts its business through the acquisition, ownership and management of subsidiaries in the housing industry.

The Group

The Group conducts operations in the housing industry related to tenant-owned apartments and rental apartments, community service properties and hotels. Production is procured externally. Property management is conducted until project development can begin. Since the end of 2018, the Group has owned properties for its own long-term management.

Significant events in the Group during the financial year

During the year, Magnolia Bostad agreed the acquisition of 3,611 (8,233) estimated building rights, the number of production-started residential units amounted to 1,615 (3,327) and 800 (3,904) residential units were sold during the period.

Business concept, targets and strategy

Magnolia Bostad is an urban developer that develops and manages attractive and sustainable living environments with good profitability.

By the end of 2026, Magnolia Bostad's target is to own at least 6,400 completed residential units for self-management, or alternatively own investment properties with a market value of at least SEK 14,800 m. This includes

Financial overview

Amounts in SEK m unless otherwise specified	2021	2020	2019	2018	2017
Net sales	1,268	2,358	896	1,054	1,781
Gross profit/loss	151	594	30	147	434
Operating profit/loss	260	906	366	164	384
Profit/loss after financial items	75	725	194	22	276
Net profit/loss for the year	50	688	157	7	276
Interest coverage ratio (multiple)	2.2	4.1	1.4	0.7	3.4
Balance sheet total	6,219	5,297	4,067	3,605	3,550
Equity	2,406	1,733	1,141	1,093	1,171
Equity/assets ratio (%)	38.7	32.7	28.1	30.3	33.0
Return on equity, %	3.6	49.4	13.2	1.0	22.0
Earnings per share after tax, SEK	1.59	17.40	3.41	0.26	5.37
Earnings per share after full dilution, SEK	1.59	17.40	3.41	0.26	5.37
Equity per share, SEK	44.34	42.95	27.55	24.77	26.20
Earnings per share, SEK ¹⁾	0	0	2.00 ²⁾	0	1.75
Number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283	37 822 283
Number of outstanding shares after full dilution	37,822,283	37,822,283	37,822,283	37,822,283	37 822 283

¹⁾ Refers to the Board's proposed dividend for each financial year

²⁾ It was decided at an Extraordinary General Meeting in the autumn of 2020 to pay a dividend for the 2019 financial year.

For information about alternative KPIs, see Note 36 – Alternative KPIs.

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Magnolia Bostad’s sole ownership and the company’s ownership interest in JVs.

The equity/assets ratio for the Group must be at least 30%. The equity/assets ratio at the end of the year was 38.7% (32.7).

As of December 31, 2021, Magnolia Bostad was active in the areas of rental accommodation, tenant-owned apartments , community service property and hotels. Magnolia Bostad develops properties for both sales and self-management. Developments should be in growth locations with good long-term demographic conditions. Production starts when demand is guaranteed.

Legal structure
As of 31 December 2021, the Magnolia Bostad Group consisted of 303 companies (220) reported in accordance with the equity method.

Organization
Magnolia Bostad’s organization is divided into the following departments: Business Development, Project Development, Business Generation, Magnolia Architects, Marketing and Communication, Legal and Finance. As of 31 December 2021, the company's organization consisted of 115 employees (112), of which 57 women (63) and 58 men (49) at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå.

Sustainability
Magnolia Bostad has a clear focus on ensuring that all projects are financially, socially and environmentally sustainable. The housing the company develops should be sustainable today and for generations to come. Therefore, the company has a clear focus on sustainable material choices and social safety. A fundamental

prerequisite for the company’s growth and profitability is to consider long-term sustainability and integrate the issues into each part of the business. In accordance with Chapter 6, section 11 of the Annual Accounts Act, Magnolia Bostad AB (publ) has chosen to prepare its statutory sustainability report as a separate report from the annual report. The sustainability report was submitted to the auditor along with the annual report. The sustainability report can be found on **pages 23–39 and 115–127**.

Ownership structure
Since September 2021, Magnolia Bostad AB has been owned by HAM Nordic AB, which is jointly controlled by the Holmström Group and funds and entities managed and advised by Areim AB.

Earnings, financial position and cash flow
The Group
Net sales for the financial year amounted to SEK 1,268 m (2,358) and consisted mainly of sales of development and project properties. Magnolia Bostad has recognized revenue for 800 properties, compared with 3,904 properties last year.

The operating profit amounted to SEK 260 m (906) and includes changes in the value of investment properties of SEK 128 m (336).

During the year, Magnolia Bostad strengthened its organization, leading to an increase in costs for central administration of SEK -107 million (–98).

Net financial items amounted to SEK –185 m (–181). This deterioration is primarily due to an increase in assets that are financed externally. The profit after tax for the

full year amounted to SEK 50 m (688). Tax expenses amounted to SEK –25 m (–37) and consisted of deferred tax on temporary differences in investment properties.

The balance sheet total rose by SEK 922 m to SEK 6,219 m (5,297). The Group's equity as of 31 December 2021 amounted to SEK 2,406 m (1,733) with an equity/assets ratio of 38.7% (32.7). Equity attributable to non-controlling interests amounted to SEK 89 m (109). During the year, a dividend of SEK 21 m was paid to shareholders without a controlling influence. For 2021, the return on equity was 3.6% (49.4).

Total interest-bearing loans as of 31 December 2021 amounted to SEK 2,155 m (2,021). Interest-bearing net liabilities, after deductions for cash and cash equivalents of SEK 233 m (277), amounted to SEK 1,922 m (1,744). At the end of the year, Magnolia Bostad’s average interest rate was 6.7% (7.1) with an interest coverage ratio of 2.2 times (4.1). The average tied-up capital period, excluding deposits and the overdraft facility, amounted to 2.9 years (2.0) as of 31 December 2021.

The consolidated cash flow from operating activities amounted to SEK –306 m (405), cash flow from investment activities was SEK –303 m (–168) and cash flow from financing activities was SEK 565 m (–401). Cash and cash equivalents as of 31 December 2021 stood at SEK 233 m (277). In addition to cash and cash equivalents, there was unutilized credit of SEK 123 m (490) as of 31 December 2021.

Parent company
The parent company’s loss after financial items amounted to SEK –112 m (118). The balance sheet total was SEK 2,429 m (1,914). The equity/assets ratio in the parent company was 40.4% (23.9).

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The project portfolio

The total number of estimated building rights in the portfolio as of 31 December 2021 was 20,112 (18,646). In 2021, 800 residential units were sold from 5 projects, compared with 3,904 units from 17 projects in 2020. During the year, 7 projects consisting of 1,045 residential units were completed, compared with 13 projects of 2,901 units last year.

Auditors

At the Annual General Meeting on 27 April 2021, the auditing company Ernst & Young AB was re-elected as the company's auditor for the period until the end of the 2022 Annual General Meeting.

Corporate governance and the work of the Board

Magnolia Bostad is a Swedish limited liability company with its registered office in Stockholm. The corporate governance is based on the Articles of Association, the Swedish Companies Act, the Annual Accounts Act, Nasdaq's regulations for issuers, the Swedish Code of Corporate Governance and further applicable laws and regulations.

The 2021 Annual General Meeting took place on 27 April 2021. 5 shareholders (5) attended the meeting and together these represented 66.8% of the votes (71.7). Fredrik Holmström was elected chairman of the meeting. Minutes from the Annual General Meeting are available on Magnolia Bostad's website, www.magnoliabostad.se.

The 2021 Annual General Meeting resolved on the following:

- Adoption of the income statement and balance sheet for the financial year 2020 and appropriation of profits.

- Granting of discharge from liability for the members of the Board and the CEO for the financial year 2020.
- Adoption of remuneration to the Board and auditors.
- Re-election of Board members Viveka Ekberg, Fredrik Holmström, Jan Roxendal, Andreas Rutili, Risto Silander Anna-Greta Sjöberg and Fredrik Tibell.
- Fredrik Holmström was elected Chairman of the Board.
- Re-election of the auditing company Ernst & Young AB as auditor. The authorized public accountant Fredric Hävrén was appointed chief auditor.
- Resolution on amendment of the Articles of Association

All decisions apply until the end of the next Annual General Meeting.

On 17 September 2021, the company held an Extraordinary General Meeting. The Extraordinary General Meeting resolved, among other things, on the election of a new Board for the period until the end of the next Annual General Meeting. Johan Bengtsson, Fredrik Holmström, Erika Olsén, Therese Rattik, Erik Rune and Fredrik Tibell were elected as new board members. Fredrik Holmström was elected Chairman of the Board.

Documentation for the company's Annual General Meeting and Extraordinary General Meeting is available on the company's website, www.magnoliabostad.se.

The Board's rules of procedure include information on the division of responsibilities between the Board, the Chairman and the CEO. The Board is responsible for the company's organization and management. The Board's work follows an annual meeting plan with a fixed structure for the agenda at each Board meeting. Where

necessary salaried employees attend Board meetings to hold presentations. Magnolia Bostad's corporate governance and the Board's work are set out in the Corporate Governance Report.

Events after the end of the period

During January 2022, Magnolia Bostad received an unconditional shareholder contribution of SEK 400 m from its owner HAM Nordic AB. The Board of HAM Nordic AB decided that all hybrid loans to Magnolia Bostad AB should be converted to unconditional shareholder contributions.

In January 2022, Carl Lundin was appointed Northern Regional Manager. In February 2022, Henrik Meeths was appointed a member of Magnolia Bostad's management.

In February, Magnolia Bostad won a land allocation competition in Skellefteå for the development of housing in Anderstorp.

Proposed appropriation of company profits

The following is available to the Annual General Meeting, SEK:

Share premium reserve	820,323,859
Profit/loss carried forward	122,304,477
Net profit/loss for the year	-111,986,937

Total	830,641,399
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<i>The Board proposes:</i>	
To be carried forward	830,641,399

Total	830,641,399
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Risk management

Magnolia Bostad monitors and manages the various risks that arise in conjunction with its operations on an ongoing basis and takes them into account when determining the focus of the business, making business decisions and establishing procedures.

It is the company's belief that an active risk management through skilled employees and good procedures does not simply identify risks in time but also contributes to higher profitability. Magnolia Bostad's risks are divided into three main types: (1) external risks, (2) operative risks and (3) organizational risks.

The risk evaluation is based on an overall assessment of the probability of the risk occurring and the impact if the risk occurs.

External risks

Climate change

Risk assessment: low
Description: Climate change can lead to building in certain places becoming more difficult/impossible or communities needing to be developed in a different way. There is a risk of projects becoming more expensive to insure or finance. Climate change affects us with both acute and long-term physical risks, ranging from extreme weather to the risk of the sea level rising. Adjustment risks affect us through increased costs or lack of resources as a result; see Resource shortage under External risks.

Management: The company currently analyses factors linked to the climate that need to be investigated in projects. The company is now developing its review of

climate-related risks and its financial impact in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures).

Competition

Risk assessment: Medium
Description: Magnolia Bostad operates in a competitive industry. Competitors may become more numerous and stronger in future, for example due to mergers, new strategies and/or enhanced financial opportunities.

Management: Through competition analyses at both the regional and local levels and constantly striving to refine Magnolia Bostad's business model.

Legal risk

Risk assessment: low
Description: The business is regulated by a large number of laws and regulations as well as by various processes and decisions related to these regulations, at both political and official level. In addition to these being subject to change, it is important that the company has interpreted the laws and regulations correctly.

Management: Together with the company's legal advisers, developments are followed and changes in laws are monitored. The company follows the case law concerning the company's business areas. In addition, there is an ongoing dialogue with municipalities and authorities.

Macroeconomic factors

Risk assessment: medium
Description: The property industry is greatly affected by macroeconomic factors such as overall economic development, regional economic development, population growth, rate of production, etc.

Management: Through ongoing macroeconomic analysis and business planning of which municipalities and districts have favourable/unfavourable future conditions. By locking commercial terms early or via framework agreements.

Opportunity to sell projects

Risk assessment: medium
Description: The business largely consists of the new production of residential properties in Sweden's growth areas. Magnolia Bostad is dependent on its ability to meet the market's demand in order to be able to sell projects successfully.

Management: Through continuous market analysis, rules for when production may begin and breakdown of projects into stages.

Planning process risk

Risk assessment: low
Description: Risk that the company will not be able to obtain a zoning plan for the construction of housing in agreements entered for the acquisition of land, or that this is severely delayed.

Management: Soil conditions including special conditions such as stormwater treatment, rare wildlife, archaeological discoveries, environmental aspects and others may halt plans or make them more expensive. Careful due diligence and agreements subject to the corresponding risks reduce exposure. Risks relating to politics and bureaucracy are primarily risks of delay, but they can also affect whether a plan can be obtained. Networking and good relationships with municipalities can reduce these risks.

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Shortage of resources

Risk assessment: medium

Description: The level of activity in the housing market, as well as various external threats, can cause rising construction prices and problems in securing production resources. Municipalities also risk suffering from a lack of resources, which may lead to longer processing times in terms of planning processes and municipal housing projects.

Management: The business model largely secures income before the project is started and costs are procured as turnkey contracts at a fixed price. The company works with different types of warranty solutions and in long-term partnerships and can therefore secure the necessary resources at an early stage.

Reduction in valuation of properties

Risk assessment: low

Description: Risk that the market value of development properties on the balance sheet is lower than the book value.

Management: An impairment test is performed upon indications of impairment. If the net realizable value is less than the book value, a write-down is made.

Operational risks

Business models and projects

Risk assessment: medium

Description: Operations consist primarily of property development projects, which is why it is a prerequisite that these projects can be implemented profitably.

Management: The projects are based on detailed financial calculations in the project governance system, which are monitored on a regular basis. Price risk is managed by the business model, as part of which income is to a large extent secured before the project is started, and costs are largely tendered at a fixed price.

Work environment risks for construction companies' employees

Risk assessment: low

Description: Magnolia Bostad has no employees in construction companies, but it is important for the business to ensure a good working environment. The Magnolia Bostad brand is also indirectly affected if the company's contractors do not have a safe working environment.

Management: Magnolia Bostad sets clear requirements for the working environment in the turnkey contract agreements. These requirements are followed up on at project construction meetings, and are stated in the company's Code of Conduct, which is attached to all turnkey contracts. Magnolia Bostad performs an audit of turnkey contracts every year where the work environment is audited.

Incorrect workloads and ill health

Risk assessment: low

Description: Incorrect workloads can lead to ill health and stress-related illnesses.

Management: The company works preventively through conversations and adjustment of workloads by all managers undergoing work environment training. All employees are covered by health insurance and rehabilitation insurance. To promote health and well-being, all employees are offered wellness grants and group training.

Corruption

Risk assessment: low

Description: Unethical actions or poor management of business ethics risks may damage the company both operationally, financially and in terms of reputation.

Management: Magnolia Bostad works preventively against bribery and corruption through the company's various Codes of Conduct for employees, suppliers and other partners. Magnolia Bostad has a whistleblower function that is available on the company's website and intranet where suspected violations must be reported. The company also has a policy for the management of conflicts of interest.

Environmental risks

Risk assessment: low

Description: The environmental impact on nature and ecosystems when developing housing and communities can be huge.

Management: The company works on the basis of a life cycle analysis where the environmental impact is iden-

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tified and managed at each step. All projects must be certified in accordance with the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or an equivalent standard. The company also places demands on its contractors through agreements, environmental policies and Codes of Conduct.

Key personnel

Risk assessment: low
Description: Magnolia Bostad is dependent on the knowledge, skills and experience of key personnel. It is therefore important to keep and, where required, recruit key personnel.

Management: Ensure on an ongoing basis that the necessary expertise is available and the extent to which expertise needs to be recruited or engaged. Work with continuous skills transfer. Actively strive to make the company an attractive employer

Risk of change in the value of investment properties

Risk assessment: low
Description: The value of investment properties is affected by several factors, including occupancy rate, rent level and operating costs. In addition, it is also affected by market factors such as yield requirements and discount rates. Changes in the value of investment properties affect the financial position and earnings.

Management: Market analysis to ensure the assumptions are correct. At the time of quarterly reports, internal valuations are made of all investment properties. External valuations are obtained during the first valuation of an investment property and continuously during the year for existing investment properties to ensure that valuation assumptions are correct.

Transaction risks

Risk assessment: medium
Description: Property transactions which are associated with uncertainty and risks are carried out on an ongoing basis. Such risks can include unforeseen land conditions, legal issues, financial commitments, government decisions and the management of tenants.

Management: In conjunction with acquisitions, due diligence is carried out, including a legal analysis of existing documentation, review of soil conditions and technical deficiencies, the timing of the acquisition, assessment of the companies, understanding of the tax situation etc. Sales require, among other things, expertise in the guarantees that are normally provided. In addition to its own staff, the company employs external advisers when needed, to ensure the right expertise in both purchasing and sales.

Financial risks

Financing risk

Risk assessment: medium
Description: If financing for acquisitions or development cannot be obtained, extended, expanded, refinanced or if such loans only can be obtained at unfavourable terms. Risk of change in margin in the event of refinancing or new financing.

Management: The company has an equity/assets ratio target that must be followed. Furthermore, the company is responsible for the regular follow-up of special commitments upon which the loans may be conditional. The company also maintains an ongoing dialogue with a number of credit issuers.

Credit risk

Risk assessment: low
Description: There is a risk of not being paid for the apartments or properties as agreed.

Management: In rental apartment transactions, the counterparty shall be well-established and selected after careful consideration, and when selling tenant-owned apartments, diversification is achieved because there are many different types of buyers.

Liquidity risk

Risk assessment: high
Description: If cash and cash equivalents are not available to pay current costs, investments and amortization payments on their due dates.

Management: Ongoing forecasting of future cash flows based on different scenarios to ensure that financing is arranged in time.

Interest rate risk

Risk assessment: low
Description: Changes to market interest rates affect the borrowing cost.
Management: Interest rate expense is a significant cost for Magnolia Bostad, and prior to each financing transaction the risk that interest rates may change is included in the calculation.

Consolidated Income Statement

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net sales	5, 6	1,268	2,358
Production and operating costs	11	-1,117	-1,764
Gross profit/loss		151	594
Central administration	8	-107	-98
Profit/loss from participations in associated companies and joint ventures	10	88	74
Change in value, investment properties	19	128	336
Operating profit/loss	7, 9, 11	260	906
Financial income	12	5	2
Financial expenses	13	-190	-183
Profit/loss before tax		75	725
Income tax	14	-25	-37
NET PROFIT/LOSS FOR THE YEAR		50	688
Profit/loss attributable to			
Parent company shareholders		60	658
Holdings without a controlling influence		-10	30
Earnings per share (SEK)	15		
Before dilution effects		1.59	17.4
After dilution effects		1.59	17.4

Consolidated Statement of Comprehensive Income

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net profit/loss for the year		50	688
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Total other comprehensive income		0	0
COMPREHENSIVE INCOME FOR THE YEAR		50	688
Comprehensive income attributable to			
Parent company shareholders		60	658
Holdings without a controlling influence		-10	30

Comments on the consolidated income statement

Net sales amounted to SEK 1,268 m (2,358) and the operating profit was SEK 260 m (906). The profit before tax for the period amounted to SEK 75 m (725).

Net sales are mainly accounted for by sales of 800 residential units (3,904). Net property sales amounted to SEK 938 m (1,973). Rental income amounted to SEK 19 m (21). Operating expenses for properties that generate rental income amounted to SEK -12 m (-13), which means that their contribution to the operating profit fell to SEK 7 m (8). Revenue from project management services amounted to SEK 59 m (52), other invoicing on projects and other revenue contributed SEK 252 m (312) to sales.

During the year, Magnolia Bostad expanded its organization, which explains the increase in central administration costs to SEK -107 m (-98). Earnings from associated companies amounted to SEK 88 m (74), as a result from positive changes in the value of properties in jointly-owned JVs.

The change in value of investment property amounted to SEK 128 m (336) and comes mainly from the growth in value growth of ongoing project development. Realized value growth for sold investment properties amounted to SEK 23 m (181).

Net financial items

Net financial items amounted to SEK -185 m (-181). This increase is due to an increase in assets that are externally financed.

Profit/loss for the year

The profit for the year amounted to SEK 50 m (688) and included SEK -25 million (-37) in income tax. The income tax reported for the year refers to deferred tax on temporary differences for investment properties.

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Consolidated Statement of Financial Position

Amounts in SEK M	Note	31/12/2021	31/12/2020
ASSETS	1		
Non-current assets			
Goodwill	16	6	6
Other intangible assets	17	1	0
Total intangible assets		7	6
Investment properties	19	2,276	1,483
Rights of use assets	7	55	72
Machinery and equipment	18	7	12
Total property, plant and equipment		2,338	1,567
Shares in associated companies and joint ventures	20	607	350
Receivables from associated companies	35	159	45
Other securities held as non-current assets	21	31	41
Other long-term receivables	22	1,179	1,059
Total financial assets		1,976	1,495
Total non-current assets		4,320	3,068
Current assets			
Development and project properties	23	810	999
Tenant-owned apartments		4	11
Accounts receivable	24	16	45
Receivables from associated companies	35	217	136
Other receivables	25	608	742
Prepaid expenses and accrued income	26	11	19
Cash and cash equivalents	27	233	277
Total current assets		1,899	2,229
TOTAL ASSETS		6,219	5,297

Comments on the Consolidated Statement of Financial Position

The Group's balance sheet total increased to SEK 6,219 m, compared with SEK 5,297 m at the start of the year. Properties held for long-term management are reported as investment properties and totalled SEK 2,276 m (1,483).

Long-term and current receivables from associated companies and JVs increased by SEK 195 m to SEK 376 m (181). The increase in receivables from associated companies is mainly due to the receivable for the sale of land in Leggesta to a jointly-owned JV with Derome for the future development of an estimated 486 residential units.

Of long-term and other receivables totalling SEK 1,787 m (1,801), SEK 1,605 m (1,627) was receivables from buyers of projects, primarily from our partners and large Swedish institutions, while SEK 118 m (119) related to deposits paid for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 515 m (625) of

total receivables from buyers of the projects including amortization of promissory notes, payment of additional purchase price, final purchase price and forward funding.

Development and project properties declined due to reclassification of investment properties and completed project sales, while the Group continued to invest in the project portfolio over the period. During the period, development and project properties declined by SEK 189 m and amounted to SEK 810 m (999).

Shares in associated companies and JVs rose by SEK 257 m to SEK 607 m (350), mainly due to investments and unrealized changes in value of projects developed in JVs.

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Consolidated Statement of Financial Position

Amounts in SEK M	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES	1		
Equity	28		
Share capital		151	151
Other capital contributions		823	187
Retained profits including net profit/loss for the year		1,342	1,286
Equity attributable to Parent Company shareholders		2,317	1,624
Holdings without a controlling influence		89	109
Total equity		2,406	1,733
Non-current liabilities			
Deferred tax liability	29	94	68
Non-current interest-bearing liabilities	30	2,025	1,377
Non-current liabilities to associated companies	35	22	10
Non-current lease liabilities	7	43	57
Other non-current liabilities	30	587	532
Total non-current liabilities		2,771	2,044
Current liabilities			
Current interest-bearing liabilities	30	130	644
Current lease liabilities	7	16	18
Accounts payable		27	65
Liabilities to associated companies	35	24	13
Income tax liabilities		0	0
Other current liabilities	30	674	626
Accrued expenses and deferred income	31	171	154
Total current liabilities		1,042	1,520
TOTAL EQUITY AND LIABILITIES		6,219	5,297

For information about the Group's pledged assets and contingent liabilities, refer to **Notes 32 and 33**.

Comments on the Consolidated Statement of Financial Position

Equity and equity/assets ratio

On 31 December 2021, consolidated equity amounted to SEK 2,406 m (1,733), with an equity/assets ratio of 38.7% (32.7). Of this consolidated equity, SEK 89 m (109) is attributable to holdings without a controlling influence.

In 2021, Magnolia Bostad received two hybrid loans totalling SEK 640 m. The hybrid loans have a perpetual maturity and are therefore reported as equity.

Investments in properties for self-management, both as investment properties and through JVs, have increased total assets.

Interest-bearing liabilities

Total interest-bearing loan liabilities, including interest-bearing deposits amounted to SEK 2,155 m (2,021) as of 31 December 2021. The majority of Magnolia Bostad's liabilities consist of bonds with a book value of SEK 1,259 m and project-related liabilities of SEK 382 m, of which SEK 148 m is collateralized by property.

Repayment for project-related liabilities is made at the time of Magnolia Bostad's handover, or at the time of final payment being received from buyers upon project completion.

The remaining interest-bearing liabilities are made up of deposits received of SEK 91 m and seller financing of SEK 121 m. The average tied-up capital period, excluding deposits and the utilized credit line, was 2.9 years as of 31 December 2021 compared to 2.0 years on 31 December 2020.

After deductions for cash and cash equivalents of SEK 233 m (277), interest-bearing net liabilities amounted to SEK 1,922 m (1,744). Receivables from buyers amounted to SEK 1,605 m (1,627), interest-bearing net liabilities after deductions for receivables from buyers amounting to SEK 317 m (117).

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Consolidated Cash Flow Statement

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Operating activities	1		
Profit/loss after financial items		75	725
<i>Adjustments for non-cash items, etc.</i>			
Less share in profits in associated companies		-88	-74
Earnings received from associated companies		20	-
Depreciation/amortization and impairment of assets		27	45
Change in value, investment properties		-128	-336
Capital gains/losses from the sale of development properties		-206	-691
Other provisions		-	-
Other profit/loss items that do not affect liquidity		12	13
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		-288	-318
Cash flow from changes in working capital			
Decrease(+)/increase(-) of development and project properties		-432	-627
Decrease(+)/increase(-) in current receivables		292	1141
Decrease(+)/increase(-) in current liabilities		123	209
Cash flow from operating activities		-306	405
Investing activities			
Acquisition of intangible fixed assets		-1	0
Acquisition of investment properties		-394	-114
Acquisition of property, plant and equipment		-1	-6
Investment in financial assets		142	-
Investment in financial assets		-53	-48
Sales/reduction of financial assets		4	0
Cash flow from investing activities		-303	-168

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Financing activities			
Hybrid loan received		640	-
Borrowings		1 170	1 513
Repayment of borrowings		-1 229	-1 810
Dividend paid to parent company owners		-	-76
Dividend paid to holders with a non-controlling influence		-29	-28
Contributions from holders with a non-controlling influence		17	-
Buy-back of warrants		-4	-
Acquisition of non-controlling interests		0	-
Cash flow from financing activities		565	-401
Cash flow for the year		-44	-164
Cash and cash equivalents at the beginning of the year		277	441
Cash and cash equivalents at the end of the year		233	277

Interest received amounted to SEK 7 m (2). Interest paid amounted to SEK -176 m (-170).

Comments on the Consolidated Cash Flow Statement

The cash flow from operating activities for the entire year 2021 amounted to SEK -306 m (405). The cash flow for the period was affected by investments in the project portfolio. The cash flow for the period from operating activities excluding investments and other changes in development and project properties, amounted to SEK 126 m (1,032).

In conjunction with the handover, Magnolia Bostad receives forward funding for the projects, which means that Magnolia Bostad is paid for investments made up until handover. Often, a part of the project's profit is received at the handover. The remainder of

the project's profit is received at the time of the project's completion.

The cash flow from investment activities amounted to SEK -303 m (-168) and was affected by investments in investment properties of SEK -394 m (-114). The cash flow from financing activities amounted to SEK 565 m (-401).

Cash and cash equivalents as of 31 December 2021 amounted to SEK 233 m, compared with SEK 277 m on 31 December 2020. In addition to cash and cash equivalents, unutilized credit facilities of SEK 123 m (490) were available as of 31 December 2020, of which SEK 45 m was unutilized overdraft facilities.

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Consolidated Statement of Changes in Equity

Amounts in SEK M	Share capital	Other capital contributions	Retained profits incl. net profit/loss for the year	Non-controlling interests	Total equity
Adjusted opening equity 01/01/2020	151	187	704	99	1,141
Net profit/loss for the year	–	–	658	30	688
Other comprehensive income	–	–	–	–	–
Transactions with owners					
Dividend	–	–	-76	-21	-97
Issue of warrants	–	0	–	–	0
Closing equity 31/12/2020	151	187	1286	109	1,733

Amounts in SEK M	Share capital	Other capital contributions	Retained profits incl. net profit/loss for the year	Non-controlling interests	Total equity
Opening equity 01/01/2021	151	187	1,286	109	1,733
Net profit/loss for the year	–	–	60	–10	50
Other comprehensive income	–	–	–	–	–
Transactions with owners					
Hybrid loan received	–	640	–	–	640
Shareholder contribution	–	–	–	17	17
Dividend	–	–	–	–29	–29
Buy-back of warrants	–	–4	–	–	–4
Closing equity 31/12/2021	151	823	1,342	89	2,406

For more information, see note 28 –Share capital and other contributed capital.

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Parent Company Income Statement

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net sales	5, 6	18	13
Total income		18	13
Central administration	7, 8, 9	-49	-45
Operating profit/loss	11	-31	-32
Profit/loss from participations in associated companies	10	3	-
Financial income	12	81	283
Financial expenses	13	-165	-133
Profit/loss after financial items		-112	118
Tax on profit/loss for the year	14	0	0
NET PROFIT/LOSS FOR THE YEAR		-112	118

Parent Company Statement of Comprehensive Income

Amounts in SEK M	Note	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Net profit/loss for the year		-112	118
Other comprehensive income		0	0
COMPREHENSIVE INCOME FOR THE YEAR		-112	118

Parent Company Balance Sheet

Amounts in SEK M	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Participations in Group companies	34	89	89
Receivables from Group companies	35	39	39
Participations in associated companies	20	-	2
Total non-current assets		128	130
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	35	2,213	1,718
Receivables from associated companies	35	28	24
Other receivables	25	1	0
Prepaid expenses and accrued income	26	0	7
Total current receivables		2,242	1,749
Cash and bank balances	27	59	35
Total current assets		2,301	1,784
TOTAL ASSETS		2,429	1,914

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Parent Company Balance Sheet (cont.)

Amounts in SEK M	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	28	151	151
Total restricted equity		151	151
<i>Non-restricted equity</i>			
Share premium reserve		820	185
Profit/loss carried forward		123	5
Net profit/loss for the year		-112	118
Total non-restricted equity		831	307
Total equity		982	458
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	30	1,337	1,056
Total non-current liabilities		1,337	1,056
<i>Current liabilities</i>			
Current interest-bearing liabilities	30	-	251
Accounts payable		0	2
Liabilities to Group companies	35	90	114
Other current liabilities		0	0
Accrued expenses and deferred income	31	20	35
Total current liabilities		110	400
Total liabilities		1447	1,455
TOTAL EQUITY AND LIABILITIES		2,429	1,914

For information on pledged assets and contingent liabilities, see notes 32 and 33.

Parent Company Cash Flow Statement

Amounts in SEK M	01/01/2021 31/12/2021	01/01/2020 31/12/2020
Operating activities		
Profit/loss after financial items	-112	118
Adjustments for non-cash items, etc.	29	12
Tax paid	0	0
Cash flow from operating activities before changes in working capital	-83	132
Cash flow from changes in working capital		
Decrease(+)/increase(-) in current receivables	-488	158
Decrease(+)/increase(-) in current liabilities	-59	96
Cash flow from operating activities	-630	254
Investing activities		
Sales/reduction of financial assets	0	0
Change in long-term receivables	0	0
Cash flow from investing activities	0	0
Financing activities		
Borrowings	719	538
Repayment of borrowings	-701	-833
Hybrid loan received	640	-
Buy-back of warrants	-4	-
Dividend paid		-76
Cash flow from financing activities	654	-371
Cash flow for the year	24	15
Cash and cash equivalents at the beginning of the year	35	20
Cash and cash equivalents at the end of the year	59	35

Interest received amounted to SEK 11 m (1). Interest paid amounted to SEK -148 m (-123).

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Parent Company Statement of Changes in Equity

Amounts in SEK M	Share capital	Share premium reserve	Retained profits incl. net profit/loss for the year	Total equity
Opening equity 01/01/2020	151	185	5	341
Net profit/loss for the year	–	–	118	118
Other comprehensive income	–	–	0	0
Closing equity 31/12/2020	151	185	123	458

Amounts in SEK M	Share capital	Share premium reserve	Retained profits incl. net profit/loss for the year	Total equity
Opening equity 01/01/2021	151	185	123	458
Net profit/loss for the year	–	–	–112	–112
Other comprehensive income	–	–	0	0
Transactions with owners				
Buy-back of warrants	–	–4	0	–4
Hybrid loan received	–	640	0	640
Closing equity 31/12/2021	151	820	11	982

For more information, see note 28.

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Note 1 Accounting principles

About the company in general

Magnolia Bostad AB, org. no. 556797-7078, with its registered office in Stockholm, is a subsidiary of HAM Nordic AB, org. no. 559279-7376, based in Stockholm, Sweden. The annual report and consolidated accounts have been approved by the Board of Directors on 30 March 2022 and will be submitted to the Annual General Meeting for approval on 3 May 2022.

The Parent Company in the largest group to which Magnolia Bostad AB is a subsidiary and where consolidated accounts are prepared, is HAM Nordic AB org. no. 559279-7376, based in Stockholm. Magnolia Bostad AB's head office is located at Sturegatan 6, Box 5853, 102 40 Stockholm.

Applied regulations

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as adopted by the EU. Furthermore, the consolidated accounts were prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR1, Supplementary Accounting Rules for Corporate Groups.

The Parent Company applies the same accounting principles as the Group with the exception of the cases set out below in the section entitled "Parent Company accounting principles". Deviations that arise between the Parent Company and the Group principles are the result of limitations to the possibilities for applying IFRS in the Parent Company due to the Annual Accounts Act

and, in some cases, applicable tax regulations.

Conditions for the preparation of the financial statements for the Parent Company and the Group

The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. All amounts, unless stated otherwise, are rounded to the nearest m. Assets and liabilities are reported at cost, with the exception of some financial assets and liabilities that in the Consolidated Statement of Financial Position are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and securities, measured at fair value via the consolidated income statement.

The Group's accounting principles have been applied consistently to the accounts and consolidation of the Parent Company and subsidiaries.

Classification

Non-current assets and liabilities in the Parent Company and Group consist only of amounts that are expected to be recoverable or paid later than twelve months from the balance sheet date while current assets and liabilities in the Parent Company and the Group consist only of amounts that are expected to be recoverable or paid within twelve months from the balance sheet date.

Input data for measurements at fair value

Level 1 Listed, unadjusted, prices on active markets for identical assets or liabilities that the company has access to at the date of measurement.

Level 2 Other input data than the listed prices that are included in Level 1, which are directly or indirectly observable for assets and liabilities.

Level 3 Input data at Level 3 are non-observable input data for assets and liabilities.

Consolidated financial statements

The consolidated income statement and balance sheet encompass all companies in which the Parent Company directly or indirectly holds more than half of the share's voting rights as well as companies in which the Group in any other way has a controlling influence.

The financial statements for the Parent Company and the subsidiaries that are included in the consolidated financial statements refer to the same period and are prepared in accordance with the accounting principles that apply to the Group. A subsidiary is included in the consolidated financial statements as of the date of acquisition, which is the date the Parent Company acquires a controlling influence, normally more than 50% of the votes, and is included in the consolidated financial statements until the date on which the controlling influence ceases. Intra-Group transactions and any associated profit/loss are eliminated.

Business combinations vs. asset acquisitions

The acquisition of companies can be classified as either a business combination or an asset acquisition. The assessment is made on a case-by-case basis per acquisition. Company acquisitions, the primary purpose of which is to acquire the company's property and where the company's management organi-

zation and administration is of subordinate importance for the acquisition, are classified as asset acquisitions. Other company acquisitions are classified as business combinations.

The difference between the cost of a business combination and the acquired share of net assets in the acquired operations is classified as goodwill and reported as an intangible asset in the balance sheet.

Goodwill is measured at cost less accumulated write-downs. Goodwill is distributed among cash-generating units following an annual impairment test in accordance with IAS 36. Transaction costs are expensed directly to the period's profit/loss. When acquiring assets, the cost is distributed among the acquired net assets in the acquisition analysis.

The percentage of equity attributable to owners with a non-controlling influence (previously referred to as minority holding) is reported as an individual item under equity separate from the share of equity of the Parent Company's owner. A special note is also provided regarding their share of the period's profit/loss.

Control over tenant-owner associations / Reporting of tenant-owner associations

Magnolia Bostad consolidates tenant-owner associations during the construction period and up to the time when the final tenant-owners take over their apartments and the control is judged to pass to the final tenant-owners. This means that Magnolia Bostad reports unoccupied tenant-owned

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apartments as ongoing work within the asset item project and development properties.

Reporting of associated companies and joint arrangements

Joint arrangements are companies in which the Group exercises joint controlling influence through established agreements. Joint arrangements are classified as either joint operations or joint ventures. Joint operations are joint arrangements in which Magnolia Bostad is entitled to the joint operations' assets and obligations for liabilities and reports its share of income and expenses item-by-item in the consolidated financial statements. Magnolia Bostad currently does not have any companies that are considered joint operations.

Joint ventures, on the other hand, are arrangements in which Magnolia Bostad is entitled to the net assets and the investment is reported using the equity method (see the section on associated companies below). Assets (including any goodwill and fair value adjustments) and liabilities for acquired or divested joint arrangements during the year are included in the consolidated financial statements from the date on which the joint controlling influence is acquired and removed on the date on which the joint controlling influence ceases.

The Group's holding of participations in a company that is not a subsidiary but in which the Group exercises a significant but non-controlling influence is classified as a holding of participations in associated companies Associated companies normally arise when the Group has more than 20%

but less than 50% of the votes in the legal entity. The Group reports participations in associated companies and joint ventures in accordance with the equity method. In the event the Group acquires additional participations in the associated company, but the company remains an associated company to the Group, the previous holding is not remeasured. When participations in associated companies are divested such that the significant influence is no longer present, the entire holding is reported as divested and any gains or losses are recognized in the consolidated income statement. In the event participations are left, they are reported as Other securities.

The equity method means that the holding is initially reported at cost. The carrying amount is increased or decreased thereafter to take into account the Group's share of profit/ loss and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of profit/ loss from holdings reported under the equity method is included in consolidated profit/ loss and the consolidated share of other comprehensive income is included in other comprehensive income in the Group.

Gradual acquisitions

During the gradual acquisition of previous associated companies, previous holdings are remeasured at fair value and profit/loss is reported in the income statement when the controlling influence is acquired.

Elimination of transactions between Group companies

Intra-Group receivables and liabilities and transactions between companies in the

Group as well as related unrealized gains are eliminated in their entirety. Unrealized gains arising from transactions with associated companies and joint ventures are eliminated to the extent that the Group owns participations in the company. Unrealized gains arising as a result of transactions with associated companies are eliminated from "Participations in associated companies". Unrealized losses are eliminated in the same manner as unrealized gains such that there is no impairment requirement.

Segments

The identification of segments is based on the internal reporting to the highest executive decision-maker, which in Magnolia Bostad is the CEO. Since reporting to the CEO as a basis for decisions regarding the distribution of resources is made for the entire operations and not divided into geographic markets or the equivalent, Magnolia Bostad is considered to consist of only one segment.

Revenue recognition

Revenue recognition takes place when a performance commitment is fulfilled by transferring a promised product or service to a customer. An asset is transferred when control of the asset is transferred to the customer. When a performance commitment is met, or as a result of it being met, a company must recognize the amount of the transaction price allocated to the performance commitment.

Magnolia Bostad develops new housing, including rental apartments, tenant-owned apartments, residential care property, municipal properties and hotels. At the sale of

a project, two contracts are signed with the customer: one for the sale of the project (the property) and one for the project management. Under IFRS 15, these two contracts are considered a single contract. The Group has two separate performance obligations; project management is reported over time based on the degree of completion of the project and the sale of the project (property) is reported at a point in time when control is passed to the customer. The transaction price is allocated between the two performance obligations based on independent sales pricing for project management.

Revenue recognition of project management agreements

Project management is reported as a performance obligation, and the revenue attributable to the project management is reported over time in accordance with the input method since control is passed over time. Under the input method, revenue is recognized on the basis of initiatives or input to meet a performance obligation in relation to the total expected input for the satisfaction of the performance obligation. Magnolia Bostad has chosen actual project costs in relation to total estimated costs for each project management agreement. This method has been chosen because costs incurred are seen as best reflecting the transfer to the customer. Costs for the project management agreement consist mainly of personnel costs and costs for sub-consultants.

Revenue recognition of projects (property)

Magnolia Bostad considers that the time of revenue recognition of projects (property) is when control has been passed to the buyer.

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The Group makes the assessment that control over the asset is passed at the point in time when there is a legally binding agreement with the purchaser and the significant risks and benefits associated with the ownership of the asset are thus passed to the purchaser.</p> <p>The transaction price contains elements of variable consideration. For rental apartment projects, hotels and residential care properties, the variable consideration is linked to the future property's rent/net operating income and area. Variable remuneration amounts are estimated at the expected value and included in the transaction price to the extent that a significant reversal at a later point in time is highly improbable. At the end of each reporting period, the estimated transaction price is updated to correctly reflect the circumstances at that point in time. The variable consideration for rents is dependent on warranties limited in time and scope linked to future rent levels/net operating income and future vacancy levels for rental apartment projects. The vacancy guarantee is updated using the current rental status.</p> <p>Variable consideration in the transaction price linked to the area consists of planning risk and any risk in the turnkey contract. Planning risk is based on due diligence regarding the local planning work and is reported as revenue when the building permit gains</p>	<p>legal force, which is when the uncertainty surrounding planning risk ceases. The risk in the turnkey contract is considered to cease and is reported as revenue when the turnkey contract has been concluded. The Group makes an individual assessment of the expected value of any variable consideration in each individual project. Following revaluation of the projects' expected final profit/ loss, previously calculated profit in the projects concerned is adjusted and the projects are recognized as revenue or reported as a decrease in revenue in the period during which the transaction price is changed.</p> <p><i>Sale of tenant-owned apartments</i></p> <p>Via the tenant-owner association, an agreement is signed with the tenant-owner on the acquisition of a right of use in the tenant-owner association corresponding to a certain apartment. Magnolia Bostad assesses that controlling influence over tenant-owner associations ends at the time when the final tenant-owners access their apartments and the tenant-ownership is consolidated until this time. Revenues and costs for tenant-owned apartment projects are reported as the apartment buyers take over the tenant-owned apartments and consist of the actual revenue for the apartment sold and the sold apartment's share of the project's total cost.</p> <p><i>Rental income</i></p> <p>Rental income is reported in accordance with IFRS 16, where Magnolia Bostad is the lessor regarding operational leasing agreements. Rental income is announced in advance and reported in the period to which it is attributable, which is specified in the rental contract. The rental contract includes additional charges such as invoiced property tax and heating expenses.</p>	<p>Remuneration to employees and the Board of Directors</p> <p>Remuneration to employees in the form of salaries, paid vacation, paid absence due to illness, etc., and pensions are reported as earned.</p> <p><i>Defined-contribution pensions</i></p> <p>The Group only utilizes defined-contribution pension plans. In defined-contribution plans, the company pays fixed fees to an external public or private legal entity that manages the future pension commitments. The Group's profit is debited for costs as benefits are accrued. The Group has no additional payment commitments or other obligations once the fees are paid.</p> <p>Financial income and expenses</p> <p>Financial income consists of interest-bearing income on bank balances, receivables and financial investments. Interest income is reported using the effective interest method. When the value of a receivable classified as a loan receivable and accounts receivable or a loan liability has been impaired, the Group lowers the carrying amount to the recoverable amount, which is determined by the forecast cash flow discounted by the original effective interest rate for the instrument and continues to dissolve the discounting effect as interest income. Interest income on impaired loan receivables and accounts receivable are reported at the original effective interest rate.</p> <p>Financial expenses consist of interest expenses and other costs for borrowing. Interest expenses are reported using the effective interest method. Financial expenses are reported in the period to which they relate.</p>	<p>Leasing – lessor</p> <p>Lease agreements are classified as either finance or operating leases. Finance leases occur when the economic risks and rewards attributable to the leasing object in all material respects are transferred to the lessee. All other leases are considered to be operating leases. The Group does not have any material finance lease agreements and all lease agreements are therefore reported as operating lease agreements, which means that the lease fee is distributed on a straight-line basis over the term of the lease.</p> <p>Leasing - lessee</p> <p>As the lessee, rights of use and leasing liabilities for the vast majority of leasing agreements are recognized in the balance sheet. Depreciation of rights of use and interest costs for leasing liabilities are reported in the income statement. In the cash flow analysis, payments attributable to the amortization of leasing liabilities are reported in financing operations and payments attributable to interest in operating activities.</p> <p>The leasing liability is valued at the acquisition date at the present value of unpaid leasing fees at the commencement date. Subsequently, the lease liability increases with interest costs and decreases with paid lease fees. The right of use is initially reported at acquisition value, i.e. the original value of the lease liability. The right of use then depreciates over the period of use. Leasing fees are discounted with the implicit interest rate if it can be determined otherwise the marginal loan interest rate is used are discounted by the marginal loan interest rate. The Group applies the exceptions that the standard allows for short-term leases and leases for which the underlying asset is of low value. These lease agreements are reported as oth-</p>			

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er expenses. After the start date, the lease liability is revalued to reflect re-evaluations and changes to the lease agreement. The revaluation of the lease liability is adjusted against the right of use. Profits or losses attributable to changes in lease agreements are recognized in the income statement.

Taxes
Income tax consists of current tax and deferred tax. Income tax is reported in the income statement, except when the underlying transaction is reported under Other comprehensive income, or directly against Equity, whereupon the related tax effect is also reported under either Other comprehensive income or Equity.

Current tax is tax that must be paid or received for the year in question, under application of the tax rates that have been decided or in practice were decided as of the balance sheet date. This also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method and is based on temporary differences between reported and taxable values of assets and liabilities. Deferred tax is not reported for temporary differences that arise during the initial reporting of assets and liabilities that are asset acquisitions and which at the time of the transaction affect neither reported nor taxable profit/loss. Furthermore, temporary differences are not considered to be attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. Deferred tax is calculated using the tax rates and tax rules that have been decided or in

practice are decided as of the balance sheet date.

Deferred tax assets for deductible temporary differences and loss carry-forwards are only reported to the extent that it is probable they will be used. The value of deferred tax assets is written down when it is no longer judged to be probable that they can be used.

Investment properties
Investment properties are properties held for the purpose of collecting rental income or for an increase in value or a combination of the two. Initially, investment properties are reported at acquisition cost, including costs attributable to the acquisition. Investment properties are normally reported on the balance sheet from the contract date, if the transfer from the seller is not made on a different date. If ownership of the property is transferred on a different date, this second date is used for the reporting of the investment property.

Additional expenses are only added to the reported value if it is probable that the future economic benefits associated with the asset will come to the company and the acquisition value can be calculated reliably. Investment support received reduces the asset's carrying amount to a corresponding extent. Expenses for repairs and maintenance are reported in the period they occur.

Investment properties are reported at fair value on the balance sheet date. Fair value is the estimated amount that would be received in a transaction at the time of reporting between knowledgeable parties independent of each other and who have an

interest in the transaction being carried out. The valuations are made at the end of each quarter and all investment properties are externally valued at least once a year. Both unrealized and realized changes in value are reported in the income statement under the heading Changes in value of investment properties in operating profit.

Income from the sale of investment properties is normally reported on the contract date if the transfer to the buyer is not made on a different date. The transfer of the asset may have occurred at a different time to the contract date. If this is the case, the revenue is reported under this other date. When assessing the revenue recognition date, consideration is given to what has been agreed between the parties regarding risks and benefits and involvement in day-to-day management.

Intangible assets
Intangible assets acquired by the company are reported at cost less accumulated amortization and impairment. Expenditure for internally generated goodwill and brands are reported in the income statement as the costs are incurred. Additional expenditure is added to the cost of acquisition only if such expenditure increases the future economic benefits beyond the original assessment and the expenditure can be calculated in a reliable manner. All other expenditures are expensed as they are incurred.

Property, plant and equipment
Property, plant and equipment are reported as an asset in the balance sheet when, on the basis of available information, it is probable that the future economic benefit associated

with the holding will flow to the company and the cost for the asset can be calculated in a reliable manner. Property, plant and equipment are reported at cost after deductions for depreciation according to plan and any write-downs.

Depreciation and amortization principles for intangible assets and property, plant and equipment
Depreciation according to plan is based on the original cost less the estimated residual value. Depreciation/amortization occurs on a straight-line basis over the estimated useful life of the asset.

Licenses	5 years
Machinery and equipment	3-5 years

Impairment losses
Carrying amounts for the company's assets are tested every balance sheet date to assess whether there is a need for impairment. If such an indication is present, the asset's recoverable amount is calculated as the higher of the value in use and the net realizable value. Impairment losses are applied if the recoverable amount is less than the carrying amount. An impairment loss is only reversed if the asset's carrying amount after the reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been applied. For goodwill and intangible assets with indefinite useful lives, the impairment test is conducted annually.

Development and project properties
Development and project properties are held for the purpose of developing and selling residential units, such as rental apartments and tenant-owned apartments. The properties are reported as current assets, even if

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some properties are under management and generate rental income pending their development. They are reported at the lowest of cost and net realizable value. Development and project properties are reported in their entirety when a binding agreement exists. In certain agreements on asset acquisitions, there are additional payments that are payable if certain events occur in the future. These additional payments are recognized when the underlying event causing an additional payment occurs. Any tax discounts at acquisition reduce the property's cost.

Provisions and contingent liabilities
A provision is reported in the balance sheet when the company has an existing legal or informal obligation following the occurrence of an event and it is probable that an outflow of economic resources will be required to settle the obligation and it is possible to reliably estimate the amount. Where the effect of the time when the payment will occur is significant, provisions are calculating by discounting the expected future cash flow at an interest rate before tax that reflects current market conditions of the value of the money and, where appropriate, the risks associated with the debt. Provisions are retested at every period end.

Contingent liabilities are possible obligations that derive from the occurrence of events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent liabilities also include claims deriving from the occurrence of events, but which are not reported as a liability or provision since it is probable that an outflow of resources will

be required to settle the claim and/or it is not possible to reliably estimate the amount.

Financial instruments
A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms and conditions. Financial assets are derecognized from the balance sheet when the rights of the agreement are realized, fall due or the company in any other way loses control over them. Financial liabilities are derecognized from the balance sheet when the obligations in the agreement are discharged or in any other way extinguished.

Financial instruments reported in the balance sheet include cash and cash equivalents, accounts receivable, other long-term receivables, other receivables and derivatives and securities. Liabilities include accounts payable, loans, other liabilities and derivatives. The company does not apply hedge accounting.

Financial instruments are initially reported at cost corresponding to the instrument's fair value at the time of acquisition including transaction costs for all financial instruments except those that belong to the category Financial asset reported at fair value in the income statement, which are reported without transaction costs. Reporting thereafter depends on how they are classified in accordance with that stated below.

The financial assets category consists of three sub-groups: financial assets measured at fair value through the income statement, financial assets measured at accrued acquisition value and financial assets measured at fair value via Other comprehensive income.

sition value and financial assets measured at fair value via Other comprehensive income.

Cash and cash equivalents and blocked accounts
Cash and cash equivalents consist of cash and immediately accessible balances at banks and equivalent institutions. Amounts in blocked accounts are funds serving as collateral for repayment of loans or the financing of investments in properties as well as rent deposits and are reported as Other receivables.

Classifications of liability and equity instruments are described below:
Liability instruments are the instruments that fulfil the definition of financial liabilities from the issuer's perspective, such as customer receivable and loan receivables. The Group classifies its liability instruments in one of the following two evaluation categories:

Financial assets measured at accrued acquisition value
Assets held for the purpose of collecting contractual cash flows that only constitute payments of principal amounts and interest, and which are not identified as valued at fair value through profit or loss, are valued at accrued acquisition value. The reported value of these assets is adjusted with any reported expected credit losses. A default is defined as receivables where a significant part of the obligation is delayed by more than 90 days. Individual assessment and provision is made on the basis of rating-based impairment models. Due to short maturities and/or high creditworthiness, the provisions amount to insignificant amounts. Interest income

from these financial assets is reported in net financial items using the effective interest method.

Customer receivables are reported at the amount that is expected to be received after deductions for doubtful receivables that have been assessed individually. The expected maturity of rental receivables is short, which is why the value is reported at a nominal amount without discounting. Receivables are reported at cost less any impairment losses.

A receivable is tested individually for its estimated probability of default and recognized at the amount expected to be received. Write-downs are made for bad debts and are reported under operating expenses.

Financial assets measured at fair value through the income statement
Assets that do not meet the criteria for accrued acquisition value are measured at fair value through the income statement. Profits or losses due to a debt instrument that after initial recognition are valued at fair value through profit or loss and are not included in a hedging relationship are recognized in net financial items when they arise. Interest income from these financial assets is reported in net financial items using the effective interest method.

Liability instruments are reclassified only when the Group's business model for managing these assets changes.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, which means instruments

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without a contractual obligation to pay and which deposit a residual right in the issuer's net assets. Profits or losses due to equity instruments measured at fair value via the balance sheet are recognized in net financial items.

Financial assets measured at fair value through the income statement
Investments in participations in companies other than Group companies, joint ventures and associated companies are included in assets measured at fair value through the income statement.

The financial liabilities category consists of two sub-groups: financial liabilities measured at fair value through the income statement and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through the income statement
Financial assets measured at fair value through the income statement consist of derivative instruments. Derivative instruments are measured in the consolidated accounts at fair value with changes in value reported in the income statement.

Financial liabilities measured at accrued acquisition value
Refers to all other financial liabilities, such as borrowing, accounts payable, accrued costs for services and goods that are settled in cash. Financial liabilities (interest-bearing loans and other financing), with the

exception of short-term liabilities where the interest rate effect is insignificant, are measured initially at fair value, and thereafter at amortized cost when applying the effective interest method. Accounts payable and other liabilities with short-term expected maturities are measured without discounting to a nominal amount. Liabilities are reported when the counter-party has delivered and a contractual payment obligation arises, even if the invoice has not yet been received. Accounts payable are reported when the invoice has been received.

A financial asset and a financial liability are netted and reported as a net amount in the balance sheet only in the presence of a legal right to net the amounts and to settle the items with a net amount or simultaneously realize the asset and settle the liability. As of the balance sheet date, there were no financial instruments reported net or covered by offset agreements.

Cash Flow Statement
The indirect method is applied to the preparation of the cash flow statement. The reported cash flow only includes transactions that result in incoming or outgoing payments.

Parent Company accounting principles
The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The

Swedish Financial Reporting Board's statements for listed enterprises also apply. Under RFR 2, the Parent Company in the annual report for the legal entity shall apply all of the IFRS and statements approved by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and with consideration given to the link between accounting and taxation. The recommendation states which exceptions and additions may be made in relation to IFRS.

Participations in Group companies
Participations in Group companies are reported using the cost method. Costs related to acquisition of subsidiaries are included as part of the cost for participations in Group companies. The carrying amount for participations in Group companies are tested for any impairment need when such indications arise.

Group contributions, dividends and shareholders' contributions
The company reports Group contributions according to the alternative rule, which entails that Group contributions received or paid are reported under appropriations. Anticipated dividends are reported as financial income by the recipient. Shareholders' contributions are reported directly under equity by the recipient and capitalized in shares and participations by the issuer to the extent a write-down is not required. Shareholder's contributions received are reported as an increase in unrestricted equity.

Financial instruments
Financial instruments are not reported in accordance with IFRS 9, Financial Instruments, but rather are reported as the lower of cost or net realizable value in accordance with the Annual Accounts Act. Receivables in the parent company largely consist of receivables from subsidiaries which are reported at acquisition value. Rating-based impairment models are applied.

Changed reporting principles
New or changed existing standards that came into force on 1 January 2021 have not had any significant impact on the Group's financial reports.

New and changed standards that are not yet applied by the Group
None of the new or revised existing standards that have not yet come into force are expected to have any significant impact on the Group's financial reports.

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Note 2 Critical assessments and estimations

The preparation of the financial statements in accordance with IFRS requires that the Board of Directors and executive management make assessments, estimations and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimations and assumptions are based on historical experiences and a number of other factors that given the current circumstances are deemed to be reasonable. The results of these estimations and assumptions are then used to assess the carrying amounts for assets and liabilities that otherwise are not clearly evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assumptions are reviewed regularly.

Revenue recognition of projects (property)
The project development of rental apartments is recognized as revenue as of the date that (i) a binding agreement has been signed with a rental project purchaser, (ii) there is a zoning plan, and (iii) a binding turnkey contract has been signed with a contractor. The turnkey contract is signed by or transferred to the buyer. The Group makes an individual assessment on the need for any provisions in each individual project. The Group establishes certain guarantees for the project in relation to vacancy and rental levels for which the Group makes provisions based on the specific circumstances of each respective project. Reassessment of the provision for rental guarantees takes place regularly based on the current rental situation. The Group makes provisions for planning risk on the basis of its knowledge of the local planning work. The provision for planning risk is dissolved when the building

permit enters into legal force. The Group also makes provisions for any risk in the turnkey contract. Variable remuneration amounts are estimated at the expected value and included in the transaction price to the extent that a significant reversal at a later point in time is highly improbable. Assessment and estimation of variable components to include in the transaction price is largely based on an assessment of future expected performance and all information (historical, current and forecast) that is reasonably available to us. Reassessments of the expected end result of the project mean adjustments of previously calculated profit in the projects concerned. These changes to forecasts are included in the recognized profit/loss for the period. Estimated losses are charged directly to the profit/loss in the period in which they are identified. Assessments and estimates affect the receivable property sales, which is stated in Note 22 - Other long-term receivables and Note 25 - Other receivables. The total amount reported as a receivable from property sales is SEK 1,627 m.

Revenue recognition, right of use (tenant-owned apartments)
Magnolia Bostad assesses that controlling influence over tenant-owner associations ceases at the time when the final tenant-owners purchase their apartments and the tenant- ownership is consolidated until this time. Revenues and costs for tenant-owned apartment projects are reported as the apartment buyers take over the tenant-owned apartments and consist of the actual revenue for the apartment sold and the sold apartment's share of the project's total cost. Revaluations of the projects' expected end result entail a correction of previously prepared results in the projects concerned.

This forecast change is included in the period's reported results. Assessed losses are charged in their entirety directly to the profit for the period in the period in which they are identified.

Revenue recognition, project management
Revenues from project management agreements are reported successively based on the degree of completion of the project. The degree of completion is determined mainly on an ongoing basis as the work is carried out.

Valuation of properties
When valuing investment properties, estimates and assessments can have a significant impact on the Group's reported results and position. Internal valuations of investment properties require assessments of and assumptions about, for example, future cash flows and the determination of direct yields for each individual property. The assessments made affect the carrying amount in the statement of financial position for the item Investment properties and for investment properties owned in joint ventures, which affects the item Participations in associated companies and joint ventures. In the income statement, it affects the item Changes in value of investment properties and for investment properties, it affects the item Profit from participations in associated companies and joint ventures. Magnolia Bostad continually monitors relevant property transactions. Internal valuations of the entire property portfolio are carried out with each quarterly report. To ensure the quality of internal valuations, Magnolia Bostad continually has parts of the portfolio externally valued. The discrepancies between external and internal values have historically

been insignificant. For more information on valuation, assessments and assumptions as well as sensitivity, see **Note 19 - Investment properties** for properties reported as Investment properties and **Note 20 - Participations in associated companies and joint ventures** for investment properties owned via joint ventures.

Deferred tax assets
Deferred tax assets and liabilities are reported for temporary differences and unutilized loss carry-forwards. The measurement of loss carry-forwards and the Group's ability to utilize loss carry-forwards are based on company management's estimations of future taxable income. Since a large portion of the Group's income according to current tax rules is treated as non-taxable income, the company's management has made the assessment that no deferred tax asset for loss carry-forwards is reported.

Classification of development and project properties and investment properties
When acquiring a property, an assessment is made whether the property should be developed or used as a management property. The assessment affects the consolidated profit/loss and financial position since each approach is handled differently from an accounting perspective. Properties that are to be developed are classified as development and project properties. Development and project properties are reported as inventory since the intent is to sell the property after completion. The measurement is then the lowest of cost and net realizable value. Investment properties, however, are held with the aim of generating rental income and appreciation. Investment properties are measured at fair value and the change in

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value is recorded in the income statement. Executive management makes an individual assessment of each property to determine whether the purpose is to develop and sell residential units, both rental apartments and tenant-owned apartments, or whether it is to own the property in the long-term.

Demarcation between business combinations and asset acquisitions

When acquiring businesses, an assessment is conducted of how the acquisition should be reported based on whether there are employees and the complexity of internal processes. Such an assessment also takes into account the number of businesses and the occurrence of contracts with varying degrees of complexity. If the above criteria are

largely present, the acquisition is classified as a business combination, and if they are minimally present, as an asset acquisition.

Executive management makes an assessment on an acquisition-by-acquisition basis which criteria are met. In 2019 and 2018, the company's management made the assessment that only asset acquisitions occurred.

Additional payments for asset acquisitions

In certain asset acquisitions, there are additional payments that are payable if certain events occur in the future. These additional payments are recognized when the underlying event causing an additional payment occurs.

Note 3 Financial risks and finance policy

Through its operations, the Group is exposed to different types of financial risks. Financial risks refer to fluctuations in the company's profit/loss and cash flow as a result of changes in, for example, interest rates. The company is primarily exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's finance policy for management of financial risks has been drawn up and decided by the Board of Directors. The finance policy forms a framework of guidelines and rules in the form of risk mandates and limits for the financial operations.

The company's financial risk-taking and position can be derived from, for example, the equity/assets ratio, interest coverage ratio and loan-to-value ratio. Credit agreements with banks and credit institutions often have established loan covenants for these three performance measures. The company's own targets are in line with the banks' requirements. In 2021, the company met all targets and requirements. In order for a dividend to be paid or a buy-back of shares to be made, the Group's equity ratio according to the latest published financial report at the time of disbursement must exceed 30%, including the relevant payment. For a description of the company's risks and risk management, see the section Risk Management in the Director's Report.

Liquidity risk

Liquidity risk refers to the risk that there would not be sufficient liquidity to meet future payment obligations. Internal liquidity forecasts are prepared on a regular basis for the coming twelve months, where all items affecting the cash flow are analysed in aggregate. The aim of the liquidity forecast is to verify the need for capital. Capital tie-up is evaluated individually for each project financing and synchronized with each project maturity. The objective is to match cash flows from forward funding and final consideration from buyers with maturities on financing. Magnolia Bostad has a policy to hold cash of SEK 250 m , excluding overdraft facilities. In the short-term, the Group's cash position may be lower. If liquidity is estimated to be less than SEK 250 million, investment decisions with a liquidity impact of more than SEK 25 m must be made by the Board. At the end of the year, cash and cash equivalents totalled SEK 233 m (277). In addition to cash and cash equivalents, there were unutilized credit facilities of SEK 123 m (490) available, including unutilized overdraft facilities of SEK 45 m.

Below is a maturity analysis for financial liabilities. The table contains undiscounted cash flows based on the date of contract and includes both the interest rate and the nominal amount.

Maturity analysis 31/12/2021	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	265	600	693	951	0
Leasing liabilities	16	14	12	8	9
Liabilities to associated companies	24	22	–	–	–
Accounts payable	27	–	–	–	–
Other liabilities	829	105	482	–	–
Total	1,161	741	1,187	959	9

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Maturity analysis 31/12/2020	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	886	638	151	639	–
Leasing liabilities	23	19	16	19	14
Liabilities to associated companies	13	10	–	–	–
Accounts payable	65	–	–	–	–
Other liabilities	719	50	482	–	–
Total	1,706	717	649	657	14

Of the cash flows from interest-bearing liabilities within 0-1 year of SEK 265 m (886), SEK 139 m (238) occurs within six months and SEK 126 m (648) after six months but within twelve months.

The majority of the bank financing is linked to different projects where the repayment of debt will occur upon Magnolia Bostad exiting the project, when sales proceeds are received from the project buyers. Loans with property mortgages amount to SEK 148 m falling due in 2022 and 2024 and are estimated to be refinanced at maturity.

Financing risk

Financing risk refers to the risk that either no financing can be obtained or financing can only be obtained at much higher prices. In order to manage this risk, the Finance Policy contains rules regarding the spread of capital tie-up for the credit stock and the size

of unutilized loan facilities and investments. The refinancing risk is reduced through a structured and early start to the refinancing process. For large loans, the process is begun 9 months prior to the maturity date. The Group has an equity/assets ratio target of at least 30%. A higher equity/assets ratio makes Magnolia Bostad a more attractive borrower. Outstanding bonds have certain limitations in terms of the type of debt that may be raised. According to the terms for outstanding bonds, the Group's equity/assets ratio according to the latest published financial report at the time of the loan, must exceed 30%, tested pro forma and including relevant loans, in order for Magnolia Bostad to take up new bond liability or other debt that is ranked equally, or subordinated, existing bonds. There are no restrictions on the raising of project-related debt in the terms for outstanding bonds.

Credit risk

Credit risk refers to the risk that a counterparty or issuer cannot discharge its obligations to the company. The maximum credit exposure corresponds to the assets' carrying amount and amounts to SEK 2,441 m (2,352). The credit risk among claims for property sales is judged to be limited since the risk that counterparties would not be able to fulfil their commitments is considered to be low. Of the Group's Other non-current receivables and Other receivables totalling SEK 1,787 m (1,801), including receivables for property sales, SEK 901 m (1,164) refers to receivables on counterparties with an investment grade credit rating from an independent rating institute. Counterparties for other receivables do not have a credit rating from an independent rating institute. The majority are concentrated to a few counterparties, such as Sl.tt. and Trenum and Heba. The claims on these three counterparties amount to SEK 586 m.

At the end of the year, past due loans and accounts receivable amount to SEK 13 m (21). Of consolidated net sales, 16.1% (65.5) is to counterparties with a credit rating of investment grade. The company is also exposed to credit risk to the extent that the surplus liquidity will be invested. A rating-based impairment model is applied. Funds in cash accounts and any investments may not exceed SEK 750 m in exposure to one and the same banking group.

Market risk

Interest rate risk

Interest rate risk can consist in part of a change in fair value as a result of changes in interest rates (price risk) and changes in cash flow (cash flow risk). Fixed interest periods

are an important factor that influence the interest rate risk. Long fixed interest periods mean a higher price risk and short fixed interest period mean higher cash flow risk. The Group strives to have a short interest rate adjustment period.

The Group's exposure to interest rate risk in the form of rising market rates is illustrated by a sensitivity analysis. Interest rate expenses during the year amounted to SEK -190 m (-183), and the average interest rate at the end of the year amounted to 6.7% (7.1). An increase in STIBOR 3M by one percentage point would increase the Group's interest rate expense for the financial year by around SEK 19 m (20).

Management of capital risk

The Group's goal with regard to its capital structure is to secure the Group's ability to be a going concern, so it is able to continue to generate returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep capital costs low. In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to decrease liabilities.

The Group assesses its capital on the basis of the equity/assets ratio. This key figure is calculated as equity, including holdings without a controlling influence, as a percent of the balance sheet total.

In 2021, the Group's strategy was to maintain an equity/assets ratio of at least 30%. The equity/assets ratio on 31 December 2021 was 38.7% (32.7). The Group's strategy is unchanged compared to last year.

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FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2021 Group	Financial as- sets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued ac-quisition value
Assets in the balance sheet			
Receivables from associated companies	–	375	–
Other long-term securities held	31	–	–
Other long-term receivables	–	1,179	–
Accounts receivable	–	16	–
Other receivables	–	607	–
Prepaid expenses and accrued income	–	0	–
Cash and cash equivalents	–	233	–
Total	31	2,410	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	2,025
Liabilities to associated compa-nies	–	–	46
Other non-current liabilities	–	–	587
Current interest-bearing liabili-ties	–	–	130
Accounts payable	–	–	27
Other current liabilities	–	–	674
Accrued expenses and deferred income	–	–	132
Total			3 622

The carrying amount of all financial as-sets and liabilities is not judged to deviate significantly from the fair value except for the bonds, where the fair value is estimated to amount to SEK 1,315 m (1,247), compared to the carrying amount of SEK 1,259 m (1,215). Fair value for the bond loans has been assessed according to Level 1, which means that the value is derived from listed prices

on an active market. Accounts receivable, other receivables, cash and cash equivalents, accounts payable and some other liabilities have a remaining life of less than six months, which is why the carrying amount is consid-ered to reflect the fair value. The majority of the interest-bearing bank loans have a variable interest rate, and the carrying amount thus is considered to reflect fair

FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2020 Group	Financial as- sets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued ac-quisition value
Assets in the balance sheet			
Receivables from associated companies	–	181	–
Other long-term securities held	41	–	–
Other long-term receivables	–	1,059	–
Accounts receivable	–	45	–
Other receivables	–	742	–
Prepaid expenses and accrued income	–	7	–
Cash and cash equivalents	–	277	–
Total	41	2,311	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	1,377
Liabilities to associated compa-nies	–	–	23
Other non-current liabilities	–	–	532
Current interest-bearing liabili-ties	–	–	644
Accounts payable	–	–	65
Other current liabilities	–	–	603
Accrued expenses and deferred income	–	–	116
Total	–	–	3,361

value. Financial assets assessed at fair value through the income statement refer to an unlisted holding in Norefjell Prosjektutvikling AS and A&B Invest AB.

The holdings have been valued based on dis-cussions with potential buyers in 2021.

Fair value for the holdings were assessed in accordance with Level 3 of the fair value hierarchy since the value is based on non-ob-servable input data. No significant earnings effect was reported in 2021.

Note 4 Group composition

The operations of Magnolia Bostad Group are conducted in a number of companies. Ownership in the operational companies is spread among several different holding companies that are owned either directly or indirectly by Magnolia Bostad AB. For information on Magnolia Bostad AB's subsidiaries, see **Note 34 - Participations in Group companies**.

Some of the Group's loan agreements contain conditions that limit the ability to transfer cash or other assets to other companies within the Group.

In total, there are non-controlling interests (minority) of SEK 89 m (109) in Magnolia Bostad Group.

Magnolia Holding 3 AB and Magnolia Holding 4 AB

When the former CEO Fredrik Lidjan took over as CEO in 2015, an agreement was signed with Fredrik Lidjan AB, now Videbo invest AB, that Fredrik Lidjan AB would invest on market terms with an ownership stake of 10% in rental accommodation projects. The investments in these companies were made through Magnolia Holding 3 AB. The ownership share for future projects was adjusted at an Extraordinary General Meeting in 2017 to 8% in Magnolia and in Magnolia Hotellutveckling 2 AB. Investments in these companies have been made through Magnolia Holding 4 AB.

Videbo Invest AB's share of Magnolia Holding 3 AB is SEK -10 m (-9) and the share of the year's profit amounts to SEK -16 m (-2). Videbo invest AB's holding of Magnolia Holding 4 AB amounts to SEK 73 m (96) and the

share of the profit amounts to SEK 7 m (64). In 2021, it was decided to pay dividends of SEK 0 m (0) to minority owners in Magnolia Holding 3 AB and SEK 29 m (14) to minority owners in Magnolia Holding 4 AB. n 2021, minority shareholders made a shareholder contribution to Magnolia Holding 3 AB of SEK 15 million (-).

Fredrik Lidjan resigned as CEO in December 2020 and the co-investment period for Magnolia Holding 4 AB was shortened by one year, which means that it ended in 2021. Projects developed in limited companies in the minority ownership structures Holding 3 and Holding 4 continue but no new projects have been allocated to these companies.

Magnolia Hotellutveckling 2 AB

During March 2021, Magnolia Bostad acquired Clas Hjorth's ownership interest of 16% in Magnolia Hotellutveckling 2 AB for one krona after Clas Horth terminated the shareholders' agreement in 2020 and terminated his employment with Magnolia Bostad. Following the acquisition of Clas Hjorth's shareholding, Magnolia Bostad's share of Magnolia Hotellutveckling 2 AB amounts to 92% and Videbo Invest AB's share amounts to 8%. Videbo Invest AB's share of Magnolia Hotellutveckling 2 AB amounts to SEK 0 million and the share of the profit for the year amounts to SEK 0 million.

In 2021, it was decided that no dividends (0) would be paid to minority owners in Magnolia Hotellutveckling 2 AB. In 2021, minority shareholders made a shareholder contribution of SEK 2 m (-).

Moutarde Holding AB

There is a minority holding in Group company Moutarde Holding AB, through which phases 1 and 2 of the Senapsfabriken are being run, whose share of profit/loss in these projects amounts to 23.7%, corresponding to SEK -1

m (-17). In total, the minority holding in Moutarde Holding AB amounts to SEK 27 million (28). In 2021, it was decided that no dividends (0) would be paid to minority owners in Moutarde Holding AB.

Summary of financial information for subgroups that have non-controlling interests.

	Moutarde Holding AB		Magnolia Holding 3 AB		Magnolia Holding 4 AB		Magnolia Hotellutveckling 2 AB	
	2021	2020	2021	2020	2021	2020	2021	2020
Fixed assets	141	168	1,763	1,361	2,009	1,385	0	0
Cash and cash equivalents	0	2	3	39	5	53	1	0
Other current assets	22	1	515	872	812	1 018	31	47
Total assets	163	171	2,281	2,272	2,826	2,456	32	47
Equity	113	118	-97	-86	912	1 194	-1	-21
Non-current liabilities	0	-	684	697	562	91	0	0
Current liabilities	50	53	1 693	1 661	1 351	1 171	33	68
Total equity and liabilities	163	171	2,281	2,272	2,826	2,456	32	47
Net sales	-6	-56	245	437	643	1 674	-2	-51
Operating expenses	3	-15	-358	-422	-657	-1 068	-1	-9
Change in value of investment property	-	-	55	199	74	137	-	-
Profit/loss from participations in associated companies and joint ventures	-	-	-3	-43	95	115	-	-
Net financial items	-2	-2	-80	-147	-61	-67	1	-1
Income tax	-	0	-15	-45	-10	8		
Profit/loss for the year	-5	-73	-155	-21	83	799	-2	-61

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Note 5 Net sales

Consolidated net sales refers in its entirety to Sweden. Net sales are distributed across the business areas as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Revenue from contracts with customers	1 249	2 337	18	12
Other income	19	21	–	–
Total	1 268	2 358	18	12

	Group		Parent Company	
	2021	2020	2021	2020
Sales, development and project properties	938	1 973	–	–
Total income reported at a point in time	938	1 973	–	–
Project management revenue	59	52	–	–
Rental income	19	21	–	–
Other operating income	252	312	18	13
Total income recognized over time	330	385	18	13
TOTAL INCOME	1 268	2 358	18	13

Revenue from two (two) of Magnolia Bostad's customers exceeds 10% of Magnolia Bostad's total revenue. Below is a list of the revenue from customers whose transactions represent 10% or more of the company's revenue per year.

Income from major customers	Group	
	2021	2020
Heimstaden Bostad	2	1,235
Trenum	70	382
CBRE	239	206
PFA Bostad	360	0
Total	671	1,823

In total, CBRE and PFA Bostad as well as Heimstaden Bostad and Trenum, which are included when sales last year exceeded 10%, accounted for sales totalling SEK 671 m (1,823). These revenues have largely been reported as sales of development and project properties.

Cash flow from the sale of projects is obtained partly in connection with the handover of land via forward funding, as Magnolia Bostad receives payment for investments made up to this point. Magnolia Bostad often receives part of the project's profit in cash upon handover. The remaining part of the cash flow from property sales is obtained in connection with project completion.

After selling and exiting the project, Magnolia Bostad works under a project management agreement for the project, which is valid until the property is completed. The project management agreement is invoiced and recognized as revenue on an ongoing basis during the contract period.

For sales of undeveloped property, the entire consideration is normally received in connection with the handover. Other income, such as rent, and invoicing for the projects, are reported and invoiced on an ongoing basis.

Note 6 Leasing – lessor

Rental contracts in the company from an accounting perspective can be viewed as operational leasing contracts. The contracts refer to rental of commercial premises and residential units. Below are the agreed future minimum lease fees within each interval.

Contractual rental income	Group		Parent Company	
	2021	2020	2021	2020
Within one year	13	12	–	–
Within two years	8	5	–	–
Within three years	–	4	–	–
Within four years	–	3	–	–
Within five years	–	3	–	–
After five years	–	2	–	–
Total future leasing income	21	30	–	–

The sum of the rental income that is included in the consolidated income statement amounts to SEK 19 m (21).

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Note 7 Leasing – lessee

Group leasing fees consist mainly of parking spaces rented by the Group in three projects to be rented out and rent for the premises

in which Magnolia Bostad conducts its business. Right of use assets are reported in the balance sheet as Rights of use.

	Group	
Rights of use	2021	2020
Opening carrying amount	72	51
Acquisitions	2	48
Depreciation	–19	–19
Terminated contracts	0	–8
Closing carrying amount	55	72

Changes to lease liabilities linked to right of use assets are listed below.

	Group	
Leasing liabilities	2021	2020
Opening carrying amount	75	52
Additions	2	48
Interest expense	5	5
Payments	–23	–22
Terminated contracts	0	–8
Closing carrying amount	59	75
Current leasing liabilities	16	18
Non-current leasing liabilities	43	57

The maturity structure of leasing liabilities is detailed in Note 3 – Financial risks and finance policy.

	Group	
Reported in the income statement	2021	2020
Depreciation of right of use assets	–19	–13
Interest cost of leasing liabilities	–5	–5
Costs for short-term leasing	0	0
Costs for low-value leases	0	0
Costs for variable leasing fees	0	0
Income from sub-leasing right of use assets	3	3
Total amount reported in the income statement	–21	–15

Note 8 Disclosures regarding fees and cost reimbursement to the auditor

	Group		Parent Company	
	2021	2020	2021	2020
Ernst & Young				
auditing assignment	–2.6	–3.6	–2.6	–3.6
audit operations in addition to the audit assignment	–0.4	–0.1	–0.1	–0.1
tax advisory services	–0.1	–0.4	–0.1	–0.4
other assignments	–0.3	–0.5	–0.3	–0.5
Total	–3.4	–4.6	–3.1	–4.3

Auditing assignment refers to the audit of the annual report and the bookkeeping as well as the Board's and the CEO's management. Other assignments delegated to the company's auditors and advice or other assistance caused by observations during

such audits or implementation of such other assignments are also included. Other assignments mainly include investor reporting for green bonds and consultation regarding sustainability reporting.

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Note 9 Remuneration to employees

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	Group			
	2021		2020	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	-12	-97	-15	-85
(of which bonuses etc.)	(-2)	(-16)	(-4)	(-11)
Social security expenses	-4	-30	-5	-27
Pension expenses including special employer's contribution	-3	-16	-3	-13
Total	-19	-143	-23	-125

Some of the company's personnel costs are capitalized in the projects. This is why the amount in the note is greater than the amount reported in the income statement.

	Parent Company			
	2021		2020	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	-5	0	-5	0
(of which bonuses etc.)	-1	0	(0)	0
Social security expenses	-2	0	-2	0
Pension expenses including special employer's contribution	-1	0	-1	0
Total	-8	0	-7	0

REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2021, SEK 000	Basic salary/Board fees	Variable remuneration	Pension premiums
Fredrik Holmström, Chairman of the Board	-375	0	0
Johan Bengtsson, member ³⁾	-	-	-
Erika Olsén, member ³⁾	-	-	-
Therese Rattik, member ³⁾	-	-	-
Erik Rune, member ³⁾	-	-	-
Andreas Rutili, member ²⁾	-225	0	0
Risto Silander, member ²⁾	-225	0	0
Fredrik Tibell, member	-278	0	0
Jan Roxendal, member ²⁾	-293	0	0
Viveka Ekberg, member ²⁾	-278	0	0
Anna-Greta Sjöberg, member ²⁾	-225	0	0
Johan Tengelin, CEO	-2,787	-900	-825
Other senior executives, 3 people ¹⁾	-5,399	-986	-1 503
Total	-10,083	-1,886	-2,328

¹⁾ The group of senior executives decreased in 2021 from 4 people at the beginning of the year to 3 people at the end of the year 2021.
²⁾ Until September 2021.
³⁾ From September 2021.

Board fees refer to the period 1 January 2021 - 17 September 2021. Thereafter, a new board took office, for which no remuneration will be paid for the period until the end of the next Annual General Meeting.

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REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT			
2020, SEK 000	Basic salary/ Board fees	Variable remuneration	Pension premiums
Fredrik Holmström, Chairman of the Board	-500	0	0
Andreas Rutili, member	-300	0	0
Risto Silander, member	-300	0	0
Fredrik Tibell, member	-370	0	0
Jan Roxendal, member	-390	0	0
Viveka Ekberg, member	-370	0	0
Anna-Greta Sjöberg, member	-200	0	0
Fredrik Lidjan, CEO ¹⁾	- 2,125	0	-546
Johan Tengelin, CEO ²⁾	-250	-125	-66
Other senior executives, 4 people	-6,625	-3,700	- 2,320
Total	-11,430	-3,825	-2,320

¹⁾ Fredrik Lidjan holds 5,000 shares in Magnolia Holding 3 AB, co. reg. no. 559016-4140, 320 shares in Magnolia Holding 4 AB, co. reg. no. 559114-8415 and 40 shares in Magnolia Hotellutveckling 2 AB, co. reg. no. 559125-7604.

²⁾ From December 2020.

For more information, see also **Note 35 – Closely related parties.**

AVERAGE NUMBER OF EMPLOYEES				
	Group		Parent Company	
	2021	2020	2021	2020
Average number of employees	115	104	1	1
(of which male)	(54)	(43)	(1)	(1)

GENDER DISTRIBUTION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT				
	Group		Parent Company	
	2021	2020	2021	2020
The Board	7	7	7	7
(of which male)	(5)	(5)	(5)	(5)
CEO and Executive Management	5	5	5	5
(of which male)	(3)	(3)	(3)	(3)

Remuneration to the Board

At the 2021 Annual General Meeting, it was decided that fees to the Board members for the period up to and including the end of the 2021 Annual General Meeting shall be SEK 500,000 to the Chairman of the Board and SEK 300,000 to each of the other Board members. The AGM further resolved that remuneration of SEK 90,000 be paid to the Chairman of the Audit Committee and SEK 70,000 to each of the other members of the Audit Committee.

A new Board of Directors was elected at an Extraordinary General Meeting on 17 September 2021. The EGM resolved that remuneration to the resigning Board members and Chairman of the Board shall be paid at one twelfth for each commenced month of the term between the Annual General Meeting and the Extraordinary General Meeting and that no remuneration shall be paid to the members elected by the Extraordinary General Meeting until the end of the next AGM.

Executive Management

The management team consisted of 4 people (4) on 31 December 2021, the CEO, Deputy CEO and CFO, Marketing and Communications Manager and General Counsel. From January 2022, the head of Business Development will also be part of the management team.

Guidelines for remuneration to senior executives are established annually by the Annual General Meeting. Salary and other benefits for the CEO are determined by Magnolia Bostad AB's Board of Directors.

Remuneration and benefits

The CEO and other members of Executive Management are paid fixed and variable salaries. Other employees are paid fixed and variable salaries. Variable salary is based on the fulfilment of targets linked to the company's results and individual performance. For Executive Management, variable salary shall follow the guidelines adopted by the Annual General Meeting for remuneration to Executive Management.

Pensions

Members of Executive Management have a defined-contribution pension, with no other obligations from the company than to pay an annual premium during the period of employment. This means that, when employment is terminated, employees are entitled to decide during what period the previously defined-contribution payments and resulting yield are drawn as pension.

Termination

The CEO's employment agreement has a mutual notice of termination of 12 months. There are non-competition terms and terms regarding remuneration after employment termination for the CEO. The competition ban applies for 12 months. The total monthly remuneration as a result of the non-competition term shall not exceed an amount corresponding to 60% of the average monthly income from fixed and variable salary during the most recent year of employment.

Other members of Group management have a mutual six-month notice of termination.

Note 10 Profit/loss from participations in associated companies and joint ventures

	Group		Parent Company	
	2021	2020	2021	2020
Profit/loss from participations in associated companies and joint ventures	88	74	3	–
Total	88	74	3	–

Of the profit from participations in associated companies SEK 5 m (–2) came from Upplands Bro Brogårds Etapp 2 AB, which the company owns with Heimstaden Bostad Invest AB, SEK 59 m (62) came from Yard Holding AB, which the company owns with Slättö Core Plus Holding AB, SEK 21 mil-

lion from Magsam Holding AB, which the company jointly owns with Samhällsbyggnadsbolaget i Norden AB, and SEK –3 million (–31) from Sollentuna Stinsen JV AB, which the company owns with Alecta. For more information, see Note 20 - Participations in associated companies and joint ventures.

Note 11 Costs for the business broken down by cost type

	Group		Parent Company	
	2021	2020	2021	2020
Operating costs	–12	–14	–	–
Production costs	–1,055	–1,691	–	–
Other external costs	–88	–69	–39	–36
Personnel costs	–167	–150	–10	–9
Depreciation/amortization and impairment	–27	–27	0	0
Other operating costs	–34	–36	–	–
Capitalized project costs	158	126	–	–
Total	–1,225	–1,862	–49	–45

Note 12 Financial income

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	1	0	0	0
Interest income, associated companies	4	2	0	0
Interest income, Group companies	–	–	81	83
Dividends from Group companies	–	–	0	200
Total	5	2	81	283

Note 13 Financial expenses

	Group		Parent Company	
	2021	2020	2021	2020
Interest expense	–178	–173	–119	–120
Interest expense, Group companies	–	–	–36	–6
Other financial expenses	–12	–10	–10	–7
Total	–190	–183	–165	–133

Interest expenses mainly relate to financial liabilities valued at accrued acquisition value.

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Note 14 Tax on profit/loss for the year

	Group		Parent Company	
	2021	2020	2021	2020
Current tax	0	0	0	0
Deferred tax for temporary differences	-25	-37	0	0
Total	-25	-37	0	0

RECONCILIATION OF REPORTED TAX

	Group		Parent Company	
	2021	2020	2021	2020
Profit/loss before tax	75	725	-112	117
Nominal tax according to current tax rate (20.6%)	-15	-155	23	-25
Tax effect of non-deductible interest expenses	-36	-43	-13	-10
Tax effect of other non-deductible expenses	-4	-2	-4	0
Tax effect of non-taxable sales of investment property	5	24	-	-
Tax effect of other non-taxable income	61	164	1	43
Tax effect of non-capitalized loss carry-forwards	-29	-24	-7	-8
Current tax attributable to previous years	0	0	0	0
Other	-6	-1	0	0
Reported effective tax	-25	-37	0	0

The tax expense is less than 20.6% since some reported income (primarily the sale of companies) is not taxable and that deferred tax is not reported as loss carry-forwards. Loss carry-forwards consist of tax losses from previous years. The losses, which are not time-limited, are rolled over to the next

year and set off against future taxable profits. No deferred tax asset for loss carry-forwards has been capitalized since these deficits will probably not be utilized in the foreseeable future. For more information on loss carry-forwards, see note 29 – Deferred tax.

Note 15 Earnings per share

	Group	
	2021	2020
Profit/loss for the year attributable to the Parent Company's shareholders	60	658
Weighted average number of outstanding shares	37,822,283	37,822,283
Weighted average number of outstanding shares after dilution	37,822,283	37,822,283
Number of outstanding shares on the balance sheet date	37,822,283	37,822,283
Earnings per share before dilution, SEK	1.59	17.40
Earnings per share after dilution, SEK	1.59	17.40

In connection with the delisting in September 2021, all outstanding warrants have been redeemed.

Note 16 Goodwill

	Group	
	31/12/2021	31/12/2020
Opening acquisition value	6	6
Closing carrying amount	6	6

The annual impairment test of goodwill did not identify any impairment needs.

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Note 17 Other intangible assets

	Group	
	31/12/2021	31/12/2020
Opening acquisition value	1	1
Acquisitions	0	0
Closing accumulated acquisition value	1	1
Opening depreciation/amortization according to plan	-1	-1
Depreciation/amortization for the year according to plan	-0	-0
Closing depreciation/amortization according to plan	-1	-1
Closing residual value according to plan	1	0

Note 18 Machinery and equipment

	Group	
	31/12/2021	31/12/2020
Opening acquisition value	33	27
Acquisition	1	6
Closing accumulated acquisition value	34	33
Opening depreciation/amortization according to plan	-21	-15
Depreciation/amortization for the year according to plan	-6	-6
Closing depreciation/amortization according to plan	-27	-21
Closing residual value according to plan	7	12

Note 19 Investment properties

	Group	
	31/12/2021	31/12/2020
Opening fair value	1,483	654
Reclassification	263	543
Investments and acquisitions	468	817
Unrealized changes in value	155	360
Sales to JVs	-	-186
Sales	-93	-705
Closing fair value	2,276	1 483

Magnolia Bostad has one completed investment property, one project in production and 22 non-production-started projects.

Investment properties are reported in accordance with IFRS at fair value. Normally, a cash flow model is used where the operating surplus less remaining investments is calculated at present value over a five or ten-year calculation period to determine fair value. The calculation interest rate constitutes a nominal interest rate requirement for total capital before tax. The interest requirement is based on assessments of the market's return requirements for similar objects. The calculation interest rate for the investment properties is between 5.30% and 7.40% and the median amounts to 5.85%. The direct yield requirement in valuations carried out is within the range of 3.25-5.25% and the median amounts to 3.85%.

An individual assessment is made of the rental levels and rental trends. For rented premises, an estimated market rent is used in the cash flow calculations after the end of the rental agreement. Assessments are made of market rents, future normalized operating costs, investments, vacancies and more.

Operating and maintenance costs are based on historical outcomes as well as on budget figures and statistics for similar properties. Investment properties under construction are valued on the basis of completed projects with deductions for remaining investments. Depending on the phase of the project, there is a risk premium.

In the valuations, a long-term inflation assumption of 2.0% has been used. Projects that do not have a zoning plan in force or where a binding acquisition agreement is missing, are valued at acquisition value, unless there is a sales agreement that indicates a different value. Valued investment properties where there are no sales agreements have, in addition to the internal valuation, were also valued by an external valuation from Newsec in 2021.

The discount rate is mainly affected by changes in the direct yield requirement. Changes in market rents, operating costs or vacancies affect net operating income.

For more information on valuation and property values, see also pages 45 to 49.

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SENSITIVITY ANALYSIS PROPERTY VALUATION	Effect on value (SEK m)	Effect on equity/assets ratio, percentage points
Operating income, +/- 10%	+582/-582	+3.5/-4.2
Direct yield, +/-0.50% points	-668/+880	-4.9/+5.0

SENSITIVITY ANALYSIS PROPERTY VALUATION	Effect on profit/loss for the year(SEK m)	Equity/assets ratio, %
Change in value before tax, %		
+10	181	40,1
0	-	38,7
-10	-181	37,1

Note 20 Shares in associated companies and joint ventures

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Opening acquisition value	350	189	2	2
Acquisition	143	0	-	-
Contributions	53	87	-	-
Share of the year's profit/loss in associated companies and joint ventures	88	74	3	-
Dividend	-20	0	0	-
Sales	-7	0	-5	-
Closing carrying amount	607	350	0	2

Shares in associated companies are reported in the Group in accordance with the equity method and in the Parent Company in accordance with the cost method.

The Group's share of profit/loss from individual, non-material associated companies amounts to SEK 0 m (0).

Group company's name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Svenska Husgruppen Intressenter AB	556871-5717	Borlänge	-	-
FL Properties Uppsala AB	556870-5304	Stockholm	50.0%	0
Moutarde Equity AB	556912-2079	Stockholm	35.0%	0
Magnolia Senap AB	556887-5925	Stockholm	50.0%	0
Sollentuna Stinsen JV AB ²⁾	559085-9954	Stockholm	45.0%	35
KIASVA AB	559081-9487	Stockholm	46.0%	0
Bollmora Vårdfastigheter AB	559063-2955	Stockholm	46.0%	0
Bryggkaffe Fastighetsutveckling AB	559159-7496	Stockholm	46.0%	20
Upplands Bro Brogårds Etapp 2 AB ²⁾	559175-4915	Stockholm	46.0%	117
Yard Holding AB ²⁾	559175-4923	Stockholm	46.0%	103
Yard Holding 2 AB ²⁾	559267-5101	Stockholm	46.0%	70
Yard Holding 3 AB ²⁾	559319-6818	Stockholm	46.0%	11
Bro Mälarstrand Bostad AB ²⁾	559302-2402	Stockholm	46.0%	145
Magnolia Projekt 5222 AB ²⁾	559175-4907	Stockholm	46.0%	0
Magsam Holding AB ²⁾	559270-5429	Stockholm	46.0%	107
Magnolia Projekt 595 AB ²⁾	559277-1256	Stockholm	46.0%	0
JV Edeh Bostad AB ²⁾	559254-2251	Stockholm	46.0%	0
Total				607

¹⁾ Share of capital agrees with ownership

²⁾ Holdings classified as joint ventures

Internal valuations have been made of all investment properties owned via JVs as of 31 December 2021. The properties were valued by Newsec and Nordier in 2021.

Investment properties are reported in accordance with IFRS as fair value. Normally, a cash flow model is used where the operating surplus less remaining investments is calculated at present value over a five- or ten-year calculation period to determine fair value. The calculation interest rate constitutes a

nominal interest rate requirement for total capital before tax. The interest requirement is based on assessments of the market's return requirements for similar objects. The calculation interest rate for the investment properties is between 5.27% and 5.90% and the median amounts to 5.60%. The direct yield in valuations carried out is within the range of 3.27 – 3.92% and the median amounts to 3.60%.

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An individual assessment is made of the rental levels and trends. For rented premises, an estimated market rent is used in the cash flow calculations after the end of the rental agreement. Assessments are made of market rents, future normalized operating costs, investments, vacancies and more. Operating and maintenance costs are based on historical outcomes as well as on budget figures and statistics for similar properties. Investment properties under construction are valued on the basis of completed projects with deductions for remaining investments.

Depending on the phase of the project, there is a risk premium.

In the valuations, a long-term inflation assumption of 2.0% has been used. The discount rate is mainly affected by changes in the direct yield requirement. Changes in market rents, operating costs or vacancies affect net operating income.

For more information on valuation and property values, **see also pages 45 to 49.**

Sensitivity analysis property valuation	Effect on the value of property in JVs (SEK m)	Effect on value of the company's share of JV (SEK m)	Effect on the company's equity/assets ratio, percentage points
Operating income, +/- 10%	+508/-507	+202/-201	+1.7/-2.4
Direct yield, +/-0.50% points	-590/+784	-234/+311	-2.9/+2.4

Sollentuna Stinsen JV AB	2021	2020
Fixed assets	-	-
Cash and cash equivalents	66	57
Other current assets	830	750
Non-current financial liabilities	-800	-730
Current financial liabilities	-14	-36
Other liabilities	-11	-2
Net assets	71	38
Company's share of net assets	35	18
Net sales	14	15
Depreciation/amortization	0	0
Interest expense	-7	-47
Profit /loss for the year	-6	-61
Company's share of profit/loss for the year	-3	-31

Sollentuna Stinsen JV AB was acquired in December 2016. All apartments will be developed by Magnolia Bostad. Around one-third will be sold to Alecta as rental apartments, which Alecta will own and manage itself. The purchase price paid for the property acquisition amounted to around SEK 700 m

The property includes just under 54,200 m2 in Södra Häggvik. On the property is the Stinsen shopping centre, which offers around 41,600 m2 of leasable retail and office space.

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Upplands Bro Brogårds Etapp 2 AB	2021	2020
Fixed assets	748	563
Cash and cash equivalents	88	39
Other current assets	13	3
Non-current financial liabilities	-552	-318
Current financial liabilities	-4	-11
Other liabilities	-59	-52
Net assets	234	224
Company's share of net assets	117	112
Net sales	0	0
Depreciation/amortization	-1	0
Change in value of investment properties	42	25
Interest expense	-25	-22
Income tax	-8	-5
Profit/loss for the year	10	-4
Company's share of profit/loss for the year	5	-2

In 2019, 50% of the shares in Upplands Bro Brogårds Etapp 2 AB were sold to Heimstaden Bostad Invest AB. Upplands Bro Brogårds Etapp 2 AB acquired a property for the development of 835 estimated residential units in Bro by Magnolia Bostad, where

645 units started production during the year. The property is being developed for long-term management. The profit during the year consists mainly of a change in value of production-started housing.

Yard Holding AB	2021	2020
Fixed assets	1,165	969
Cash and cash equivalents	116	13
Other current assets	6	3
Non-current financial liabilities	-960	-500
Current financial liabilities	-58	-204
Other liabilities	-64	-62
Net assets	206	219
Company's share of net assets	103	110
Net sales	15	0
Depreciation/amortization	-3	-1
Change in value of investment properties	-38	-15
Interest expense	185	175
Income tax	-38	-36
Profit/loss for the year	118	124
Company's share of profit/loss for the year	59	62

In 2019, 50% of the shares in Yard Holding AB were sold to Slättö Core Plus Holding AB. Yard Holding AB subsequently acquired Kro-
nandalen, Gjuteriet stage 2, and Sportfly-
garen from Magnolia Bostad. The properties are being developed

for long-term management. The profit during the year mostly consisted of a change in the value of production-started housing. The Strandblick project in Östersund was completed in 2021 and other projects are expected to be completed in 2022.

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Yard Holding 2 AB	2021
Fixed assets	336
Cash and cash equivalents	10
Other current assets	0
Non-current financial liabilities	-200
Current financial liabilities	-5
Other liabilities	-1
Net assets	140
Company's share of net assets	70
Net sales	0
Production and operating costs	0
Interest expense	-1
Change in value of investment properties	4
Income tax	-1
Profit/loss for the year	2
Company's share of profit/loss for the year	1

The JV company is owned with Slättö Core Plus Holding AB and is developing the Bark-abystaden project. The property is being developed for long-term management. The

profit during the year consisted mainly of a change in the value of production-started housing.

Yard Holding 3 AB	2021
Fixed assets	78
Cash and cash equivalents	13
Other current assets	0
Non-current financial liabilities	-56
Current financial liabilities	-13
Other liabilities	-1
Net assets	21
Company's share of net assets	11
Net sales	-
Production and operating costs	0
Interest expense	-1
Change in value of investment properties	24
Income tax	-5
Profit/loss for the year	18
Company's share of profit/loss for the year	9

The JV is owned with Slättö Core Plus Holding AB and is developing the Valfisken 1 project. The property is being developed for long-term management. The profit during the year consisted mainly of a change in the value of production-started housing.

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Magsam Holding AB	2021	2020
Fixed assets	627	491
Cash and cash equivalents	14	0
Other current assets	55	40
Non-current financial liabilities	-423	-310
Current financial liabilities	-17	-72
Other liabilities	-43	-26
Net assets	213	121
Company's share of net assets	107	60
Net sales	0	0
Operating costs	-1	0
Change in value of investment properties	76	128
Interest expense	-16	-2
Income tax	-16	-26
Profit/loss for the year	41	100
Company's share of profit/loss for the year	21	50

In 2020, 50% of the shares in Magsam Holding AB were sold to Samhällsbyggnadsbolaget i Norden AB through Samhäll 106 AB. In 2020, Magsam Holding AB acquired Drottninghög, Näckrosen and Hantverkaren from

Magnolia Bostad and Järven from SBB. The properties are being developed for long-term management. The profit during the year mostly consisted of a change in the value of production-started housing.

Note 21 Other long-term securities held

	Group	
	31/12/2021	31/12/2020
Opening fair value	41	31
Acquisition	-	10
Sales	-10	-
Closing carrying amount	31	41
	31/12/2021	31/12/2020
Other investments	31	41
Total	31	41

The fair value of the holdings in Norefjell Prosjekutvikling AS and A&B Invest AS have been estimated according to level 3 in the fair value hierarchy as the value is based on input

data other than quoted prices. The holding in Bergavik Fastighets AB was divested in 2021. No significant earnings effect was reported from other long-term securities held in 2021.

Note 22 Other long-term receivables

	Group	
	31/12/2021	31/12/2020
Receivables, property sales	1 090	1 005
Paid deposits	65	33
Deposits	7	7
Other	17	14
Total	1 179	1 059

Refers mostly to non-current receivables from buyers.

	Group	
	2021	2020
Receivables, property sales		
Opening balance	1 005	520
Incoming from new property sales	274	721
Change in estimation of variable remuneration	-77	-86
Outgoing to other receivables	-112	-150
Closing balance	1 090	1 005

Reported as current other receivables, there are additional receivables from property sales amounting to SEK 515 (625) million. For information on current receivables from buyers, **see Note 25 - Other receivables**. Counterparties are mainly Swedish institutions or

other reputable partners. Receivables from buyers usually fall due for payment in connection with the property being completed and project submission taking place, which usually takes place 2.5–3 years after leaving the property.

Note 23 Development and project properties

	Group	
	31/12/2021	31/12/2020
Opening amount	999	1 382
Construction in progress	367	773
Reclassification	-263	-543
Acquisitions	437	1 078
Sales	-730	-1 691
Total	810	999

In 2021, 2 (18) projects were reclassified to Investment Properties.

Note 24 Accounts receivable

	Group	
	31/12/2021	31/12/2020
Accounts receivable, gross	22	48
Provision for bad debt	-6	-3
Closing carrying amount	16	45
Provision for bad debt		
Provision at start of the year	-3	0
Realized losses	0	0
Provisions for expected losses	-3	-3
Provisions at end of the year	-6	-3

	Group	
	31/12/2021	31/12/2020
Age-distributed accounts receivable		
Accounts receivable not past due	9	27
Past due < 30 days	3	11
Past due 31 – 90 days	1	0
Past due > 90 days	9	10
Total non-written-down accounts receivable	22	48
Past due and written-down accounts receivable	-6	-3
Total accounts receivable	16	45

The company has reported losses of SEK -3 m (-3) for write-downs of accounts receivable.

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Note 25 Other receivables

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Receivable, property sales	515	625	0	0
Paid deposits	53	86	0	0
Deposits	0	0	0	0
Other items	40	31	0	0
Total	608	742	0	0

SEK 0 m (0) of other receivables are past due.

	Group	
	31/12/2021	31/12/2020
Receivable, property sales		
Opening balance	625	294
Incoming from new property sales	233	1 691
Incoming from other long-term receivables	112	150
Payments received	-455	-1 510
Total	515	625

The majority of the claims are against Swedish institutions and other reputable partners.

Note 26 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Prepaid expenses	10	11	0	0
Accrued income	1	1	0	0
Accrued interest income	0	7	0	7
Other items	0	0	0	0
Total	11	19	0	7

Note 27 Cash and cash equivalents

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Cash and cash equivalents	233	277	59	35
Total	233	277	59	35

Note 28 Share capital and other contributed capital

Share capital in Parent Company Magnolia Bostad AB amounts to SEK 151 m (151) and refers to 37,822,283 ordinary shares. The shares have a quotient value of SEK 4 per share. Each ordinary share corresponds to one vote. All shares registered on the balance sheet date are fully paid.

The Annual General Meeting held on 26 April 2017, resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling AB. Every warrant entitles the holder to subscribe to one share and will be transferred to employees in accordance with the warrant scheme. During 2018, 260,500 warrants were transferred to employees in accordance with the warrant scheme. 28,000 warrants were bought back. 89,500 unexercised warrants were cancelled during 2019. Each warrant entitles the holder to the right to subscribe to one share at a strike price of SEK 84 per share. The subscription period is from 2 November 2020 until 26 April 2022.

The Annual General Meeting held on 10 May 2019 resolved to issue 200,000 warrants to the subsidiary, Magnolia Utveckling AB. Following the AGM's decision, 200,000 of the warrants were offered to key employees at the subsidiary, all of which have been acquired by and assigned to key employees.

All warrants have been transferred at fair value.

In 2021, all options were repurchased from the option holders. The options are cancelled after the repurchase had been completed. This was a natural consequence of Magnolia Bostad's shares being delisted from Nasdaq Stockholm on 17 September 2021

Equity in the Parent Company

Share capital

The share capital item includes the registered share capital. As on 31 December 2021, there were 37,822,283 shares (37,822,283) and the quotient value is SEK 4 per share.

Share premium reserve

The share premium reserve is part of unrestricted equity. The item arises when a new share issue is oversubscribed.

Profit/loss carried forward

Retained profits correspond to accumulated profits and losses generated in the company with supplements/deductions for provisions to statutory reserves, dividends and other contributions from shareholders.

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SHARE CAPITAL DEVELOPMENT

	Number of shares	Quotient value/share, SEK	Share capital, SEK
Ordinary shares			
Opening balance 01/01/2020	37,822,283	4	151,289,132
Closing balance 31/12/2020	37,822,283	4	151,289,132
Opening balance 01/01/2021	37,822,283	4	151,289,132
Closing balance 31/12/2021	37,822,283	4	151,289,132

Proposed appropriation of profits

The following is available to the Annual General Meeting, SEK:

Share premium reserve	820,323,859
Profit/loss carried forward	122,304,477
Profit/loss for the year	-111,986,937
Total	830,641,399
The Board proposes:	
To be carried forward	830,641,399
Total	830,641,399

Equity in the Group

Share capital
The share capital item includes the registered share capital. As on 31 December 2021, there were 37,822,283 shares (37,822,283) and the quotient value is SEK 4 per share.

Other capital contributions
This item includes capital contributed by the owners, such as share premium reserves during new share issues and shareholders' contributions received.

Retained profits including net profit/loss for the year
Retained profits correspond to accumulated profits and losses generated in the company with supplements/deductions

Note 29 Deferred tax

	Group	
	31/12/2021	31/12/2020
Deferred tax liability		
for temporary difference between carrying amounts and taxable values of buildings	94	68
Total	94	68

Reported deferred tax liability has been calculated at 20.6% (20.6). Total loss carry-forwards without an equivalent capitalization of a deferred tax asset amount to SEK 1,168 m (1,014), which corresponds to a deferred tax asset of SEK 241 m (217) at a tax rate of 20.6% (21.4).

Note 30 Interest-bearing liabilities, other non-current liabilities and other current liabilities

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-current interest-bearing liabilities				
Bank loans	404	321	–	–
Bonds	1,259	965	1,259	965
Deposits	77	91	77	91
Promissory notes	285	–	–	–
Current interest-bearing liabilities				
Promissory notes	–	121	–	–
Bank loans	130	272	–	–
Bonds	–	251	–	251
Total	2,155	2,021	1,337	1,307
Liabilities that fall due for payment within one year after the balance sheet date	130	644	–	251
Liabilities that fall due for payment between one and five years after the balance sheet date	1,800	1,377	1,337	1,056
Liabilities that fall due for payment later than five years after the balance sheet date	225	–	–	–
Total	2,155	2,021	1,337	1,307

No bonds are secured. For Bank loans, the Group has pledged collateral amounting to SEK 1,406 m (610).

	Group	
	31/12/2021	31/12/2020
Other non-current liabilities		
Purchase price returned to buyers	75	20
Purchase price acquisition	512	512
Deposits	0	0
Total	587	532
Liabilities that fall due for payment between one and five years after the balance sheet date	587	532
Liabilities that fall due for payment later than five years after the balance sheet date	–	–
Total	587	532

	Group		Parent Company	
Changes in interest-bearing liabilities and other non-current liabilities	2021	2020	2021	2020
Opening balance	2,553	2,525	1,307	1,585
Borrowings	1,170	1,513	719	538
Amortization	–1,229	–1,810	–701	–833
Other non-cash flow changes	248	325	12	17
Closing balance	2,742	2,553	1,337	1,307

	Group	
	2021	2020
Other current liabilities		
Acquisition liabilities	518	380
Deposits	73	65
Other liabilities	83	181
Total	674	626

Note 31 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Accrued personnel costs	38	36	1	1
Accrued interest expenses	21	36	12	30
Deferred income	2	2	0	0
Property tax	0	0	–	–
Other items	110	81	8	4
Total	171	155	20	35

Note 32 Pledged assets

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Property mortgages	201	386	–	–
Pledged shares in subsidiaries	855	23	–	–
Pledged shares in associated companies	209	60	–	–
Pledged internal reversals	141	141	–	–
Total	1,406	610	–	–

Note 33 Contingent liabilities and other commitments

	Group		Parent Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Guarantees to the benefit of associated companies	90	90	–	–
Guarantees to the benefit of Group companies	–	–	481	655
Guarantees to the benefit of liabilities in tenant-owner associations	201	4	–	188
Guarantees to the benefit of liabilities according to turnkey contracts	18	18	33	33
Total	309	113	514	876

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In tenant-owned projects that have been transferred to a tenant-owner's association, the Group has a commitment to acquire housing that has not been leased with a tenant-owner's residence for a certain period of time after approved final inspection.

In certain asset acquisitions, there are additional payments that are payable if certain events occur in the future. These additional payments are recognized when the underlying event causing an additional payment occurs.

A seller of a property-owning company (the Seller) submitted a claim in 2018 for a standardized damages of SEK 25 m under allegation of a breach of contract against a share transfer agreement. In 2018, the Seller

submitted a claim for a further SEK 22 m approximately. In 2019, the Seller amended the action and presented a claim of SEK 46.5 m plus interest to the district court for breach of contract. In the autumn of 2020, the district court ruled in favour of Magnolia Bostad. The judgment has been appealed by the Seller to the Court of Appeal. The Court of Appeal has granted leave to appeal and the main hearing will be held in 2022.

Magnolia Bostad becomes involved in litigation and legal proceedings from time to time in its operating activities. These disputes and legal processes are not expected to affect Magnolia Bostad's financial results or position to any significant extent, either individually or together.

Note 34 Shares in Group companies

		Parent Company	
		31/12/2021	31/12/2020
Opening acquisition value		89	89
Closing carrying amount		89	89

Company name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Norefjell i Oslo Invest AB	556746-2923	Stockholm	100.0%	14
Magnolia Utveckling AB	556776-1464	Stockholm	100.0%	74
Magnolia Hotellutveckling 2 AB	559125-7604	Stockholm	92.0%	0
				89

¹⁾ Share of capital agrees with ownership.

Note 35 Closely-related parties

Group
The Group is subject to controlling influence from HAM Nordic AB Fastigheter AB, co. reg. no. 559279-7376, with its registered office in Stockholm.

Transactions with related parties have occurred between the Parent Company and its subsidiaries and associated companies and between the subsidiaries in the form of loans of cash and cash equivalents and invoicing of internal administrative services between the companies.

Transactions with associated companies	Group	
	31/12/2021	31/12/2020
Sales to associated companies		
Svenska husgruppen Intressenter AB	–	–
FL Properties Uppsala AB	0	0
Magnolia Senap AB	0	0
Moutarde Equity AB	0	0
Magnolia Projekt 595 AB	114	–
Bollmora Vårdfastigheter AB	0	0
Sollentuna Stinsen JV AB	3	5
Yard Holding 3 AB	2	–
Upplands Bro Brogårds Etapp 2 AB	17	27
Yard Holding AB	5	70
Magsam Holding AB	0	187
Magnolia Projekt 5222 AB	0	0
JV Edeh Bostad AB	0	0
Total	167	290
Acquisitions from associated companies		
Total	0	0

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	Group	
	31/12/2021	31/12/2020
Liabilities to associated companies		
Svenska Husgruppen Intressenter AB	38	36
FL Properties Uppsala AB	0	0
Magnolia Senap AB	0	0
Moutarde Equity AB	0	0
KIASVA AB	0	–
Bollmora Vårdfastigheter AB	0	2
Magsam Holding AB	0	55
Bryggkaffe Fastighetsutveckling AB	4	4
Upplands Bro Brogårds Etapp 2 AB	25	12
Yard Holding AB	84	69
Magnolia Projekt 595 AB	117	3
Magnolia Linnefabriken 1-4 AB	62	0
Yard Holding 3 AB	3	–
Bro Mälarstrand Bostad AB	40	–
JV Edeh Bostad AB	0	0
Total	375	181
	Group	
	31/12/2021	31/12/2020
Liabilities to associated companies		
Moutarde Equity AB	0	3
Upplands Bro Brogårds Etapp 2 AB	34	0
Magnolia Projekt 5224 AB	12	20
Total	46	23

During the year, Magnolia Bostad received a capital injection in the form of hybrid loans issued by HAM Nordic AB of SEK 640 m.

Transactions have taken place with F. Holmström Fastigheter AB and other companies over which Fredrik Holmström, Chairman of the Board of Magnolia Bostad AB, has a controlling influence. During the year, Magnolia Bostad Group incurred costs of SEK 2 million

(5) for services acquired from companies related to the main owner Fredrik Holmström. Magnolia Bostad rented office space from F. Holmström Fastigheter AB for SEK 1 m (1).

Before Fredrik Lidjan took over as CEO of Magnolia Bostad, Fredrik Lidjan AB, now Videbo invest AB, signed a profit-sharing agreement with Magnolia Bostad Group, for which SEK 0 m (0) was invoiced during

the year. Through Videbo Invest AB, Fredrik Lidjan also holds 5,000 shares in the group company Magnolia Holding 3 AB, co. reg. no. 559016-4140, 320 shares in the group company Magnolia Holding 4 AB, co. reg. no. 559114-8415 and 40 shares in the group company Magnolia Hotellutveckling 2 AB, co. reg. no. 559125-7604, for more information **see note 4 - Group composition**.

Board Member Andreas Rutili, through companies, has ownership and a right to a share of the profits in the projects Senapsfabriken Phase 1 and Senapsfabriken Phase 2.

In 2017, Magnolia Bostad sold the project, Sländan Phase 2, with around 130 apartments to Viva Bostad Sländan AB, a company in which Andreas Rutili holds an indirect ownership, but not a controlling influence. Furthermore, during the year Magnolia Bostad sold the project, Fyren Phase 1, with around 220 apartments to Viva Bostad Nyn. shamn AB, a company in which Andreas Rutili holds an indirect ownership, but not a controlling influence. Both projects were sold

from companies that are owned by Magnolia Holding 3 AB.

The Magnolia Bostad Group purchased no services during the year (0) from Caritas Corporate Finance AB, owned by Board member Fredrik Tibell. The services refer to ongoing financial advice.

For more information about remuneration to executive management, **see Note 9 Remuneration to employees**.

Parent Company

In addition to the closely related parties specified for the Group, the Parent Company has closely related parties that have a controlling influence over their subsidiaries. **See Note 34 –Shares in Group companies**. The Parent Company has sold services to Group companies for SEK 17 m (13) and purchased services for SEK 21 m (21).

During the year, Magnolia Bostad AB received a capital injection in the form of hybrid loans issued by Parent Company HAM Nordic AB of SEK 640 m.

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Note 36 Alternative performance indicators

Guidelines for alternative performance indicators have been issued by the European Securities and Markets Authority (ESMA). Guidelines for alternative performance indicators aim to facilitate comprehension of these indicators and thus improve their usability. The alternative performance indicators offer additional valuable information to assess the company's operations.

Non-IFRS financial indicators	Definition	Reason used
Return on equity, %	Net profit/loss for the year attributable to the Parent Company's shareholders as a percentage of the average equity attributable to the Parent Company's shareholders.	Return on equity shows the return generated on the capital invested by shareholders in the Company and in the accumulated results.
Equity per share	Equity attributable to Parent Company shareholders divided by the number of outstanding basic shares.	Equity per share is presented because it is a measure that shows the book value per share.
Net financial items	Net of financial income and financial expenses.	Net financial items are listed to give a picture of the profit/loss generated by the Company's financing activities.
Cash flow from operating activities, per share	Cash flow from operating activities divided by the average number of outstanding shares before dilution.	Cash flow from operating activities per share is presented to give a picture of funds generated by operating activities per share.
Realized growth in value	Revenue from the sale of investment properties less acquisition cost, accumulated investments and costs for sale.	Realized growth in value shows the result of completed sales measured from acquisitions to sales.
Profit/loss after financial items	Operating profit/loss plus financial income minus financial expenses.	Profit/loss after financial items presents the Company's profit/loss after tax.
Interest-bearing net liabilities	Interest-bearing liabilities minus cash and cash equivalents.	Interest-bearing net liabilities are presented as they can be used to show the financial position.
Interest coverage ratio, multiple	Profit/loss after financial items with reversal of financial expenses, adjustment for changes in value of investment properties and supplements for realized growth in value growth and deduction for unrealized changes in value of investment properties divided by financial expenses.	Interest coverage ratio is presented as it can be used to give a picture of the company's ability to cover interest rate costs.

Non-IFRS financial indicators	Definition	Reason used
Operating profit/loss	Net sales minus costs for production and operation, central administration, depreciation/amortization and impairment of intangible assets and property, plant and equipment and profit/loss from participations in associated companies.	Operating profit/loss and operating margin is presented to give a picture of the profit/loss generated in operating activities.
Equity/assets ratio, %	Equity, including holdings without a controlling influence, as a percentage of the balance sheet total.	The equity/assets ratio is used to measure the Company's financial position. The equity/assets ratio shows how much of the Company's assets is financed with its own funds.
Profit margin, %	Net profit for the year as a percentage of net sales.	Profit margin is presented to give a picture of the profit generated in operating activities and their financing.

For reconciliation of alternative KPIs, refer to Magnolia Bostad AB's website, www.magnolia-bostad.se.

Note 37 Events after the balance sheet date

During January 2022, Magnolia Bostad received an unconditional shareholder contribution of SEK 400 m from its owner HAM Nordic AB. The Board of HAM Nordic AB decided that all hybrid loans to Magnolia Bostad AB should be converted to unconditional shareholder contributions.

In January 2022, Carl Lundin was appointed Northern Regional Manager. In February 2022, Henrik Meeths was appointed a member of Magnolia Bostad's management

In February, Magnolia Bostad won a land allocation competition in Skellefteå for the development of residential units in Anderstorp.

Board of Directors' statement of assurance

The Board of Directors and the CEO ensure that the consolidated financial statements have been prepared in accordance with the IFRS international accounting standards as adopted by the EU and are a true and fair

presentation of the Group's position and performance. The annual accounts have been prepared in accordance with generally accepted auditing standards and are a true and fair presentation of the Parent Compa-

ny's position and performance. The Directors' Report for the Group and the Parent Company is a true and fair presentation of the development in the Group's and Parent Company's operations, position and perfor-

mance, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

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Stockholm, 30 March 2022

Fredrik Holmström
Chairman of the Board

Therese Rattik
Member

Johan Bengtsson
Member

Erika Olsén
Member

Erik Rune
Member

Fredrik Tibell
Member

Johan Tengelin
CEO

We issued our Auditor's Report on 30 March 2022

Ernst & Young AB

Fredric Hävrén
Authorized auditor

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Auditor's report

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Report on the annual accounts and consolidated accounts

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Opinions
 We have audited the annual accounts and consolidated accounts of Magnolia Bostad AB (publ) for the financial year 2021. The annual accounts and consolidated accounts of the company are included on pages 59-106 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 the parent company as of 31 December 2021 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 2021 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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REVENUE RECOGNITION FROM SALES OF DEVELOPMENT AND PROJECT PROPERTIES

Description	How our audit addressed this key audit matter	
The Group's net sales attributable to the sale of development and project properties amounted to 938 MSEK for 2021. The Group recognizes revenue from projects development when (i) a binding agreement is entered into with a purchaser of the project (property), (ii) local planning is in place, and (iii) a binding turnkey contract has been entered with a contractor. The transaction price includes elements of variable considerations, linked to future property area, rental level and vacancy level. Variable considerations in the transaction price linked to the property area consist of planning risk and potential risk in the turnkey contract. Planning risk is based on knowledge of the local planning and revenue is accounted for when building permit is received and the uncertainty linked to planning risk ceases.	Risk in the turnkey contract is considered ceased and revenue is accounted for when the turnkey contract has been completed. The Group makes an individual assessment of the expected value of variable considerations in each individual project at the end of each reporting period. Revaluations of the assessed expected end project result results in a correction of previously reported result, which increases or decreases revenue, in the period which the transaction price changes. Due to the complexity of the assessments and assumptions made, in several areas as aspects, this is a key audit matter in our audit. The accounting and valuation principles are stated in Note 1 (accounting principles) and Note 2 (critical assessments and estimations).	<p>In our review, we have reviewed the Group's accounting principles for revenue recognition.</p> <p>We have evaluated and assessed a selection of the Group's controls for revenue recognition. We have conducted detailed review of significant agreements, calculations and assessments regarding estimated transaction prices, including estimates of risks for different types of revenue reductions.</p> <p>We have reviewed the Group's assessments of the expected value of variable considerations in the transaction price and revaluations of estimated project results on significant transactions, including evaluating the reliability of estimated final transaction cost against past estimates.</p> <p>We have reviewed the information disclosed in the annual report.</p>

VALUATION OF DEVELOPMENT AND PROJECT PROPERTIES

Description	How our audit addressed this key audit matter	
Consolidated carrying value of development and project properties amounted to 810 MSEK in the statement of financial position at December 31, 2021.	based on a number of assumptions, such as planning and development costs, time aspect and estimated sales price, resulting in valuation of development and project properties being considered as a key audit matter in our audit, as a result of the uncertainties included in the assumptions. The accounting and valuation principles are stated in Note 1 (accounting principles) and Note 2 (critical assessments and estimations).	<p>Our audit includes review of acquisition cost of development and project properties and the internal valuation prepared by the Group.</p> <p>We have reviewed assumptions including expected yields, planning and development costs and estimated sales price. We have reviewed that booked value is at the lower of acquisition cost and net realizable value.</p> <p>We have reviewed the information disclosed in the annual report.</p>

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VALUATION OF INVESTMENT PROPERTIES

Description

The fair value of the Groups investment properties amounted to SEK 2 276 million on December 31, 2021. The changes in value during the year, reported in the Group's income statement, amounted to SEK 128 million.

The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecast. The properties are valued internally, with additional external valuation for control purposes. The required yields for the

properties are assessed on each property's unique risk profile and observable transactions in the market for properties with a similar nature. Based on the high degree of assumptions and assessments which are made in connection with the property valuations, we believe that this area is a key audit matter in our audit. A description of the valuation of the property portfolio is stated in the annual report in Note 1 "Accounting principles" on page 79, in Note 2 on page 82 and in Note 19 "Investment properties" on page 93.

How our audit addressed this key audit matter

In our audit we have evaluated the company's process for property valuation by evaluating the valuation methodology, valuation model and input data in the internally and externally prepared valuations.

We have reviewed a sample of valuations and reviewed that the valuations follow Magnolia Bostad's guidelines for valuation and valuation method. For a selection of properties, we have reviewed the input data for Magnolia Bostad's valuation model. We have discussed important assumptions and assessments with Magnolia Bostad's val-

uation manager. We have also made comparisons with known market information. With the support of our valuation specialist, we have for a selection of properties also examined the reasonableness of assumptions made such as yield requirements, rental income and operating costs. We have evaluated the competence and objectivity of the external valuers. We have evaluated the skills and objectivity of the external experts.

We have reviewed the disclosures provided in the annual accounts.

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 3-58, 115-127 and 137-140.

The remuneration report for the financial year 2021 also contains other information. 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.

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 intends 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 Director's 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, wheth-

er 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit

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procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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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 Magnolia Bostad AB (publ) for the financial year 2021 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for deci-

sions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Magnolia Bostad AB (publ) by the general meeting of the shareholders on the 27th of April 2021 and has been the company's auditor since the 7 May 2014. Magnolia Bostad AB (publ) became a public interest company in 2017.

Stockholm, 30th of March 2022
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

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Income statement Amounts in SEK m	01/01/2021 31/12/2021	01/01/2020 –31/12/2020	01/01/2019 –31/12/2019	01/01/2018 ¹⁾ –31/12/2018	01/01/2017 ¹⁾ –31/12/2017
Net sales	1,268	2,358	896	1,054	1,781
Production and operating costs	–1,117	–1,764	–866	–907	–1,347
Gross profit	151	594	30	147	434
Central administration	–107	–98	–89	–64	–41
Profit/loss from shares in associated companies	88	74	77	14	–9
Revaluation during transition from associated company to subsidiary	–	–	–	–	–
Change in value of investment properties	128	336	348	67	–
Operating profit/loss	260	906	366	164	384
Financial income	5	2	17	8	6
Financial expenses	–190	–183	–189	–150	–115
Change in value of financial instruments	–	–	–	–	0
Profit/loss before tax	75	725	194	22	276
Income taxes	–25	–37	–37	–15	0
PROFIT/LOSS FOR THE YEAR	50	688	157	7	276
Profit/loss attributable to					
Parent Company's shareholders	60	658	129	10	203
Holding without a controlling interest	–10	30	28	–3	73

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Report on financial position

Amounts in SEK m	31/12/2021	31/12/2020	31/12/2019	31/12/2018 ¹⁾	31/12/2017 ¹⁾
ASSETS					
Goodwill	6	6	6	6	6
Other intangible fixed assets	1	0	0	1	1
Total intangible fixed assets	7	6	6	7	7
Investment properties	2,276	1,483	654	295	–
Right of use assets	55	72	51	–	–
Machinery and equipment	7	12	12	19	8
Total tangible fixed assets	2,338	1,567	717	314	8
Shares in associated companies and joint ventures	607	350	188	106	111
Receivables from associated companies	159	45	201	56	24
Other long-term securities held	31	41	31	31	31
Other long-term receivables	1,179	1,059	563	978	1,165
Total financial fixed assets	1,976	1,495	983	1,171	1,330
Total fixed assets	4,320	3,068	1,706	1,492	1,345
Current assets					
Development and project properties	810	999	1,382	1,196	1,310
Tenant-owned apartments	4	11	9	10	4
Accounts receivable	16	45	41	21	31
Receivables from associated companies	217	136	64	38	52
Other receivables	608	742	414	440	595
Prepaid expenses and accrued income	11	19	11	14	5
Cash and cash equivalents	233	277	441	395	208
Total current assets	1,899	2,229	2,361	2,114	2,205
TOTAL ASSETS	6,219	5,297	4,067	3,605	3,550

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Report on financial position					
Amounts in SEK m	31/12/2021	31/12/2020	31/12/2019	31/12/2018 ¹⁾	31/12/2017 ¹⁾
EQUITY OCH LIABILITIES					
Equity attributable to Parent Company's shareholders	2,317	1,624	1,042	937	991
Holdings without a controlling influence	89	109	99	156	180
Total equity	2,406	1,733	1,141	1,093	1,171
Deferred tax liability	94	68	38	17	2
Non-current interest-bearing liabilities	2,025	1,377	1,667	1,914	1,566
Non-current liabilities to associated companies	22	10	–	18	35
Non-current leasing liabilities	43	57	39	–	–
Other non-current liabilities	587	532	42	34	30
Total non-current liabilities	2,771	2,044	1,786	1,983	1,633
Current interest-bearing liabilities	130	644	824	278	507
Current leasing liabilities	16	18	13	–	–
Accounts payable	27	65	68	23	16
Liabilities to associated companies	24	13	1	0	1
Tax liabilities	0	0	0	0	0
Other current liabilities	674	626	105	114	85
Accrued expenses and deferred income	171	154	129	114	136
Total current liabilities	1,042	1,520	1,140	529	745
TOTAL EQUITY OCH LIABILITIES	6,219	5,297	4,067	3,605	3,550

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Cash flow analysis Amounts in SEK m	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020	01/01/2019 –31/12/2019	01/01/2018 ¹⁾ –31/12/2018	01/01/2017 ¹⁾ –31/12/2017
Operating activities					
Profit/loss after financial poster	75	725	194	22	276
Adjustments for non-cash flow items, etc.	–363	–1 043	–443	–301	–567
Income tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	–288	–318	–249	–279	–291
Cash flow from changes in working capital					
Decrease (+)/increase (–) of development and project properties	–432	–627	–317	–71	–156
Decrease(+)/increase (–) of operating receivables	292	1141	506	373	–194
Decrease(–)/increase (+) of operating liabilities	123	209	42	–43	24
Cash flow from operating activities	–306	405	–18	–20	–617
Investment activities					
Acquisition of intangible fixed assets	–1	0	0	0	–1
Acquisition of investment properties	–394	–114	–282	–21	–
Sale of investment properties	142	–	–	–	–
Acquisition of machinery and equipment	–1	–6	–3	–8	–9
Investments in financial assets	–53	–48	–11	–8	–3
Sales/reduction of financial assets	4	0	29	0	0
Cash flow from investment activities	–303	–168	–267	–21	–13
Financing activities					
New share issue	–	–	–	–	–

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Cash flow analysis Amounts in SEK m	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020	01/01/2019 –31/12/2019	01/01/2018 ¹⁾ –31/12/2018	01/01/2017 ¹⁾ –31/12/2017
Issue of warrants	–	0	0	2	–
Hybrid loan received	640				
Contribution from holding without a controlling influence	17	–	–	–	1
Borrowings	1,170	1,513	677	1,147	597
Buy-back of warrants	–4	–	–	–	–
Repayment of borrowings	–1,229	–1,810	–264	–848	–200
Dividend paid to Parent Company's owners	–	–76	–	–66	–66
Dividend paid to holdings without controlling influence	–29	–28	–86	–7	–
Acquisition of interests without controlling Influence	0	–	–3	–	–
Cash flow from financing activities	565	–401	324	228	332
Cash flow for the year	–44	–164	39	187	–298
Cash and cash equivalents at start of the year	277	441	403	208	507
Cash and cash equivalents at the end of the year	233	277	441	395	208
Cash and cash equivalents at the end of the year	233	277	441	395	208

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Sustainability report

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Our work on sustainable urban development is based on key sustainability areas, governance and adaptation to global sustainability goals. We have chosen to divide the Sustainability Report into two sections. We will describe our sustainability work in one part and present facts, with tables and documentation, in the other.

This is Magnolia Bostad's fifth sustainability report. It has been prepared in accordance with GRI Standard's guidelines, Core level. The report contains information and targets for the company's sustainability work, where the precautionary principle has been applied. All information in this report refers to the period 1 January 2021-31 December 2021, unless otherwise stated.

The sustainability report consists of **pages 23-39** and **115-127**. The company's business model can be found on **page 11** and the GRI index is on **pages 124-126**. Magnolia Bostad's sustainability risks and management of them are described on **pages 64-66**.

Through experts in our relevant areas of responsibility – climate, environment, social issues, business ethics and finance – we aim to highlight important aspects and insights, see **pages 26-38**.

The Magnolia Bostad sustainability report is issued by the Board.

Annika Löfmark and Martin Elmeskog.



Sustainability management

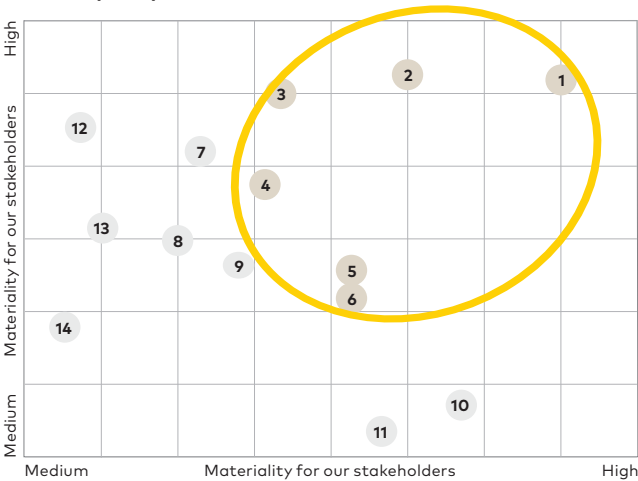
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Magnolia Bostad's essential sustainability aspects are integrated into the overall business strategy and business plan. The company's CFO is responsible for the company's sustainability work, and the Sustainability Manager reports to him. Sustainability issues are discussed and decided on at executive management meetings and reported on at the company's board meetings. Strategy and policy documents are revised by the Board or the CEO once a year.

The company has codes of conduct and environmental policies for employees, suppliers and various partners. We have a whistleblowing function, a conflict of interest policy and a board diversity policy. The company also has an ethics council, an emergency committee and a health and safety committee.

In the management of green bond funds, we have a supervisory committee to ensure that only eligible projects are funded. Each year, this is presented in a report published on the Magnolia Bostad website and audited by the company's auditor.

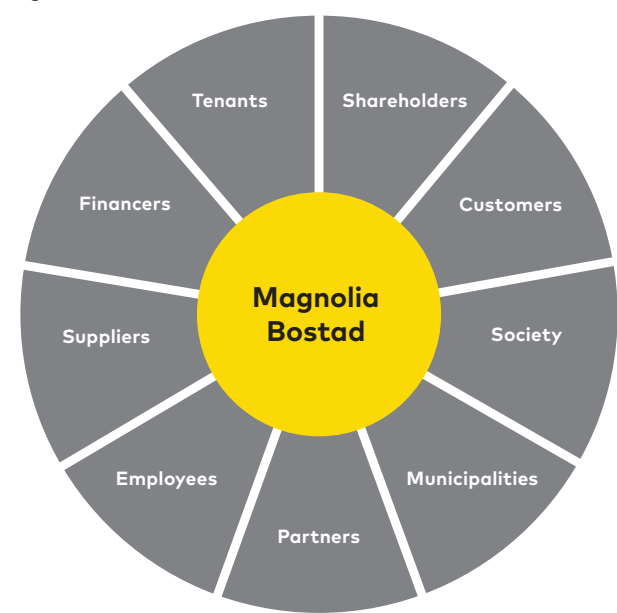
Materiality analysis



The materiality analysis was carried out during 2020.

Ranking	Material sustainability aspects
1	Health and safety for Magnolia Bostad employees
2	Anti-corruption
3	Reduced environmental impact
4	Sustainable profitable growth
5	Security
6	Sustainable purchasing and evaluation of suppliers
7	Sustainable construction materials
8	Energy consumption
9	Waste
10	Training, skills and internal career opportunities
11	Information security
12	Health and safety on turnkey contracts
13	Human rights
14	Affordable housing

Magnolia Bostads intressenter



Materiality analysis

The company's most significant sustainability issues and focus areas have been identified through a materiality analysis that was last produced in 2020. Stakeholder dialogue was conducted through interviews and text data collection. The analysis is regularly updated.

There are six material sustainability aspects forming the basis of the company's strategical sustainability priorities.

The UN's global goals for sustainable development

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Given our role in society and our materiality analysis, we have chosen to focus on eight of the UN's Sustainable Development Goals. We have also considered the most relevant targets based on materiality linked to each goal.

Goal 5 Gender equality

For social sustainability, Goal 5 is important to how we work in our operations and how we work with our engagement with the community.

Targets 5.1 and 5.5: End discrimination against women and girls and Ensure women's full participation in leadership and decision-making

- We support around 30 girls' and women's football clubs across the country in order to actively promote gender equality, safety, inclusion and health.
- We are committed to gender equality in the company. The company currently has slightly more female employees than male, 53% women and 47% men. Men outnumber women in management and the Board of Directors, with 41% of the management team being women and 59% men.

Magnolia Bostad has zero tolerance for harassment and discrimination and has an ethics council and a health and safety committee that works preventively.

- Our code of conduct is signed by all employees and is also attached to external agreements with partners and partners receiving sponsorship.
- We have a whistleblowing function for employees and external stakeholders.

Goal 7 Affordable and clean energy

Within our environmental responsibility, target 7 is central to how we work on sustainable energy.

Targets 7.2 and 7.3: Increase global percentage of renewable energy and Double the improvement in energy efficiency

- We are actively working to provide our projects and homes with smart, sustainable energy solutions. We aim to create the conditions for the increased use of renewable energy.
- Through design, materials and energy choices, we work to increase energy efficiency. These are monitored at the time of environmental certification.

Goal 8 Decent work and economic growth

In business ethics and financial responsibility, Goal 8 underpins how we work and view sustainability in relation to growth.

Targets 8.1 and 8.8: Sustainable Economic Growth and Protect labour rights and promote safe working environments for everyone

- Sustainable profitable growth is a prerequisite for the continued future of Magnolia Bostad. Sustainability is integrated into the business plan and business model.
- Magnolia Bostad promotes a safe and secure working environment through the ethics council, emergency committee, health and safety committee and employee forums.
- Magnolia Bostad maintains active dialogue with its stakeholders and sets requirements for the work environment in contractual agreements and carries out a total audit of a contractor every year, inclu-



- ding an audit of the work environment.
- The company's code of conduct includes Magnolia Bostad's position on human rights violations.

Goal 10 Reduced inequalities

In terms of social responsibility, goal 10 is important to how we work within our business.

Target 10.3: Ensure equal opportunities and end discrimination

- The company works against unequal outcomes in terms of remuneration, such as through pay mapping carried out each year, where any unjustified differences are corrected.
- Magnolia Bostad conducts annual employee surveys and works actively with the results through internal discussion and evaluation.

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Goal 11 Sustainable cities and communities

An important goal for how we work with environmental and climate responsibility, but also part of our green framework for sustainable financing and financial sustainability.

Targets 11.1, 11.3 and 11.6: Safe and affordable housing, Inclusive and sustainable urbanization and Reduce the environmental impacts of cities

- By developing rental accommodation, tenant-owned apartments, community service properties and hotels, Magnolia Bostad develops communities and residential areas that attract a wide range of people.
- Magnolia Bostad develops neighbourhoods with a focus on enabling residents to make sustainable choices in terms of reduced environmental impact.
- By developing smart mobility solutions in our projects, we contribute to sustainable urbanisation.

Goal 13 Climate action

An important goal for how we work with environmental and climate responsibility, but also part of our green framework for sustainable financing and financial sustainability.

Targets 13.1 and 13.3: Strengthen resilience and adaptive capacity to climate-related disasters and Build knowledge and capacity to meet climate change

- When developing new neighbourhoods, Magnolia Bostad takes the risk of climate change into account, such as the expected rise in sea levels and the expected increase in extreme weather events.
- We engage in active dialogue with authorities and partners on how to develop resilient neighbourhoods and reduce climate impact together.

Goal 15 Ecosystems and biological diversity

As part of our environmental responsibility, biodiversity is an important area and we strive to reduce our negative impact.

Target 15.5: Protect biodiversity and natural habitats, including through engagement

- Magnolia Bostad strives to reduce its negative impact by working in close dialogue with specialists, municipalities and interest groups on how to protect nearby habitats.
- Only certified wood from sustainable forests is used in projects built with timber frames.

Goal 16 Peaceful and inclusive societies

A key area of business ethics that is essential to our operations is anti-corruption, which we strive to combat in line with Goal 16 of Agenda 2030.

Target 16.5: Substantially reduce corruption and bribery

- Magnolia Bostad works preventively against corruption and bribery in dialogue with partners and employees through the company's code of conduct and whistleblowing function.
- In the company's projects, safety and security are mandatory aspects to consider when developing housing. The company works in accordance with the BoTryggt2030 guidelines to ensure this.



Sustainability notes

Created value

We create value through the development of housing and communities. The reported distributed value to the employees (in the table below) differs from reported personnel costs in Note 9, Remuneration to employees. In the table below, part of the costs are capitalized and reported as operating expenses and social security contributions and other personnel-related taxes are taken out and reported as payments to the public sector. On the other hand, Note 9, Remuneration to employees includes the total payments relating to personnel. Figures in the tables are averages for the year unless otherwise stated.

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Sustainability aspect	Target	Outcome	
Sustainable profitable growth	For Magnolia Bostad's business and financial objectives, see page 10	Direct financial value created and delivered, GRI 201-1	
		SEK m	20212020
		Created value	
		Property sales	1,0942,161
		Project management revenue	4952
		Rental income	1921
		Financial income	54
		Other income	107123
		Distributed value	
		Operating expenses	-1,111-1,759
		Employee wages and benefits	-69-63
		Payments to providers of capital	-219-280
		(of which dividends to owners)	-29-97
		Payments to the public sector	-44-41
		Community investments	00
		Unrealized changes in value	191373
		Remaining in Magnolia Bostad	21591

Sustainability aspect	Target	Outcome	
Anti-corruption	No cases of corruption	Incidents of corruption GRI 406-1/205-3	Reported cases
		Discrimination	0
		Violations	0
		Corruption	0
		Violations of the code of conduct	1
Sustainable purchasing and supplier evaluations			2021
	All new employees must sign the code of conduct	Percentage of new employees who have signed the company's code of conduct	100%
	All employees must undergo training in the Code of Conduct	Percentage of employees trained in human rights GRI 412-2	100%
	An audit of a contractor must be carried out every year	Number of suppliers audited regarding agreement fulfilment and Code of Conduct, GRI 414-1	1

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Sustainability aspect	Target	Outcome	
		2021	2020
Reduced environmental impact	All projects must be certified in accordance with a minimum of the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or an equivalent standard.	Type and number of sustainability certifications, rankings and markings according to new buildings, GRI CRE-8	7 out of 9 completed projects were certified or planned to be certified in accordance with the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or equivalent.
			10 out of 13 projects were environmentally certified in accordance with the Nordic Swan Ecolabel and nine with the Swedish Green Building Council's silver certification.
		2021	2020
Reduced environmental impact	Climate impact of operations must be measured	Greenhouse gas emissions in CO₂e for scope 1, 2 and 3 according to the Greenhouse Gas Protocol GRI 305	See page 123 –

Social responsibility

Hållbarhetsaspekt	Mål	Utfall		
		2021	2020	
Health and safety for Magnolia Bostad employees	All employees must be covered by a health and safety committee	Representation on work-ing environment commit-tees, GRI 403-1	100%	100%
		Number of work-place accidents, GRI 403-9		
	No workplace accidents	Absence due to illness ¹⁾	2.5%	1.7%
		Of which short-term illness	44%	63.7%
		Of which long-term illness	56%	36.3%
		Occupational inju-ries	0	1
		Deaths	0	0
		¹⁾ Long-term absence due to illness is defined as sick leave exceeding four weeks. In 2021, fewer than five people have been on long-term sick leave. ²⁾ The occupational injury was of a less serious nature.		
	Low staff turnover	Staff turnover 401-1	Per-centage of wom-en	Per-centage of men
				Total
		New employees	36%	64%
		Leaving	56%	44%
Training and skills development	The average number of hours of training per woman and man and job category should exceed 40 hours per year	Total average hours of training, GRI 404-1		
		2021	Women	Men
				Total
		Executive Management	13	6
		Managers	17	17
		Employees	21	23
		Total	20	20
		2020	Women	Men
				Total
		Executive Management	32	19
		Managers	34	21
		Employees	24	28
		Total	26	26

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Sustainabil-ity aspect	Target	Outcome				
Training and skills development	All employees should have annual performance re-views and career planning	Performance reviews and career planning GRI 404-3				2021
		Percentage of employees with regular performance reviews and career planning				100%
Diversity and gender equality	Gender breakdown between women and men	Diversity of governance bodies and em-ployees, GRI 405-1, based on average number of employees during 2021				
		2021	Execu-Board of Directors	tive Man-agement	Em-ploy-ees	Total
		Gender distribution				
		Women	30%	41%	54%	53%
		Men	70%	59%	46%	47%
		Age group				
		<30	0%	0%	9%	8%
		30-50	37%	80%	80%	78%
		>50	63%	20%	11%	14%
		2020	Execu-Board of Directors	tive Man-agement	Em-ploy-ees	Total
		Gender distribution				
		Women	29%	46%	60%	59%
		Men	71%	54%	40%	41%
		Age group				
		<30	0 %	0%	7%	7%
		30-50	30%	100%	81%	79%
		>50	70%	0%	12%	14%

Sustainability aspect	Target	Outcome			
Diversity and gender equality	Gender breakdown between women and men	Total number of employees by gender, region and employment type, GRI 102-8, number of employees as of 31 December 2021			
		2021			
		Region	Women	Men	Total
		Eastern Region	12	19	31
		Central Region	3	5	8
		Western Region	2	6	8
		Southern Region	3	5	8
		Northern Region	0	5	5
		Central functions	37	18	55
		Total	57	58	115
		2020			
		Region	Women	Men	Total
		Eastern Region	13	18	92
		Central Region	3	4	7
		Western Region	4	1	5
		Southern Region	3	2	5
		Northern Region	0	3	3
		Central functions	40	21	61
		Total	63	49	112

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Climate footprint

In its 2021 Annual Report, Magnolia Bostad is reporting its carbon footprint in accordance with the Greenhouse Gas Protocol, scope 1-3, for the first time. This measurement will be followed up on an annual basis.

Magnolia Bostad has developed frameworks for both activity data and transaction data. The calculations were performed by Normative.

Greenhouse Gas Protocol

The Greenhouse Gas Protocol is the most widely accepted international standard for the understanding, quantifying and managing of greenhouse gas emissions. This prevalence makes it easier for organizations that follow the Protocol to compare their emissions with those of others. The Protocol divides emissions into different scopes.

- Scope 1** covers direct emissions from sources controlled by the company.
- Scope 2** consists of indirect emissions made by the producer from purchased electricity, heating and cooling.
- Scope 3** includes emissions from activities that are not covered by Scope 1 or Scope 2.

Climate footprint

Scope 1	kgCO ₂ e
Company vehicles	33,082
Total	33,082
Scope 2	kgCO ₂ e
Offices	
Electricity	55,926
Heating	40,533
Cooling	130,779
Property holdings	
Energy (electricity, heating, cooling)	24,283
Total	251,521
Scope 3	kgCO ₂ e
Business travel	27,039
Water and waste, offices and property holdings	
Water	3,317
Waste	12,500
Purchased goods & services	628,449
Total	671,305
Total Scope 1, 2 and 3 (kgCO ₂ e)	955,908

Other metrics	
Climate footprint per square metre of GFA	
Property holdings, kgCO ₂ e/m ²	1.64
Construction of buildings	
Transaction data from construction, kgCO ₂ e	5,072,686
Energy consumption	
Property holdings, kWh/m ²	46.5
Proportion of renewable energy, offices (%)	23

The EU taxonomy for sustainable activities

The EU taxonomy is a new regulatory framework and classification system for economic activity. The aim is to create comparability between investments through common definitions of sustainability. The aim is to increase the allocation of capital to sustainable solutions and contribute to complying with Agenda 2030 and the Paris Agreement. Firstly, climate targets have been included.

2022 is the first year in which larger companies subject to the legal requirement must start reporting the proportion of their activities covered by the taxonomy; the proportion of their activities that are included in the economic activities listed in the taxonomy, eligibility. This will be followed by reporting requirements on alignment with the technical criteria. The criteria within the taxonomy are under development.

For 2021, Magnolia Bostad has chosen to start reporting based on the EU taxonomy, see page 27. Cicero's Company Assessment on our website includes estimates and analysis based on the taxonomy.

GRI-index

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GRI Standard	Details	Page reference	Comments
GENERAL INFORMATION			
GRI 102: General Disclosures 2016	102-1	Name of the organization	76
	102-2	Activities, brands, products and services	8-9, 11-12, 61-62
	102-3	Location of headquarters	76
	102-4	Location of operations	8, 13-22
	102-5	Ownership and legal form	8, 76
	102-6	Markets served	8, 13-22
	102-7	Scale of the organization	8, 67-68, 120
	102-8	Information on employees and other workers	120-122
	102-9	Supply chain	35, 120
	102-10	Significant changes during the accounting period	5New ownership structure
	102-11	Precautionary Principle or approach	116
	102-12	External initiatives which the company supports or is affected by	27, 33
	102-13	Membership of associations	27, 33, 29
	102-14	Statement from the CEO and the Chair of the Board of Directors	6-7, 129
	102-15	Key impacts, risks, and opportunities	39, 64-66, 117-119
	102-16	Values, principles, standards and norms of behaviour	9, 32, 35
	102-17	Mechanisms for advice and concerns about ethics	35-117, 132
	102-18	Governance structure	35.117, 130-132
	102-40	List of stakeholder groups	117

GRI Standard	Details	Page reference	Comments
GENERAL INFORMATION			
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	12, 117
	102-43	Approach to stakeholder engagement	117
	102-44	Key topics and concerns raised	117
	102-45	Entities included in the consolidated financial statements	76
	102-46	Defining report content and topic boundaries	76
	102-47	List of material topics	117
	102-48	Restatements of information	No corrections have been made
	102-49	Changes in reporting	No changes have been made
	102-50	Reporting period	116
	102-51	Date of most recent report	31/03/2021
	102-52	Reporting cycle	116
	102-53	Contact point for questions regarding the report	Fredrik Westin, deputy CEO & CFO
	102-54	Claims of reporting in accordance with the GRI Standards	116
	102-55	GRI Index	124
	102-56	Policy for external assurance	The Sustainability Report has not been externally audited, but has been reviewed by the auditor.

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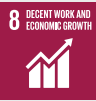

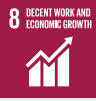

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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Finances					
Sustainable profitable growth				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	11-12, 37, 120		
	103-2	The management approach and its components	35, 37, 117, 130		
	103-3	Evaluation of the management approach	37		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	120		
Anti-corruption				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	35		
	103-2	The management approach and its components	35, 117, 131		
	103-3	Evaluation of the management approach	35		
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	65, 120		
Sustainable purchasing and supplier evaluations				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	35, 117		
	103-2	The management approach and its components	35, 117		
	103-3	Evaluation of the management approach	35		
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	32		
	414-1	Number of suppliers audited regarding agreement fulfilment and Code of Conduct.	29		

GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Climate					
Reduced environmental impact				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	27		
	103-2	The management approach and its components	27, 117		
	103-3	Evaluation of the management approach	35		
GRI 305: Greenhouse gas emissions	GRI 305-1	Direct (Scope 1) greenhouse gas emissions	123		
	GRI 305-2	Indirect (Scope 2) greenhouse gas emissions	123		
	GRI 305-3	Other indirect (Scope 3) greenhouse gas emissions	123		
	GRI 305-4	Greenhouse gas emissions intensity measures	123		

¹⁾ SDG: Sustainable Development Goals. The global sustainable development goals.

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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Environment					
Reduced environmental impact					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	29		
	103-2	The management approach and its components	29, 117		
	103-3	Evaluation of the management approach	29		
GRI Construction and Real Estate Sector Supplement	CRE-8	Typ och antal hållbarhetscertifieringar, rankningar och märkningar vid nybyggnad	29		
Social					
Health and safety for Magnolia Bostad employees					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	32–34		
	103-2	The management approach and its components	32–34, 117		
	103-3	Evaluation of the management approach	32–34, 117		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	35, 117		
	403-9	Work-related injuries and illnesses	121		
Training and skills development					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	25, 121		
	103-2	The management approach and its components	117		
	103-3	Evaluation of the management approach	117		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	121		
	404-3	Percentage of employees with regular performance reviews and career planning	121		

GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
<i>Diversity and gender equality</i>				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	32, 118		
	103-2	The management approach and its components	35, 117		
	103-3	Evaluation of the management approach	122		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	122		
<i>Security</i>				 	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	32–33		
	103-2	The management approach and its components	117		
	103-3	Evaluation of the management approach	117, 119		

¹⁾ SDG: Sustainable Development Goals. The global sustainable development goals.



THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

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To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 on pages 23–39 and 115-127 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 RevR 12 The auditor's opinion regarding the statutory sustainability 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 statutory sustainability statement has been prepared.

Stockholm, 30th of March 2022
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

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As these words are being written, everyone is thinking about the war in Ukraine, and the pandemic is in no way behind us yet. These external factors affect us and we need to reflect on how we should work to contribute to a better world as companies and fellow

human beings. Just as if we want to further develop our company financially, we have to seriously ask ourselves how we as a company can continue to contribute to a better society.

The short-term answer is to be a strong and equal employer that develops sustainable housing, but the long-term answer is also something I've been thinking about. We are now seeing how many companies have made strategic decisions to pull out of Russia to try to support Ukraine. There's no "I" in "team", but I believe that these crises have reminded both human beings and companies to work for a better world.

Since September 2021, Magnolia Bostad has been run as a private entity after the acquisition of all the shares by Ham Nordic AB. Ham Nordic is jointly owned by Areim and the Holmström Group. As the founder of Magnolia Bostad, I feel a sense of pleasure and gratitude that Areim has shown such strong trust in us. Ham Nordic will provide Magnolia Bostad with a foreseeable supply of capital over time, which means that Magnolia Bostad can make decisions with a long-term perspective and in this way can optimize the development of sustainable and attractive housing.

Our project portfolio of over 20,000 building rights is one of Sweden's largest and gives us the opportunity to continue to continue being a significant player.

Magnolia Bostad has an attractive property development offer and by combining this business with building up its own property portfolio, we can achieve long-term financial stability.

I stated last year that Magnolia Bostad should be a strong driving force within sustainability and we have taken new and important steps here. Together with other property companies and the research institute Rise, we formed the local sustainability forum Hållbart Stockholm 2030 (Sustainable Stockholm 2030). Since the end of 2021, we have measured our climate footprint in all three scopes of greenhouse gases according to the Greenhouse Gas Protocol, and have applied for a research-based climate goal, a Science-Based Target (SBT). In addition, Magnolia Bostad listed its second green bond and redeemed a bond maturing in 2022. All Magnolia Bostad's bonds are now green and in the future it will be important to obtain other sustainable financing based on environmental and social aspects.

Magnolia has both short- and long-term targets. Each one is important in its own way. To achieve them, we are aware that we must run Magnolia Bostad sustainably and in a way that benefits all our stakeholders. This has been our thinking over the years and this is how we will continue to run Magnolia Bostad.

Finally, I would like to express my gratitude to Magnolia Bostad's fantastic employees, customers, partners and financiers, with whom we look forward to continuing to develop the company together.

Stockholm, March 2022

Fredrik Holmström



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Magnolia Bostad AB (publ), co.reg.no. 556797-7078, is a public Swedish limited liability company with its registered office in Stockholm, owned by Ham Nordic AB. Magnolia Bostad's bonds are listed on Nasdaq Stockholm.

The Corporate Governance Report for 2021 has been prepared as part of the Company's application of the Swedish Companies Act and the Annual Accounts Act. Furthermore, until September 2021, the Company applied the Swedish Code of Corporate Governance due to the company being listed on the stock exchange. Several parts of the Code do not apply to companies with few owners, but in the parts of the Code that apply, the Company continues to follow them.

The Corporate Governance Report has been approved by the Company's Board and has been reviewed by the Company's auditors. To ensure that Magnolia Bostad is managed in an efficient manner, the division of responsibilities between the company's decision-making bodies is clear.

Articles of Association

The Articles of Association, together with applicable laws and existing shareholder agreements, regulate operations and governance. The company shall directly or indirectly through subsidiaries acquire, own, manage, develop and sell properties, conduct project activities regarding properties and own and manage securities and other related activities. The financial year includes calendar years. The Articles of Association can be found on the company's website under the section Corporate Governance.

Election of the Board of Directors and amendments to the Articles of Association

Magnolia Bostad's Articles of Association do not contain any special provisions on the appointment and dismissal of Board members or on amendments to the Articles of Association.

Shares and shareholding

The share capital amounted to SEK 151,289,132 at the end of December 2021, divided into 37,822,283 shares 100% owned by HAM Nordic AB. The company's shares, which were listed on Nasdaq Stockholm from 20 June 2018, were delisted during the year, and the last day for trading was 17 September 2021.

Shareholders' voting rights

The Annual General Meeting is the highest decision-making body and the forum in which shareholders formally exercise their influence.

Annual General Meeting

The Annual General Meeting was held on 27 April 2021 and was conducted by postal voting without physical participation. 5 shareholders participated (5) and these represented together 66.8% of the votes (71.7). Fredrik Holmström was elected chairman of the AGM.

On 17 September 2021, the company held an Extraordinary General Meeting through a postal voting procedure. The Extraordinary General Meeting resolved to elect a new Board of Directors. Documentation for the company's Annual General Meeting and Extraordinary General Meeting is available on the company's website, www.magnoliabostad.se.

The Board

The Board of Directors is appointed by the Annual General Meeting and as of 31 December 2021, consisted of six members, Fredrik Holmström, Therese Rattik, Johan Bengtsson, Erika Olsén, Erik Rune, and Fredrik Tibell, see pages 133-134. Fredrik Holmström has been Chairman of the Board throughout the year. The Board consisted of seven members between 1 January 2021 and 17 September 2021: Fredrik Holmström, Viveka Ekberg, Jan Roxendal, Andreas Rutili, Risto Silander, Anna-Greta Sjöberg and Fredrik Tibell.

The Board's task is to be responsible for the company's organization and administration, to continuously assess the Company's financial position and to ensure that there are effective systems for monitoring and controlling the Company's operations and compliance with laws and other rules.

The Board's tasks are carried out through organized interaction with the company's management team. Through submitted reports, the Board follows the assessment obligations that follow from law. In addition, the Board's work is governed by guidelines from the Annual General Meeting, by the Board's rules of procedure and selected parts of the Code. In 2021, 23 minuted Board meetings were held. More information about completed board meetings can be found on the website.

During the year, the Board met with the Company's auditors without the Company management's presence. Until 17 September 2021, the company had an Audit Committee, which included Viveka Ekberg, Jan Roxendal and Fredrik Tibell. The Company now has a new board that has taken over the tasks of the Audit Com-

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mittee. Board evaluation was not carried out in 2021 as the current one was appointed late in the year.

Chairman of the Board
 The Chairman of the Board shall, in close collaboration with the CEO, monitor the company's results and act as Chairman of Board meetings. The Chairman is responsible for ensuring that other members of the Board receive sufficient information to carry out their work in an efficient way.

CEO and Management
 The CEO is responsible for operational management, for managing the day-to-day administration and for leading the operations in accordance with the Board's guidelines, instructions and decisions. On 31 December 2021, the company's management team consisted of Johan Tengelin, Fredrik Westin, Suzana Bossel and Hanna Jessing, **see page 135**. Gurmo Endale was part of the management team from 2019 until August 2021.

Investment Committee
 Magnolia Bostad has an investment committee whose main task is to act as an advisor to the Board and prepare all investment decisions in connection with acquisitions, sales and property investments. A job description adopted by the Board applies for the investment committee, with a delegation procedure and decision matrix.

Auditors
 The Company's external auditors are appointed by the Annual General Meeting. The auditors' task is to review the Company's and CEO's management of the Company on behalf of the shareholders and to ensure that the Annual Report has been prepared in accordance with the applicable laws and regulations. The 2021 Annual

General Meeting resolved to elect Ernst & Young AB as auditor for the period until the end of the 2021 Annual General Meeting. In addition to auditing, Ernst & Young also primarily provided advice on tax during the year. In 2021, total remuneration to the auditors was SEK 3.4 m (4.6). See also Note 8 – Disclosure on the auditor's fees and reimbursement of costs.

Internal controls
 According to the Swedish Companies Act, the Board is responsible for internal controls. The purpose of internal control is, with a reasonable degree of certainty, to achieve effective and efficient operations, reliable financial reporting and information about the operations, as well as compliance with applicable laws, rules, policies and guidelines. The Corporate Governance Report on the company's internal controls refers to the company's financial reporting.

The Company has established control structures and regularly monitors that these are implemented, updated and complied with. Regional managers and department heads are responsible for ensuring that internal controls are established within their areas of responsibility and that these controls achieve the intended effect. The company follows the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework to evaluate a company's internal control over financial reporting, "Internal Control - Integrated Framework". The framework consists of the following five components: control environment, risk assessment, control activities, information, and communication and follow-up.

The internal control process has been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable

laws and regulations and other requirements that may be imposed on companies with bonds listed on Nasdaq Stockholm. Risk assessment regarding financial reporting takes place annually and involves the Board, senior executives and other employees.

To ensure that the Company's Code of Conduct is complied with, the Company has a whistleblower function. Through this whistleblower function, appropriate channels are offered for reporting serious irregularities committed by persons in key positions or in leading positions at the Company. Registration can be done in a way that is safe for the person reporting, while administration and monitoring of the whistleblower function is handled by an external party. The Company has also established a Ethics Council, whose task is to ensure that reported whistleblower cases are handled correctly. If necessary, the Ethics Council also handles any matters concerning violations of the company's Code of Conduct, etc, and which are not handled within the framework of the whistleblower function.

Control environment
 The basis for internal controls on financial reporting is Magnolia Bostad's organization, decision-making procedures, responsibility and authorizations that are communicated in the governing documents. These documents include the Articles of Association, the Board of Directors' rules of procedure, the CEO's instructions, the Code of Conduct, the Company's business plan, policies, the Investment Committee work description, process descriptions and manuals. Magnolia Bostad's work on internal control aims to identify high-risk areas and minimize these risks. All internal steering documents are regularly updated when, for example, legislation, accounting standards or listing requirements are changed.

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Risk assessment

The risk of material misstatement in financial reports is assessed annually by the Company's Board of Directors, Executive Management and the Company's external auditors. There is an established risk management process at Magnolia Bostad. The CEO, in collaboration with other departments within the Company, is responsible for structured risk mapping across all business activities. the Company's risks are divided into three main types: (1) external risks, (2) operational risks and (3) organizational risks, see more on **pages 64-66**.

Control activities

Control activities are designed on the basis of the risk analysis to address the significant risks identified. These are both of a preventive nature, in other words actions aiming to avoid losses or errors in reports and for purposes of discovery. The controls must also ensure that any errors will be corrected. Examples of areas that have a material impact on the Company's results and that have well-established quality control measures include accounting for projects and funding matters and sales as well as the IT environment. Controls are carried out using methods such as variance analyses and on the occasion of quarterly meetings between business areas and Executive Management. Responsible business development within the Finance department, identifies risks and ensures the Company maintains a secure IT environment. For the business, the business system forms the basis of the control structure established and focuses on important stages in the business such as investment decisions, production start-up and sales. The Company places great emphasis on follow-up of projects linked to established procedures for the project process, such as regular follow-up meetings, the Investment Committee and the Quality Council.

Information, communication

The guidelines for communication are that correct information must be provided in the correct manner and at the right time, and comply with the law and Nasdaq Stockholm's regulations for issuers (interest-bearing instruments). The Company's governing documents in the form of a Code of Conduct, policies, process descriptions and manuals are reviewed annually and made available via the Company's intranet. All new employees receive information about the governing documents and the Company has information opportunities where values and Codes of Conduct are discussed.

Follow-up

Follow-up takes place at many different levels within the company. The Company's business plan and budget are decided by the Board every year. The Board receives monthly financial reports and at least once a quarter financial reports with comments including project follow-up and follow-up of guarantees and provisions. The Company's external auditor reports his observations from reviews and assessments of internal control to the Board. The Company has routines that ensure that measures are taken to deal with any shortcomings, as well as that proposals for measures that have received attention are followed up.

Magnolia Bostad's Executive Management, from left: Henrik Meeths, Suzana Bossel, Johan Tengelin, Fredrik Westin and Hanna Jessing.



Board of Directors

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Fredrik Holmström
Chairman since 2009

Born 1971
Founder of Magnolia Bostad. Chairman and owner of Holmströmgruppen AB, parent company in a privately owned group of companies focused on housing production, acquisitions and management of properties as well as trading in listed and unlisted holdings. Board member of HAM Nordic AB, Ankarhagen Holding AB, Vincero Fastigheter 3 AB and Sachajuan Haircare Aktiebolag.

BSBA from IUM, Monaco (formerly University of Southern Europe).



Therese Rattik
Board member since September 2021

Born 1976
CEO Areim. Board member of the Swedish Green Building Council. Board member of HAM Nordic AB.

EMBA, specializing in Global Economy, Stockholm School of Economics, and M.Sc. in Property Economics from KTH Stockholm.



Johan Bengtsson
Board member since September 2021

Born 1975
Fund manager Areim. Board member of HAM Nordic AB.

MBA from the Stockholm School of Economics.

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Erika Olsén
Board member since September 2021

Born 1976
 CIO Areim. Chairman of the Board of HAM Nordic AB. Board member of Genova Property Group AB.

M.Sc. in Property Economics from KTH Stockholm.



Erik Rune
Board member since September 2021

Born 1973
 CEO Holmströmgruppen AB. Board member of HAM Nordic AB, Mirovia Holding AB and Novedo Holding AB.

MBA from the Stockholm School of Economics.



Fredrik Tibell
Board member since 2010

Born 1966
 Founder and CEO of Caritas Corporate Finance AB, which provides financial advisory services primarily to companies within the property industry. Chairman of the Board of Ankarhagen Holding AB.

Finance studies at Stockholm University.

Executive Management and Auditors

Assignments as on 31 December

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Johan Tengelin
CEO

Employed and member of Executive Management since December 2020

Born 1970

Former partner at Brunswick Real Estate. Prior to that, CEO of the Nordic operations at GE Capital Real Estate and partner at Carnegie Investment Bank.

MBA from School of Economics at the University of Gothenburg. Authorized Financial Analyst (CEFA) from Stockholm School of Economics.



Fredrik Westin
Deputy CEO & CFO

Employed and member of Executive Management since 2016

Born 1973

Previously Head of Finance at Kungsliden. Also has a background as FP&A Manager and Accounting Manager at GE Capital Real Estate Nordic.

MBA from Gothenburg School of Economics.



Suzana Bossel
Head of Marketing and Communications

Employed and member of Executive Management since 2014

Born 1973

Former PR and Marketing Manager at Ettelva Arkitekter and Arkitekthus. Also background from Svenska Husgruppen and JM.

Market Economist from IHM Business School and Higher Degree in Technical Editorial Work from Mälardalen University.



Hanna Jessing
General Counsel

Employed since 2017 Member of Executive Management since 2018

Born 1971

Former legal counsel at Vasakronan AB. Before that, attorney at Lindskog Malmström Advokatbyrå and district court lawyer.

Master of Laws (LL.M) from Stockholm University.



Henrik Meeths
Head of Business Development

Employed since 2015. Member of the management team since 2022.

Born 1980

Former Associate Director at Cushman & Wakefield. Prior to that, Analyst at London & Regional Properties.

Master's degree in finance from Stockholm University and the University of California, Santa Barbara.

Auditors
Ernst & Young AB
Chief auditor:
Fredric Hävrén
Authorized public accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report on the corporate governance statement

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To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the year 2021 on pages 128–135 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, 30th of March 2022
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

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Alternative KPIs not defined in IFRS see page 120.

Agenda 2030
The UN's 17 Global Sustainable Development Goals for 2030 (UN Sustainable Development Goals), also called the SDGs.

Number of residential units
Estimated number of dwellings at a time when binding sales agreements are signed and revenue recognition takes place.

Yield-based valuation method
Based on an estimate of future cash flows for each property. The valuation consists of an assessment of the present value of the property's future net operating income during the calculation period and the present value of the property's residual value at the end of the calculation period. The calculation period varies between 10 and 15 years and the residual value has been assessed through a perpetual capitalization of an estimated market net operating income the year after the end of the calculation period.

Perpetual capitalization takes place with a yield requirement that has been derived from the current transaction market for comparable properties, both direct and indirect transactions have been taken into account (properties sold in companies). Cash flow for operating, maintenance and administration costs is based on market-based and normalized payments for operation, maintenance and property administration, whereby corrections are made for deviations. Investments are calculated on the basis of the investment need that is deemed to exist. Classification takes place at level 3 in accordance with IFRS 13.

Estimated area based on preliminary blueprints or calculated using standardized figures.
GFA: Gross Floor Area
MUA: Main Usable Area
RFA: Residential Floor Area
UFA: Usable Floor Area

Estimated number of building rights
Number of estimated future residential units in acquired properties. Due to uncertainties such as zoning plan processes, government decisions or non-established dates for

vacancy of project properties, assessments of the number of residential units may change over time.

Estimated production start, project portfolio
Estimated production start is the management's best assessment of when the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed. Due to uncertainty factors such as the zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments can change over time.

Estimated completion of projects
The time for the estimated completion of a project is when the project is completed and finalized.

Residential units
Refers to rental apartments, tenant-owned apartments, residential care properties or hotel rooms

BoTryggt 2030
BoTryggt2030 is a national concept based on an overall knowledge model and concrete guidelines. The purpose is to present crime prevention and security-creating guidelines for planning, programming, design, construction, and further development of both new and existing environments.

CO₂e
Carbon dioxide equivalents. A measure that describes greenhouse gas emissions such as carbon dioxide, methane and water vapour that contribute to global warming.

Direct allocation
In the case of direct allocation, the municipality decides that land shall be allocated to the client without a prior land allocation competition. Direct allocations can be used when there are special motives, for example when a building proposal adds special qualities to the benefit of urban development.

EU taxonomy
A classification system to clarify which economic activities can be considered sustainable and which aim to make it easy to identify and compare sustainable investments. The aim is

to promote long-term planning and facilitate the relocation of capital to sustainable activities. First of all, it is about climate sustainability and what is classified as sustainable based on the Paris Agreement's goal of keeping global warming below 1.5° C.

FN Global Compact
Tio principer för hållbart företagande, inom miljö, arbetsrätt, antikorrupktion och mänskliga rättigheter. Ten principles for sustainable business concerning the environment, labour law, anti-corruption and human rights.

The UN's global sustainability goals
The UN's 17 Global Sustainable Development Goals for 2030 also called the SDGs or Agenda 2030.

Forward funding
Forward funding means that the project is owned and financed by the project's buyers during the production period.

Sustainability through Football (Fotbollbarhet in Swedish)
Our commitment at Magnolia where we support over 30 girls' and women's football clubs and over 100 teams. The results of the work are described in our annual Sustainability through Football report.

Sales rate
Sold residential units in production divided by units in projects in production.

Green House Gas Protocol
The most widely accepted international accounting standard for understanding, quantifying and managing greenhouse gas emissions. The protocol divides the business's climate impact into three different scopes for direct and indirect impact.

GRI
Global Reporting Initiative – Global standard for sustainability reporting developed through an independent organization. It refers to the fulfillment of all targets through the GRI index.

Table of contents	Our business	Sustainable urban development	Projects and properties	Financing	Directors' report and financial reports	Sustainability report	Corporate governance and other information
<div><div>A word from the Chairman →</div><div>Corporate Governance Report →</div><div>The Board →</div><div>Executive Management →</div><div>Auditor's report on the corporate governance statement →</div><div>OTHER INFORMATION</div><div>Definitions</div><div>Financial calendar and contact →</div></div>	<div><div>HS30</div><div>HS30 (Hållbart Stockholm 2030) (Sustainable Stockholm 2030) brings together actors from the housing development sector in Mälardalen, who work together to sharply reduce the ecological footprint of the industry and to take social sustainability even more seriously.</div><div>ICMA</div><div>The International Capital Markets Association's mission is to promote resilient, well-functioning international and globally cohesive cross-border markets for fixed income securities, which are crucial for financing sustainable economic growth and development.</div><div>IPCC</div><div>Intergovernmental Panel om Climate Change, the UN's climate panel, which compiles scientific research on climate change, consequences, risks and opportunities.</div><div>Climate neutrality</div><div>That emissions that occur through, for example, the construction and property sectors' activities, should not contribute to the greenhouse effect. The result shall be net zero emissions of greenhouse gases.</div><div>LFM30</div><div>LFM30 (Lokal färdplan Malmö 2030) (Local Roadmap Malmö 2030) is an organization that works with collaboration in the construction and civil engineering sector to develop a climate-neutral construction and civil engineering sector in Malmö.</div><div>Life Cycle Analysis</div><div>Life Cycle Analysis (LCA) is a method for calculating the impact during a product's entire life cycle - from natural resources being extracted to the product no longer being used and having to be taken care of.</div><div>Land allocation</div><div>An agreement between a municipality and a client that gives the client the exclusive right to negotiate with the municipality for a limited time, and under given conditions, on the transfer or lease of a certain land area for development.</div></div>	<div><div>Land allocation competition</div><div>Prior to planning new construction in a city, the municipality can distribute land allocations to various players in the construction market. Prior to such a distribution, the municipality usually announces a land allocation competition. This means that the municipality invites various stakeholders to compete for the land and where the best projects win. After the end of the competition, a land allocation agreement is drawn up with the winning client and then a zoning plan for the construction is drawn up. The winning construction company is then given the exclusive right to develop a certain construction project for the municipality within a certain period of time.</div><div>Silver environmental building certification</div><div>A Swedish environmental certification system for newly produced buildings. Includes indicators linked to energy, indoor environment and material selection. Developed by the Sweden Green Building Council (SGBC).</div><div>Environmental certification</div><div>Framework to work according to for assessing how environmentally sustainable a building is. For example, there are the Environmental Building (Bronze, Silver, Gold), BREEAM and LEED certifications.</div><div>The location price method</div><div>In the location price method, the valuer bases the value on the prices in similar markets and transactions and how the market views the object in question. For costs that arise, a simplified development calculation is also made.</div><div>The Paris Agreement</div><div>The Paris Agreement is a global climate agreement that came into force in 2016. The core of the agreement is to limit global warming by reducing greenhouse gas emissions. The global temperature increase must be kept well below 2° C with the ambition that it will stay at a maximum of 1.5° C.</div><div>Production start, projects for sale</div><div>Production commences when the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed.</div></div>	<div><div>Production start, properties for self-management</div><div>Production commences when the zoning plan has come into legal force and the turnkey contract has been signed.</div><div>Community service properties</div><div>Property that is used predominantly by tax-financed activities and is specifically adapted for community service. Residential care facilities are included under community service properties. In terms of community service properties, Magnolia Bostad primarily develops housing for the elderly and other forms of adapted housing, along with schools and nursery schools.</div><div>Science Based Target initiative (SBTi)</div><div>Scientifically-based targets for CO2 emissions that are set based on what research says are required to achieve the Paris Agreement's emissions targets.</div><div>Swan Ecolabelling</div><div>The Nordic Swan Ecolabelling certification is an environmental certification that includes indicators linked to energy, indoor environment, choice of materials and routines in the construction process and management.</div><div>Sold residential units in production</div><div>Number of residential units in sold projects where binding sales agreements were signed, and then revenue recognized.</div><div>TCFD</div><div>Task Force on Climate-related Financial Disclosure. Framework for identifying climate-related financial risks and opportunities.</div><div>TNFD</div><div>Task Force on Nature-related Financial Disclosure. Framework under development to identify a company's nature-related financial risks and opportunities.</div><div>Occupancy rate, %</div><div>Rented out area in relation to lettable area.</div></div>				

Important information about assumptions

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Information about projects in production - yield requirements, rental value and inflation

The assessments and assumptions should not be seen as a forecast. The assessments and assumptions involve uncertainties regarding the project's implementation, design and size, schedules, project costs, yield requirements as well as future rental value and inflation.

The information on projects in progress and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing.

For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JV.

Information about earning capacity

Rental development and property value for completed properties, properties in progress and non-production-started properties include assessments and assumptions. Operating and maintenance costs are estimated according to the standard rate and include operation, maintenance, any property fees and administration, but not a share of Magnolia Bostad's costs for central administration.

Financing costs are calculated at 3% based on an estimated loan ratio of 70% of the assessed property value. The assessments and assumptions involve uncertainties and the information above should not be seen as a forecast.

Information about projects in production and non-production-started projects in the Annual Report is based on assessments of size, focus and scope and when in time projects are judged to be started and completed. Furthermore, the information is based on assessments of future investments

and rental value. The assessments and assumptions involve uncertainties regarding the project's implementation, design and size, schedules, project costs and future rental value. The information on projects in progress and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing.

For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JVs.

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Interim Report January–June 2022:
7 July 2022

Interim Report January–September 2022:
27 October 2022

Year-End Report January–December 2021:
21 February 2023

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Project managementMagnolia Bostad Investor Relations

Design, layout and productionPaues Media

management

TranslationJohn Cannon Consulting

PhotographsDennis Ersöz, Pix Provider, Ulrica Holm

Pictures, chapter introductions3: Öresjö Ångar i Borås, Representation

23: Strandblick i Östersund

40: LU:1 i Luleå

128: Liljedal Entré i Kungälv, Representation

Repro and print TMG Sthlm 2021

Printed on Scandia 2000 white 130 g (insert) and Colors Matt Yellow 300g (cover)

