

MAGNOLIA

**Magnolia Bostad
Annual Report 2023**

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23

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Magnolia Bostad's formal financial reports can be found on pages 27–72 and are audited by the company's auditors.

Our business

[2023 in brief→](#)

[A word from the CEO→](#)

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– targets and strategy→](#)

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2023 in brief

- 2023 in brief
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Results January–December 2023

- Net sales amounted to SEK 305 m (569).
- The operating los was SEK 595 m (-747), of which SEK -104 m (-230) refers to changes in value of investment properties.
- The loss before tax was SEK 871m (-929) and the loss after tax was SEK 868 m (-863).
- Earnings per share amounted to SEK -21.34 (-20.89).

Completed residential units 2023

1,932 residential units were completed in 2023. All were environmentally certified or prepared for environmental certification by December 2023. Since its formation in 2009, the company has completed a total of over 8,600 residential units.



Areim signed an agreement in June 2023 to buy all the shares in Magnolia Bostad AB’s holding company HAM Nordic AB, and since then Areim has had full control over Magnolia Bostad.



Group KPIs

	2023 Jan–Dec	2022 Jan–Dec
Project related ¹⁾		
Number of production-started residencies during the period	57	949
Number of residencies sold during the period	0	60
Total number of residencies in production	7,496	9,345
Totalnumber of estimated building rights	14,073	18,828
Financial		
Investment properties, SEK m	3,085	2,489
Operating profit/loss, SEK m	–595	–747
Retrun on equity, %	neg	neg
Equity/assets ratio, %	31.2	32.5
Interest coverage ratio, times	neg	neg
Sahre-related		
Earnings per share, SEK	–21.34	–20.89
Equity per share, SEK	54.00	58.88

¹⁾ Including Magnolia Bostad's share of joint ventures and share attributable to holdings without a controlling influence in Magnolia Bostad's subsidiaries.

We are ready when the market recovers

- 2023 in brief →
- A word from the CEO
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2023 marked a dramatic slowdown in housing production in Sweden, a trend we have not witnessed since the early 1990s.

The Swedish National Board of Housing and Planning's (Boverket) construction forecasts point to a long-term low construction rate, which risks leading to a significant reduction in capacity in the building sector. The decline not only has a direct impact on Sweden's economy and GDP growth, but also risks leading to deepening social housing divides. This could have serious consequences for the labour market in Sweden's growth regions and for the green industrial shift.

The past year

In 2023, our focus was to reduce tied-up capital, ensure required liquidity, take advantage of business opportunities and adapt to a changing environment. Due to a high volume of production starts in 2020-2021, we entered 2023 with 9,300 residential units in production, of which 78% were sold to institutional investors and the rest are being developed for self-management. At the beginning of 2024, Magnolia Bostad had 7,500 residential units in production.

In 2023, we completed a total of 1,932 homes. All completed homes were environmentally certified or prepared for environmental certification.

The handover of completed projects to buyers provided significant, additional, liquidity during the

” During the year we completed a total of 1,932 homes

year. However, our results for 2023, which have been affected by the market situation with no production starts, high interest rates and negative valuation effects, is anything but satisfactory.

Going forward

At the start of 2024, we reviewed and adjusted our cost base to create the conditions for a stable and profitable business. Decreasing inflation and forecasts of falling interest rates are providing the conditions for a gradual recovery in the housing market in 2024. There is a great need for top quality, sustainable housing in Sweden's growth regions, mainly around the major cities but also in places that are part of the green industrial shift. We are ready to seize business opportunities when the market recovers.

Stockholm, April 2024

Johan Tengelin
CEO



This is Magnolia Bostad – targets and strategy

Magnolia Bostad is a leading urban developer that develops new housing in attractive locations. We develop housing both for sale and self-management. We mainly develop rental properties, tenant-owned apartments and community service properties.

The business stretches from Ystad in the south to Luleå in the north. We create sustainable housing and neighbourhoods where people want to live and work. Our work is guided by a holistic view where the business is conducted in a way that promotes sustainable social development.

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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

We achieve our goals by developing whole communities, residential units and community service properties. The development of housing is both for sale and self-management.

We work for long-term sustainable urban development and choose locations with good long-term demographic conditions.

Production only starts when there is a guaranteed demand

Business target

- At least 6,000 residential units in self-management, self-ownership and ownership in JVs.
- December 2023: 537 residential units.

Financial target

- Equity/assets ratio of at least 30%.
- December 2023: 31.2%.

Sustainability targets

For sustainability reporting, please see pages 82-94.



Business model 2023

2023 in brief →

A word from the CEO →

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Business modell 2023

Projects are developed for sales and self-management. When projects for self-management have been completed, these properties contribute long-term value growth and a continual cash flow to the company. Projects developed for sale are usually sold through forward funding at an early stage. Buyers are usually financially strong institutions or property companies.

How we create value

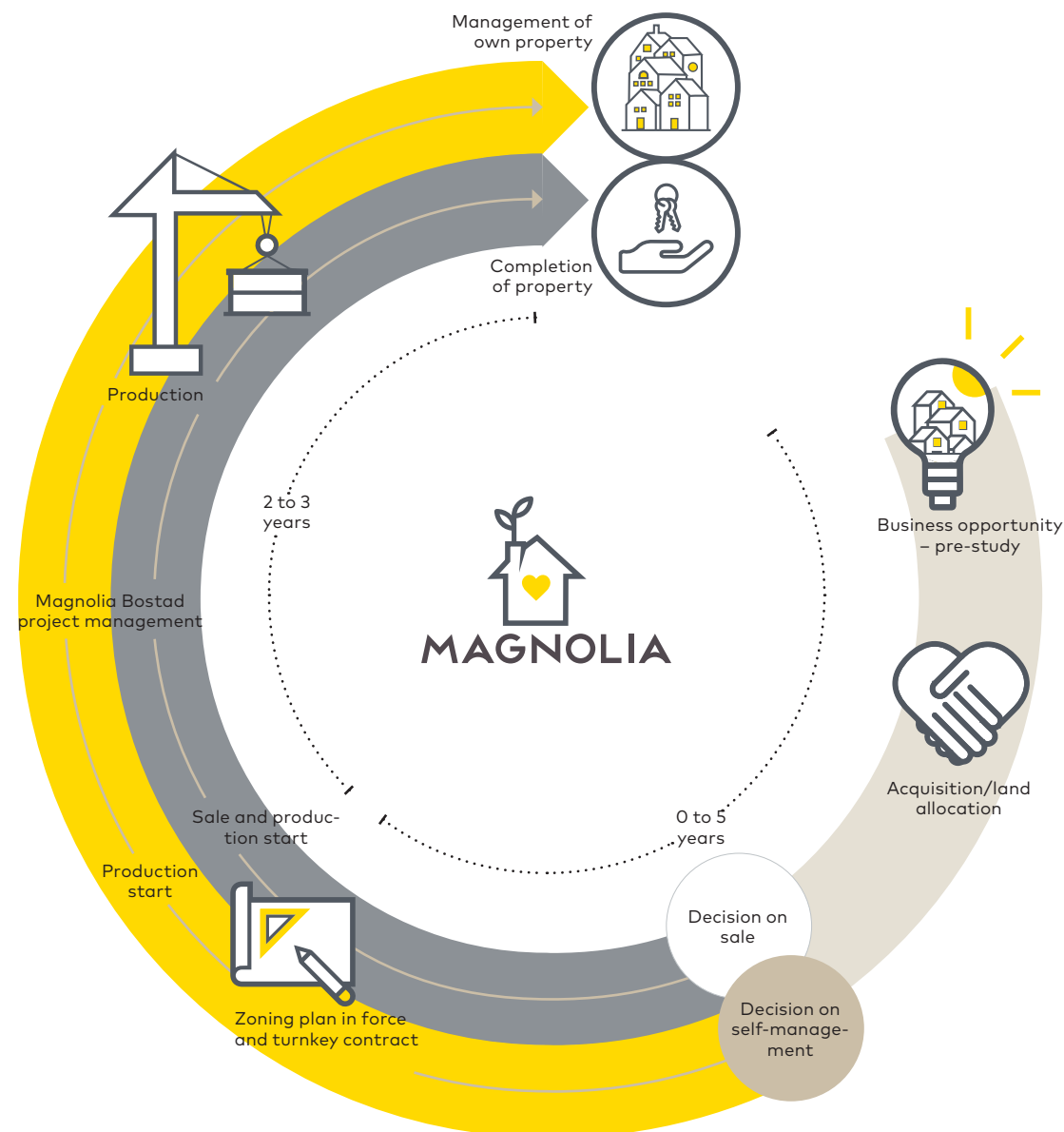
Safe land acquisitions

We continually 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, often with building rights in completed zoning plans, we develop the project from idea to final completion. Construction is procured in the form of a turnkey contract. In collaboration with the turnkey contractor, we work out a contract with a fixed price and chosen environmental certification. The focus is on creating good, safe living environments and choosing materials and building systems from a sustainability perspective.

Work begins on developing attractive, sustainable communities and residencies in parallel with the land acquisition process. Project developers, architects and contractors are all involved early in the process, which gives us the conditions to develop sustainable, safe



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areas with cost-effective solutions for both construction and management. We are also in contact with buyers early in the process.

Environmentally certified residencies and sustainable financing
We plan for all residencies to be certified according to at least the Swedish Green Building Council's silver certification, Nordic Swan ecolabel or an equivalent. We work with sustainable financing consisting of, for example, green bonds and green building credits.

Reduced climate impact
We work to reduce our climate impact through material selection, choice of energy and recycling. We measure our climate footprint according to the Greenhouse gas protocol (GHG) and in collaboration via HS30 and LFM30 are working with the industry's adaptation to the UN's global sustainability goals, Agenda 2030, and the Paris Agreement.

Safety in the societies we develop
When planning, we strive to follow the guidelines in Botryggt2030 with the aim of preventing crime and increasing security.

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 works to deliver 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.

Sustainable urban development

Sustainability in development,
production and financing →

Our impact on people and the
outside world→

Sustainability in development, production and financing

Sustainability in development, production and financing

Our impact on people and the outside world →

Magnolia Bostad's ambition is to be at the forefront of sustainable urban development, to be involved in driving the industry towards a lower climate impact and to be an attractive employer.

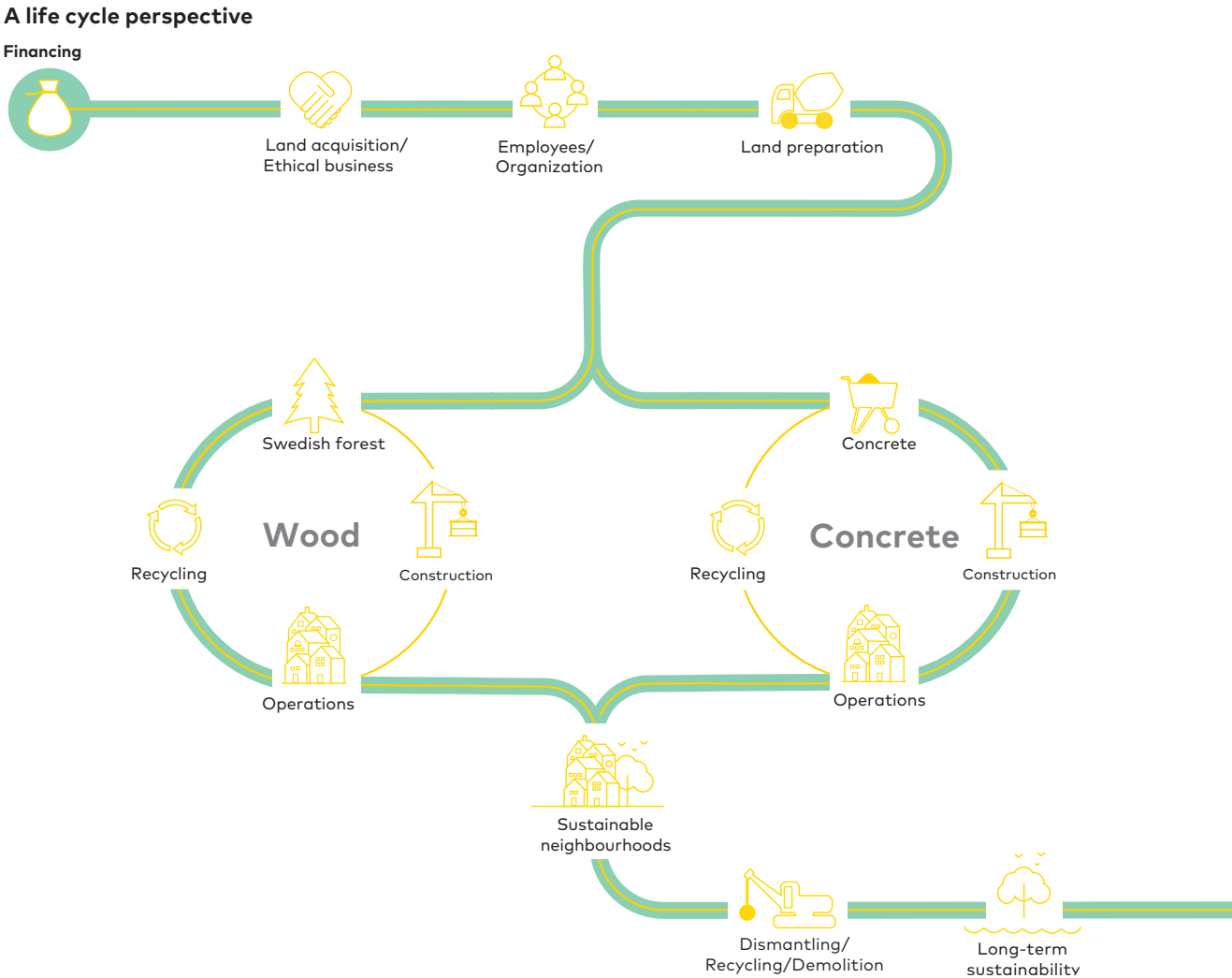
The construction and property sectors are responsible for greenhouse gas emissions in Sweden of around 11 million tonnes of CO₂ equivalents, which corresponds to around 22% of total greenhouse gas emissions in Sweden.¹ Of this, new construction accounts for 22%, heating for 25%, property management for 24% and renovation, conversion and extension for 29%. The sectors also contribute to large emissions abroad through imported goods. Magnolia Bostad, like everyone in the industry, has a major responsibility for minimizing emissions.

Life cycle perspective

At an early stage, development includes plans for resource-efficient solutions with low climate impact from a life cycle perspective. We want to create the conditions for buildings and facilities to become energy-efficient in the management phase.

Our ambition is to create efficient, flexible floor plans and dismountable constructions to reduce the need for new material during rebuilding or maintenance. We benefit from energy-efficient technology and sustainable material choices. We have also started to evaluate the conditions for applying circular solutions, for example, it could be about reusing materials such as concrete and bricks. For the properties' future operation we plan for renewable energy. We build solar

¹ Source: Boverket(2024). Greenhouse gas emissions from the construction and property sectors.



Sustainability in development, production and financing

Our impact on people and the outside world →

panels in most of our projects and are introducing charging infrastructure for electric cars. We also build with the idea that those who live in the homes should be able to select sustainable choices in their everyday lives.

Environmental certification

All our projects are developed for certification according to at least Swedish Green Building Council's (SGBC) silver certification, Nordic Swan ecolabel or an equivalent. Most of the projects we develop are certified with the SGBC's silver certification and we are members of the SGBC.

Miljöbyggnad (Green building) is a Swedish environmental certification system for buildings and surrounding property, which will contribute to the fulfilment of environmental goals in Agenda 2030 and the EU's taxonomy for green finance. Indicators in the areas of energy and climate, indoor environment, outdoor environment and circularity are used to assess the performance and environmental characteristics of the building and property.

Care for the environment and housing

We develop with care for the environment and people. To build security into our accommodation, we use BoTryggt30's guidelines. When designing outdoor environments, we also do our best to promote biological diversity while creating an environment where the design must be inclusive in various ways for all those who live in the buildings.

Magnolia Bostad wants to be a committed force in the locations where we operate and be at the forefront of sustainable urban development. For us, social

responsibility is about starting from the person. It is about creating increased inclusion, security and equality.

Sustainable financing

The fact that we develop and build sustainably also enables sustainable financing. All of our outstanding bond schemes are green. Through our green bonds, we increase transparency and facilitate the allocation of capital to sustainable properties. Our ambition is that all our financing in future should be green or otherwise sustainable, based on environmental and social societal aspects.

Profitable growth

Magnolia Bostad works for sustainable profitable growth and value for the company's owners. We do this, among other things, through a broad portfolio of housing forms, which reduces the company's risk.

Attractive employer

Our goal is to be an attractive employer with a corporate culture characterized by diversity where employees feel included. We strive to attract, retain and develop talent.

Business ethics

There are routines for how we work with business ethics and how we handle deviations from our guidelines and processes.

Collaboration

We collaborate with others through initiatives such as HS30 and LFM30, with common goals to reduce climate impact.



Magnolia Bostad focuses on ten of the UN's sustainability goals. Read more on **pages 86-87**.

Our impact on people and the outside world

Magnolia Bostads's value chain extends from the time we acquire the land, the homes are built and the housing is managed. This means that we have a great opportunity to have an impact on people and the outside world, see also page 85.

Sustainability in development,
production and financing →

Our impact on people and the
outside world



Climate and environment

Magnolia Bostad

- calculates climate impact in projects and assesses climate risks before the start-up of new housing
- adapts the development of new housing to climate change and works on reducing climate impact
- plans for environmental certification in all projects
- carries out environmental audits through an external environmental auditor
- takes biodiversity and ecosystems into account
- is involved in development to achieve a greater share of the circular economy
- plans so that residents can easily make climate-smart choices in their homes.



Social impact

Magnolia Bostad

- builds security into the areas we develop, including using BoTryggt30's guidelines
- has codes of conduct for employees, contractors and sponsor partners
- gets involved in the locations where the company operates, for example by supporting local football clubs in their work for equality and integration
- takes care of its employees by offering development opportunities and a safe working environment.



Responsible business

Magnolia Bostad

- works for a climate of cooperation without corruption
- works to achieve sustainable profitable growth
- enables the allocation of capital to sustainable properties through our green bonds, see page 96
- have routines for how we work with business ethics and how we handle deviations from our guidelines and processes
- has an Ethics Council and a Green Bond Committee, see **page 83**.

Financing

[Magnolia Bostads's financing →](#)

[Project financing →](#)

[Five questions to Fredrik Westin,
Deputy CEO & CFO →](#)

Magnolia Bostad's financing

Magnolia Bostad's financing

Project financing →

Five questions to Fedrik Westin,
Deputy CEO & CFO →

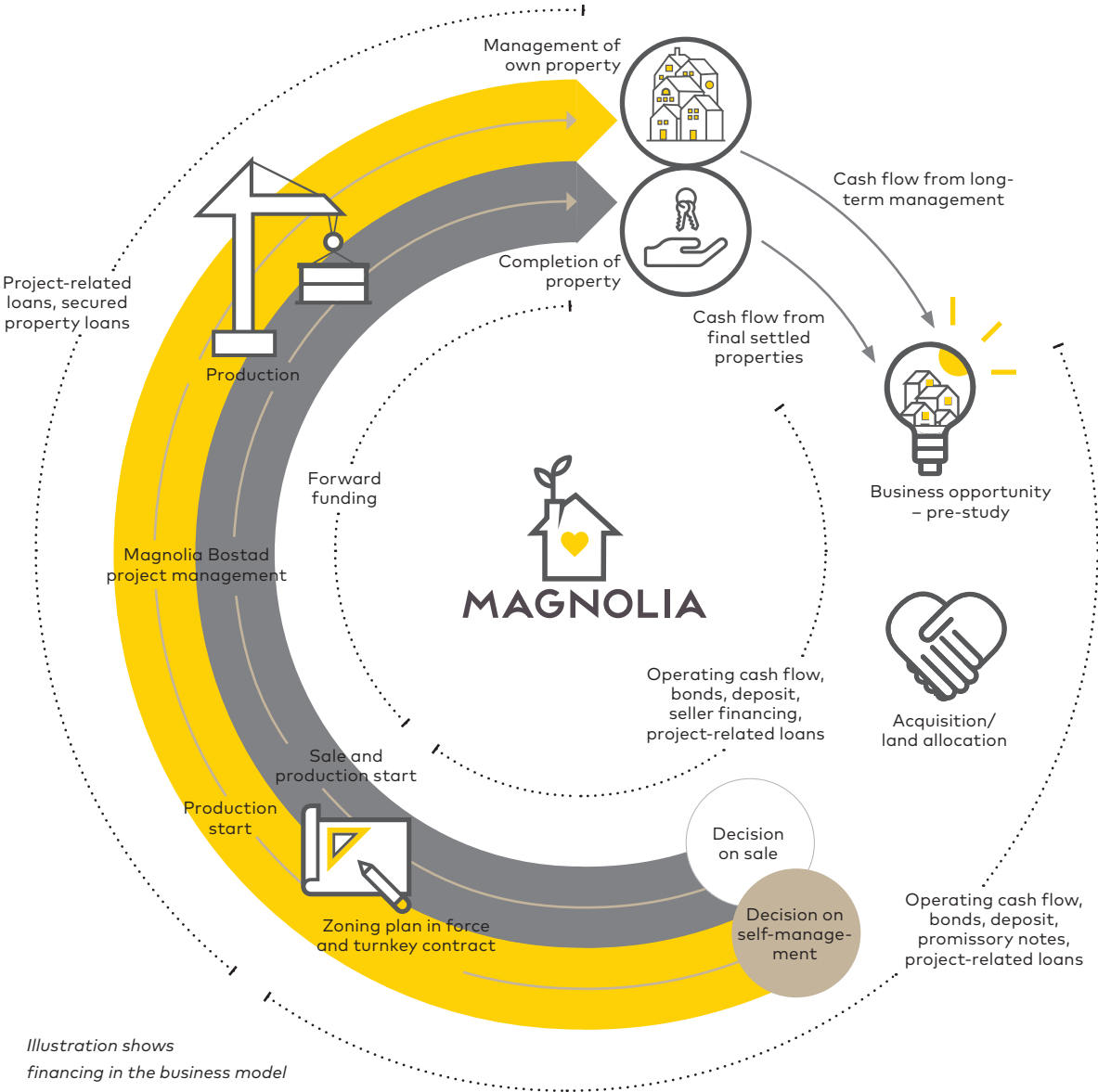
Magnolia Bostad's main focus in terms of financing is to provide the business with capital on favourable terms regarding price, interest rate risk and structure. Financing activities are conducted in accordance with the rules and guidelines established by the Board annually.

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.

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 development 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 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 continual work of developing the projects and to finance the liquidity reserve. Land acquisitions are initially financed with Magnolia Bostad's revolving credit facility or promissory notes, thereby reducing the liquidity reserve. Acquired prop-



Magnolia Bostad’s financing

Project financing →

Five questions to Fredrik Westin, Deputy CEO & CFO →

erties 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.

Developing projects for self-management also means long-term financing in the form of property loans when the property is fully built.

The Group's financing as of 31 December 2023

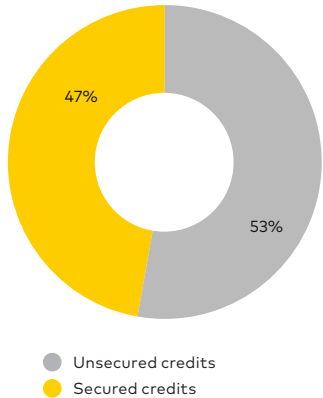
The majority of the interest-bearing liabilities consist of bonds with a carrying amount of SEK 1,418 m. Magnolia Bostad has three bonds that are all green, unsecured and listed on Nasdaq Stockholm’s Sustainable Bonds list. The funds from green bonds are used to develop sustainable, environmentally certified projects. On 31 December we had three outstanding bonds:

- One bond of a nominal SEK 400 m within a framework of SEK 700 m, with a variable interest rate of Stibor 3 months + 7.50% (with a Stibor floor) maturing in April 2024.
- One bond of a nominal SEK 725 m within a framework of SEK 1,000 m, with a variable interest rate of Stibor 3 months + 6.90% (with a Stibor floor) maturing in March 2025.
- One bond of a nominal SEK 300 m within a framework of SEK 1,500 m, with a variable interest rate of Stibor 3 months + 7.75% (with a Stibor floor) maturing in May 2026.

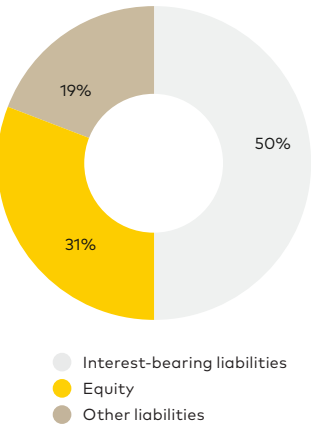
Events after the end of the period: In March 2024, Magnolia Bostad received approval from the bondholders regarding changes to the terms of its outstanding bond due in April 2024, see [page 97](#).

Financing KPIs, 31 December	2023	2022
Equity, SEK m	1,978	2,245
Cash and cash equivalents, SEK m	331	772
Interest-bearing liabilities, SEK m	3,199	3,021
Unutilized credit, SEK m	358	726
Cash flow, operating activities, SEK m	–427	–404
Cash flow, investment activities, SEK m	–753	–465
Cash flow, financing activities, SEK m	737	1,408
Equity/assets ratio, %	31,2	32,5
Return on equity, %	neg	neg
Net financial items, SEK m	–276	–182
Interest coverage ratio, times	neg	neg
Average interest rate, %	9.8	8.2
Average fixed tied-up capital period (excluding deposits and utilized over draft facility), number of years	1.6	2.3

Securing credit



Supply of capital, 31 Dec 2023



Magnolia Bostad's financing

Project financing →

Five questions to Fredrik Westin, Deputy CEO & CFO →

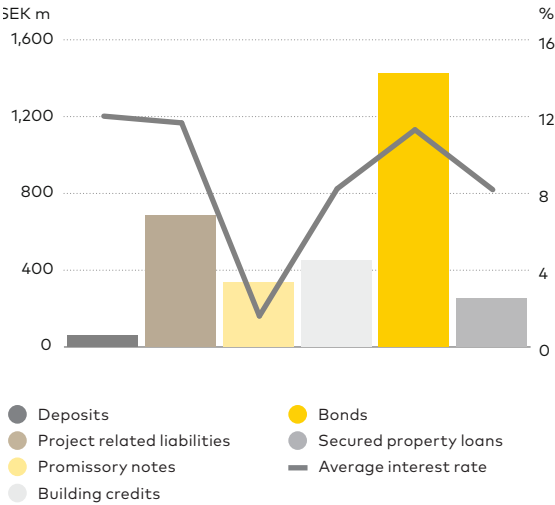
Remaining interest-bearing liabilities consist of project-related liabilities of SEK 685 m, building credits of SEK 449 m, promissory notes of SEK 337 m, secured property loans of SEK 252 m and deposits received of SEK 58 m.

Magnolia Bostad also has various short-term revolving credit facilities (RCF) amounting to SEK 358 m.

At the end of the period, Magnolia Bostad's average interest rate was 9.8% compared with 8.2% on 31 December 2022. Bonds with an average interest rate of 11.3%, deposits with an average interest rate of 12.1%, project-related liabilities with an average interest rate of 11.7% and building credits with an average interest rate of 8.3% The secured property loans and promissory notes have an interest rate of 8.2% and 1.6% respectively.

Tied-up capital, excluding deposits, amounted to 1.6 years as of 31 December 2023, compared with 2.3 years as of 31 December 2022. Of the Group's liabilities, 47% is secured by property mortgages, share pledges or other security. Unsecured loans mostly consists 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 (%)



Equity/assets ratio and return on equity (%)



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 2023 was 31.2% .

Project financing

Magnolia Bostad's financing →

Project financing

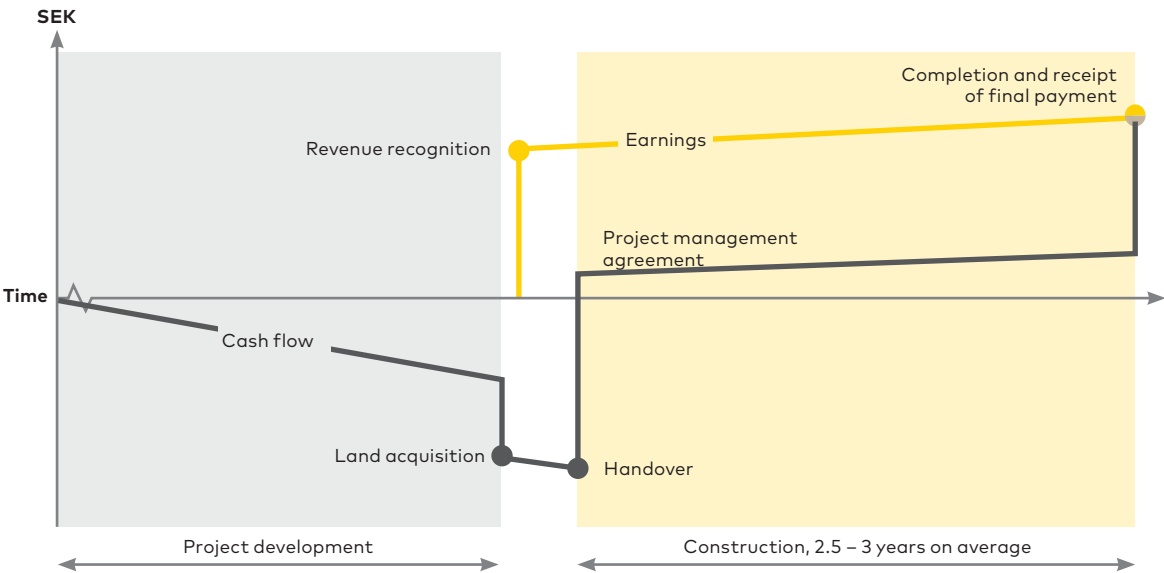
Five questions to Fredrik Westin,
Deputy CEO & CFO →

Project financing differs depending on whether the development is for sale or for self-management.

In the case of developing residential units for sale, the focus of the financing is on the time until we handover the project, see picture on the right. This timepoint is before the projects are built because Magnolia Bostad usually sells its projects on a forward funding basis. This means that after the handover, financing responsibility for the project passes to the buyer. Magnolia Bostad usually has a project management agreement with the buyer for a period after handover, which runs until the property is completed. Project management is invoiced and revenue recognized continually during the contract period. Upon completion of the property, Magnolia Bostad receives the final payment. Sales and revenue recognition take place when a binding purchase agreement and legally binding zoning plan exist and a turnkey contract has been signed. The timing for Magnolia Bostad's handover is often when a building permit is obtained or when subdivision of a property becomes legally binding. The time between revenue recognition and legal handover can therefore vary from project to project. Usually the handover takes place two to six months after the date of the agreement, but it can take up to one year.

Financing of projects for self-management takes place through a combination of capital together with external financing, see page 18. Our capital comes from our owner as well as from sales and final settlements of projects. During the construction phase, the projects are financed through building credits and capital. The completed properties are financed partly through long-term loans from banks, partly through capital.

Illustration of cash flow and results in Magnolia Bostad’s projects being developed for sale



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

Magnolia Bostad's financing →

Project financing

Five questions to Fredrik Westin,
Deputy CEO & CFO →

Projects developed independently for self-management

Upper illustration:

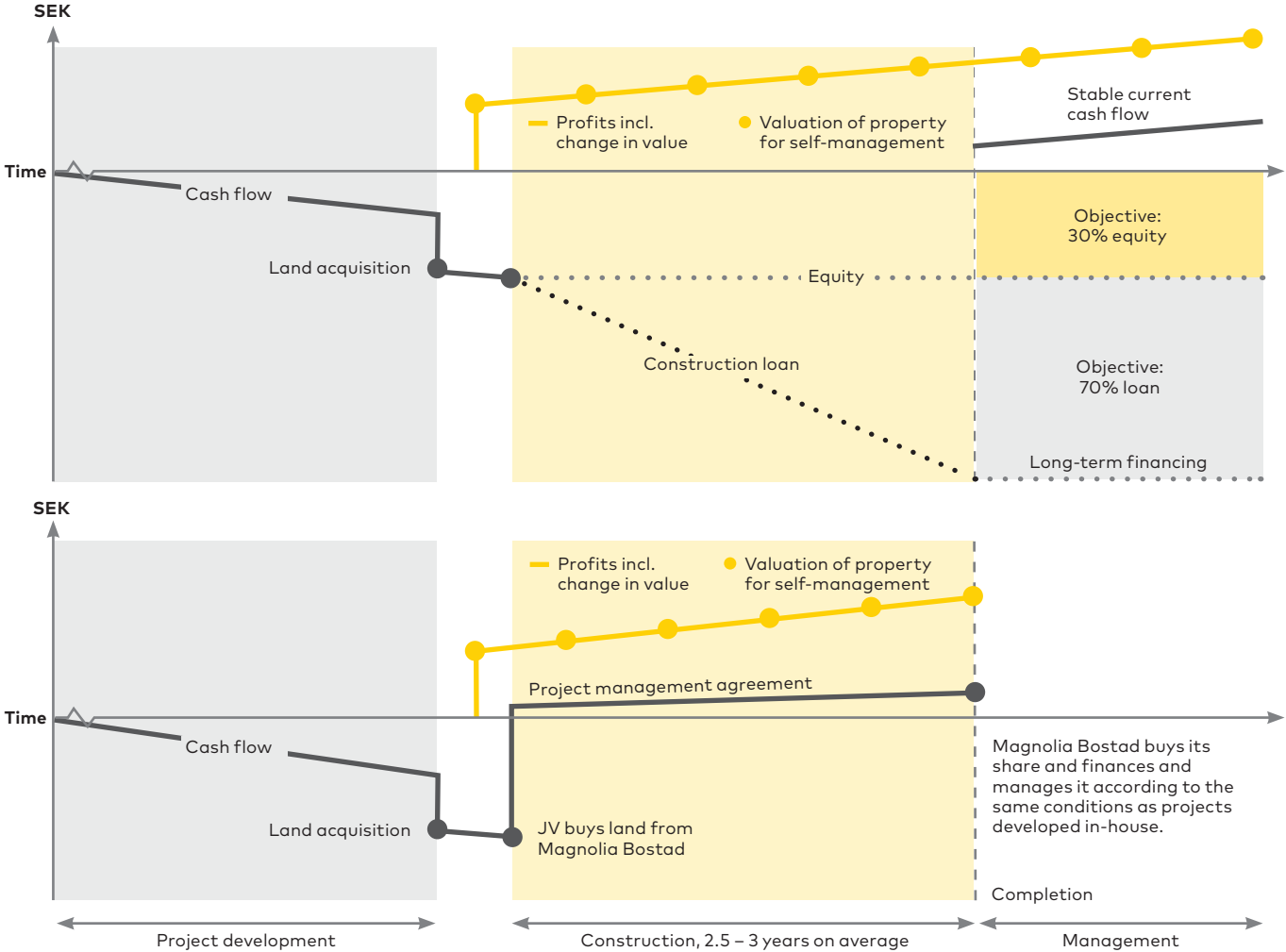
The closer the project comes the land acquisition and payment of the purchase price our investment increases. The objective is for the project to be financed up to 30% through equity during development and construction. When the properties for self-management are completed, rentals start generating a continual cash flow. Completed properties enjoy lower financing costs than projects in development and construction.

The share of equity can amount to more than 30% for the long-term financing of investment properties

Projects developed in joint ventures for self-management

Lower illustration:

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 illustrations are not intended to give any indication of the profitability of a project

Five questions to Fredrik Westin, Deputy CEO &

Magnolia Bostad's financing →

Project financing →

Five questions to Fredrik Westin,
Deputy CEO & CFO

What has the property financing market looked like in 2023?

For the last couple of years, higher demands than before have been placed on own contribution, collateral provided and other financial commitments. 2023 was one of the absolute toughest years in terms of funding for housing development. However, we have had the advantage of having a strong committed owner in HAM Nordic AB, owned by Areim.

How do all the new sustainability directives affect your financing?

The new EU directives will make it easier for banks and investors to choose the right counterparty to finance or invest in. The aim of the directives is to ensure that the capital is directed to sustainable activities. The goal is for it to be clear in the report how sustainable companies really are. Properly targeted funding will eventually lead to the development of more sustainable residential areas.

What does it mean to build sustainably?

It means making as little claim on the earth's resources as possible, both in the construction phase and

later when the properties are in operation. Basically all of our projects are or are planned to be environmentally certified. We are keen to both build sustainably and to build for the future sustainable operation of our homes.

Was your business model been affected by the weak property market in 2023?

Our business model did not change direction. In addition to our goal to eventually build up a portfolio of properties for self-management, we continued to develop and sell residencies according to our forward funding model. However, we chose to postpone some production starts due to the market situation. We scrutinize every project to optimize every deal.

How do you see your financing for 2024 and beyond?

A lot looks positive, inflation is decreasing and market interest rates seem to be on the way down. We have good relationships with the banks and our business qualifies for green financing. I look forward to starting production on new projects in 2024.



Projects and properties

[7,490 residential units in
production →](#)

[Our building rights portfolio →](#)

[Investment properties →](#)

[Value and valuation →](#)



7,490 residential units in production

7,490 residential units in production

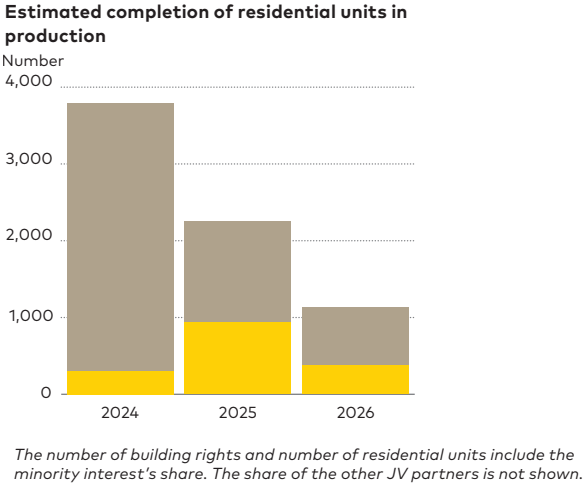
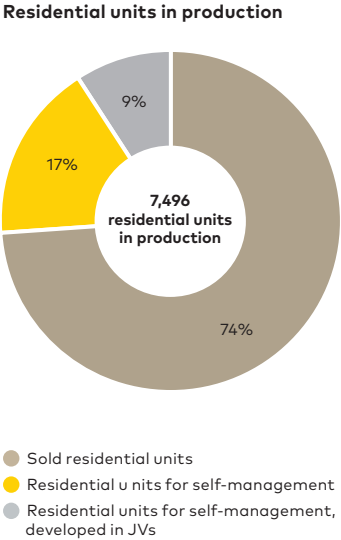
Our building rights portfolio →

Investment properties →

Values and valuation →

As of 31 December 2023, Magnolia Bostad had 7,490 residential units in production. Most of the units, around 75%, have been sold and around 25% are for self-management. Magnolia Bostad manages all projects, including sold projects, until completion.

In 2023, we completed 1,932 residencies. Since its inception in 2009, Magnolia Bostad has completed over 8,600 residential units. Our ambition is for all completed housing to be environmentally certified according to the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or another equivalent standard. For 2023, environmentally certified housing, or housing prepared for environmental certification, amounted to 100% of the total number of completed residencies.



Building rights portfolio

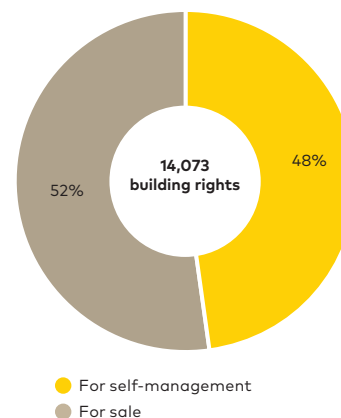
Magnolia Bostad has one of Sweden's largest building rights portfolios. We develop rental accommodation, tenant-owner apartments and community service properties. Our housing is developed as individual projects or as part of a larger project when a completely new neighbourhood emerges.

Our building rights portfolio consisted of just over 14,400 building rights at the end of December 2023. Just over half are intended for developing for self-management and the other half for sale. Our ambition is to reach a percentage of at least 10% for all projects developed for sale. Due to the weak market, Magnolia Bostad started production on few projects during the year.

The number of housing starts in production throughout Sweden decreased sharply in 2023 for the second year in a row and is at a very low level at the beginning of 2024. However, thanks to declining inflation and forecasts of lower interest rates there are conditions for a gradual recovery in 2024.

For reference projects, see our website www.magnoliabostad.se

Building rights portfolio



Number of building rights include minority interest shares, JV partner's share is not shown.



In Upplands-Bro, Magnolia Bostad is developing a new community with 2,300 residential units, 112 residential units were completed in 2023 for self-management.

Investment properties

- 7,490 residential units in production →
- Our building rights portfolio →
- Investment properties
- Value 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 partner each buy a part of the property.

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 a socially sustainable perspective.

Properties in self-management
As of 31 December 2023, properties for self-management had a property value of SEK 1,000 m and generated an annual rental value of SEK 53 m.

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	Carrying amount, 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	537	26,236	1,000	0	1,000	53
Properties for self-management, in production	1,930	84,646	2,234	1,792	4,606	229
Total	2,466	110,881	3,234	1,792	5,606	283

The carrying amount 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 109.

Production-started properties for self-management
As of 31 December 2023, production-started properties for self-management were estimated to have a property value of SEK 4.6 bn upon completion and generate an annual rental value of SEK 225 m.

These projects are expected to be completed between 2024 and 2029. Remaining investments in these projects amounted to SEK 1.8 bn 31 on December 2023 and the remaining estimated undiscounted surplus value was SEK 0.7 bn.

Building rights portfolio for self-management-
Non-production-started properties for self-management are estimated to have an undiscounted surplus value of SEK 4.1 bn where there are zoning plans in force. The value is assessed after considering the initial estimate of costs for demolition, development, planning costs, etc.

Values and valuation

- 7,490 residential units in production →
- Our building rights portfolio →
- Investment properties →
- 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 109](#).

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

Method – valuation of properties for self-management

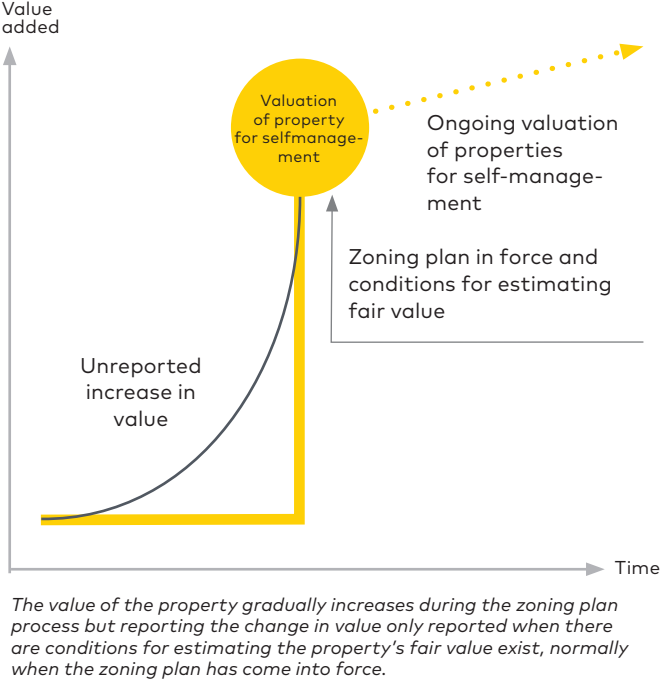
Managed properties and production-started properties are reported at fair value in accordance with the accounting standard IAS 40. Before a zoning plan comes into force, it is difficult to reliably estimate fair value, which means that properties without a zoning plan are reported at acquisition value, 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 pages 107-108](#).

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. 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).



Property portfolio properties for self-management

7,490 residential units in production →
Our building rights portfolio →
Investment prooerties →
Value and valuation

As of 31 December 2023 Magnolia Bostad had seven completed properties with a carrying amount of SEK 1,000 m, of which two via subsidiaries and three via JVs. We also have 16 production-started properties for self-management, five projects owned via subsidiaries and 11 projects owned by JVs. Magnolia Bostad's share of properties in production amounted to SEK 2,234 m and the corresponding value of properties that have not started production amounted to SEK 1,742 m.

Completed investment properties

The Valfisken project in Västerås and Brogårdsstaden 2 project in Upplandsbro were completed during 2023. Valfisken is owned through a JV with Slättö Core Plus Holding AB. Brogårdsstaden was acquired from a JV with Heimstaden in connection with completion.

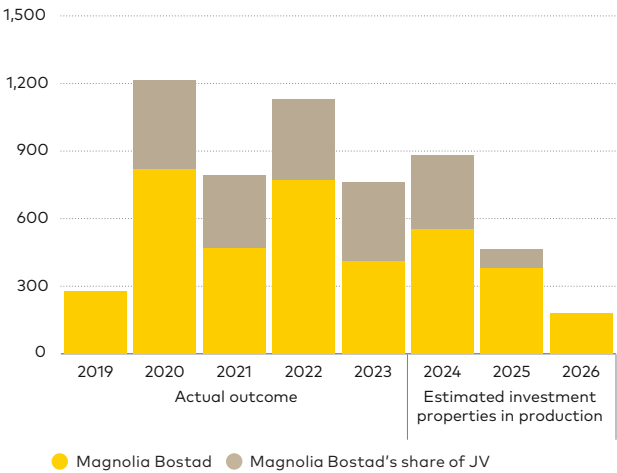
Investments and acquisitions

Investments and acquisitions during the year amounted to SEK 1,065 m. The corresponding figure for last year was SEK 1,488 m. Of the year's investments and acquisitions, SEK 702 m were by subsidiaries and SEK 363 million by JVs with JV partners.

Estimated value at completion of investment properties in production

The property value for completed properties totalled SEK 1,000 m as of 31 December 2023. Upon completion of properties in production, the total property value was estimated to amount to SEK 6,219 m as of 31 December 2023. Magnolia Bostad's share amounted to SEK 4,573 m in property value and SEK 192m in rental value.

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



Changes in value of self-management properties

SEKm	2023	2022
Fair value at the start of the period	2,489	2,276
Reclassifications	0	-324
Investments and acquisitions	702	769
Change in value	-106	-233
Sales	0	0
Fair value at the end of the period	3,085	2,489

Property value of properties for self-management owned by JVs

SEKm	2023	2022
Fair value at the start of the period	3,448	2,884
Reclassifications	0	-58
Investments and acquisitions	727	719
Change in value	-182	-98
Sales	-210	-
Fair value at the end of the period	3,783	3,448

Fair value valuation inputs 31 December 2023:
Discount rate, range: 5.83-6.69%
Required rate of return, range: 3.75-5.75%

Changes in value

7,490 residential units in production →

Our building rights portfolio →

Investment properties →

Value and valuation

Value changes on properties for self-management were still negative in 2023 as a result of inflation, rising costs for financing and increased required rate of returns, which was to some extent countered by favourable rent increases.

Magnolia Bostad reported a change in value of SEK -106 m on properties owned during 2023. Reported changes in value of investment properties in JVs amounted to SEK -91 m, where Magnolia Bostad's JV share was SEK -45 m.

Reported changes in value according to the income statement amounted to SEK -104 m, the difference of SEK 2 million being due to earnings effects that arose during the year from properties sold to JVs in previous years.

Development gains arise mainly through the work Magnolia Bostad puts in to ensure zoning plans come into force as well as during production as uncertainty and thus risk deductions decrease.

Changes in value, own investment properties	2023 Jan-Dec	2022 Jan-Dec
Changes in net operating income	150	-88
Changes in projects costs	-21	-102
Project development	96	107
Changes in direct yield	-331	-145
Sales	2	2
Sales to JVs	-	-3
Total	-104	-230

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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 01/01/2023-31/12/2023.

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 residential sector.

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

The number of production-started residential units was 57 (949) and the number of units sold during the period was 0 (60)

Business concept, targets and strategy

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

Business targets

Just over 6,000 completed residencies in self-man-agement. This refers to Magnolia Bostad's sole own-ership and the company's ownership share in JVs.

Financial overview

Amounts in SEK m unless otherwise specified	2023	2022	2021	2020	2019
Net sales	305	569	1,268	2,358	896
Gross profit/loss	-147	-226	151	594	30
Operating profit/loss	-595	-747	260	906	366
Profit/loss after financial items	-871	-929	75	725	194
Net profit/loss for the year	-868	-863	50	688	157
Interest coverage ratio (multiple)	neg	neg	0,8	4,1	1,4
Balance sheet total	6,350	6,908	6,219	5,297	4,067
Equity	1,978	2,245	2,406	1,733	1,141
Equity/assets ratio (%)	31.2	32.5	38.7	32.7	28.1
Return on equity, %	neg	neg	3.6	49.4	13.2
Earnings per share after tax, kr	-21.34	-20.89	1.59	17.4	3.41
Earnings per share after full dilution, SEK	-21.34	-20.89	1.59	17.4	3.41
Equity per share, SEK	54.00	58.89	44.34	42.95	27.55
Earnings per share, SEK) ¹⁾	0	0	0	0	2 ²⁾
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 page 81.

Contents	Our business	Sustainable urban development	Financing	Projects and properties	Directors' report and financial reports	Sustainability reporting	Corporate governance and other information
<div>Table of contents →</div> <div>Directors' report</div> <div>Consolidated financial statements →</div> <div>Parent company's financial statements →</div> <div>Additional information and notes →</div> <div>Declaration by the Board →</div> <div>Auditor's report→</div> <div>Multi-year overview →</div> <div>Alternative KPIs →</div>	<p>The equity/assets ratio for the Group must be at least 30%. The equity/assets ratio at the end of the year was 31.2% (32.5).</p> <p>As of December 31, 2023, Magnolia Bostad was active in the areas of rental accommodation, tenant-owned apartments and community service property. 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.</p> <p>Legal structure As of 31 December 2023, the Magnolia Bostad Group consisted of 284 companies (289) reported in accordance with the equity method.</p> <p>Organization As of 31 December, Magnolia Bostad's organization was divided into the following departments: Business Development, Project Development, Business Generation, Architects, Business management and Finance. As of 31 December 2023, the company's organization consisted of 98 employees (104), of which 42 women (46) and 56 men (58) at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå.</p> <p>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</p>	<p>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 9-12 and 82-92.</p> <p>Ownership structure Since September 2021, Magnolia Bostad AB has been owned by HAM Nordic AB, which is controlled by funds and entities managed and advised by Areim AB.</p> <p>Earnings, financial position and cash flow <i>The Group</i> Net sales for the financial year amounted to SEK 305 m (569) and consisted mainly of sales of development and project properties. During the year Magnolia Bostad has recognized revenue for 0 residential units compared with 60 residential units last year.</p> <p>The operating loss was SEK 595 m (-747) and includes changes in the value of investment properties of SEK -104 m (-230).</p> <p>The costs for central administration fell by SEK 22 m and amounted to SEK -76 m (-98).</p> <p>Net financial items amounted to SEK -276 m (-182). The Group's interest expenses increased due to interest rate increases. The loss after tax for the full year was SEK 868 m (-863). The tax for the period was SEK 3 m (67) and consisted of deferred tax for temporary differences on investment properties.</p>	<p>The balance sheet total fell by SEK 558 m to SEK 6,350 m (6,908). The Group's equity as of 31 December 2023 amounted to SEK 1,978 m (2,245) with an equity/asset's ratio of 31.2 % (32.5). Equity attributable to non-controlling interests amounted to SEK -64 m (18).</p> <p>Total interest-bearing loans as of 31 December 2023 amounted to SEK 3,199 m (3,021). Interest-bearing net liabilities, after deductions for cash and cash equivalents of SEK 331 m (772), amounted to SEK 2,868 m (2,249). At the end of the year, Magnolia Bostad's average interest rate was 9.8% (8.3). The average tied-up capital period, excluding deposits and the overdraft facility, amounted to 1.6 years (2.3) as of 31 December 2023.</p> <p>The consolidated cash flow from operating activities amounted to SEK -427 m (-404), cash flow from investment activities was SEK -753 m (-465) and cash flow from financing activities was SEK 737 m (1,408). Cash and cash equivalents as of 31 December 2022 stood at SEK 772 m (233). In addition to cash and cash equivalents, there was unutilized credit of SEK 358 m (726) as of 31 December 2023.</p> <p><i>Parent company</i> The parent company's loss after financial items amounted to SEK 26 m (-19). The balance sheet total was SEK 3,754 m (3,534). The equity/assets ratio in the parent company was 57.6% (45.2).</p> <p>The project portfolio The total number of estimated building rights in the portfolio as of 31 December 2023 was 14,073 (18,828).</p>				

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In 2023, 0 residential units were sold, compared with 60 units from 1 project in 2022. During the year, 1,932 residential units were completed, compared with 901 units last year.

Auditors

At the Annual General Meeting on 27 April 2023, the auditing company Ernst & Young AB was re-elected as the company's auditor for the period until the end of the 2024 Annual General Meeting.

Corporate governance and the work of the Board

Magnolia Bostad is a Swedish limited liability compa-ny 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.

On 27 March 2023, the company held an Extraordi-nary General Meeting where the Meeting decided, among other things, to elect Martin Svensson and Anders Lif as deputy directors for the period until the end of the next annual general meeting.

The 2023 Annual General Meeting took place on 27 April 2023. One shareholder (1) attended the meeting and represented 100% of the votes (100).

The 2023 Annual General Meeting resolved on the following:

- Adoption of the income statement and balance sheet for the financial year 2022 and appropriation of profits.

- Granting of discharge from liability for the mem-bers of the Board and the CEO for the financial year 2022.
- Adoption of remuneration to the auditors and that no board fee shall be paid to the board members.
- Re-election of the Board members Erika Olsen, Johan Bengtsson, Therese Rattik, Erik Rune, Fredrik Tibell and Fredrik Holmström and re-election of Leif Andersson, Martin Svensson and Anders Lif as deputies.
- 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.

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

On 3 July 2023, the company held an Extraordinary General Meeting. The Meeting decided, among other things, on the election of a new Board to apply for the period until the end of the next Annual General Meet-ing. Johan Bengtsson, Erika Olsén and Therese Rattick were elected as new board members, and Leif Anders-son, Martin Svensson and Anders Lif were elected as deputies. Erika Olsén was elected Chairman of the Board. Fredrik Holmström, Erik Rune and Fredrik Tibell left the Board as a result of ownership changes in Magnolia Bostad's owner company HAM Nordic AB.

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

On 14 March, Magnolia Bostad AB received approval from the bondholders regarding changes to the terms of its outstanding bond of SEK 400 m maturing in April 2024. The changed terms are available on the company's website.

Proposed appropriation of company profits

The following is available to the Annual General Meet-ing, SEK:

Share premium reserve	180,323,859
Profit/loss carried forward	1,911,485,590
Net profit/loss for the year	-79,206,821

Summa	2,012,602,628
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<i>The Board proposes:</i>	
To be carried forward	2,012,602,628

Total	2,012,602,628
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Risk management

Magnolia Bostad monitors and manages the various risks that arise in conjunction with its operations on a continual 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) financial 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 risks

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 continual 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 signed for the acquisition of land.

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

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municipalities can reduce these risks.

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: medium

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.

Improper workload and ill health

Risk assessment: low

Description: Improper workload can lead to ill-health and stress-related illnesses.

Management: The company works preventively through conversations and correction of workloads and through all managers undergoing work environment training. All employees are covered by health-care insurance and rehabilitation insurance. To promote health and well-being, all employees are offered wellness allowances and joint 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 has zero tolerance regarding bribery and corruption and the company's code of conduct contains clear guidelines and requirements against this.

The code of conduct is included as part of the introductory training for new employees, who also confirm by signing that they have read the code. The code of conduct reflects the company's values and contains the guidelines and requirements the company places on all employees and business partners in action and conduct.

Magnolia Bostad also has a policy for identifying and handling conflicts of interest. A whistleblower function is available on the company's website and intranet, where suspected violations can be reported according to the instructions in the whistleblower function.

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 lifecycle analysis where the environmental impact is identified 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.

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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 a continual 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: medium

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 a continual asis. 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 monitoring 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: medium

Description: If cash and cash equivalents are not available to pay current costs, investments and repayments on their due dates.

Management: Future cash flows are continuously forecasted based on various scenarios to ensure that financing takes place on time.

Interest rate risk

Risk assessment: medium

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.

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Consolidated income statement

Amounts in SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
Net sales	5, 6	305	569
Production and operating costs	11	-452	-795
Gross profit/loss		-147	-226
Central administration	8, 9	-76	-98
Profit/loss from participations in associated companies and joint ventures	10	-268	-193
Change in value, investment properties	19	-104	-230
Operating profit/loss	7, 9, 11	-595	-747
Financial income	12	19	19
Financial expenses	13	-295	-201
Profit/loss before tax		-871	-929
Income tax	14	3	67
NET PROFIT/LOSS FOR THE PERIOD		-868	-863
Profit/loss attributable to			
Parent company shareholders		-807	-790
Non-controlling interests		-61	-73
Earnings per share (SEK)	15		
Before dilution effects		-21.34	-20.89
After dilution effects		-21.34	-20.89

Consolidated statement of comprehensive income

Amounts in SEK m	2023 Jan-Dec	2022 Jan-Dec
Net profit/loss for the period	-868	-863
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Total other comprehensive income	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-868	-863
Comprehensive income attributable to		
Parent Company shareholders	-807	-790
Non-controlling interests	-61	-73

Comments on the consolidated income statement

Net sales amounted to SEK 305 m (569) and the operating loss was SEK 595 m (-747). The loss before tax for the year was SEK 871 m (-929).

Net sales are mainly explained by a sale of building rights, further invoicing to sold projects and a local sale within the framework of the Nya Hovås project in Göteborg. In total, revenue from property sales amounted to SEK 58 m (206). Rental income amounted to SEK 32 m (19). Operating expenses for properties that generate rental income amounted to SEK -27 m (-11), which means that their contribution to the operating loss was SEK 5 m (8). Income from project management services amounted to SEK 49 m (49), other invoicing for the projects and other income contributed SEK 166 m (295) to the sales figure

The costs for central administration amounted to SEK -76 m (-98). The reduction is due to the cost savings scheme implemented during the second half of 2022. The loss from associated companies amounted to SEK 268 m (-193) mainly affected by negative changes

in the value of properties in jointly owned JVs as a result of increased yield requirements and financing expenses. Changes in the value of investment properties in own books amounted to SEK -104 m (-230), where increased yield requirements were the primary negative factor, which was to some extent countered by favourable rent increases, while project development contributed SEK 96 m in positive value changes.

Net financial items

Net financial items amounted to SEK -276 m (-182). The Group's interest costs have increased due to interest rate increases and an increased loan volume, at the same time that interest-bearing deposits to JVs have decreased.

Profit/loss for the year

The loss for the year was SEK 868 m (-863) and included SEK 3 m (67) in income tax. The reported income tax for the year refers to deferred tax on temporary differences in investment properties and changes in capitalized loss deductions.

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Consolidated statement of financial position

Amounts in SEK m	Note	2023 31 Dec	2022 31 Dec
ASSETS			
Non-current assets			
Goodwill	16	-	6
Other intangible assets	17	0	1
Total intangible assets		0	7
Investment properties	19	3,085	2,489
Right of use assets	7	47	49
Machinery and equipment	18	2	4
Total property, plant and equipment		3,134	2,541
Shares in associated companies and joint ventures	20	338	515
Receivables from associated companies	34	78	192
Other long-term receivables	21	509	910
Total financial assets		925	1,618
Total non-current assets		4,059	4,166
Current assets			
Development and project properties	22	1,426	1,348
Tenant-owned apartments		4	4
Accounts receivable	23	18	17
Receivables from associated companies	34	135	149
Other receivables	24	355	439
Prepaid expenses and accrued income	25	21	13
Cash and cash equivalents	26	331	772
Total current assets		2,290	2,742
TOTAL ASSETS		6,350	6,908

Comments to the consolidated statement of financial position

The Group's balance sheet total fell to SEK 6,350 m, compared with SEK 6,908 m at the start of the year. Properties held for long-term management are reported as investment properties and totalled SEK 3,085 m (2,489).

Long-term and current receivables from associated companies and JVs decreased by SEK 128 m to SEK 213 m (341).

Of long-term and other receivables totalling SEK 864 m (1,349) SEK 727 m (1,172) was receivables from buyers of projects, primarily from our partners and large Swedish institutions, while SEK 74 m (110) related to deposits paid for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 298 m (370) 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

increased as a result of continued investments in the building rights portfolio, while at the same time they were affected by write-downs of certain projects that are not thought to be able to be carried out profitably under the current market conditions. Development and project properties have increased by a total of SEK 78 m and amounted to SEK 1,426 m (1,348).

Shares in associate companies and JVs decreased by SEK 177 m to SEK 338 m (515), mainly due to negative changes in the value of properties in jointly-owned JVs and financing expenses.

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Consolidated statement of financial position

Amounts in SEK m	Note	2023 31 Dec	2022 31 Dec
EQUITY AND LIABILITIES	1		
Equity	27		
Share capital		151	151
Other capital contributions		2,155	1,528
Retained profits incl. net profit/loss for the period		-264	548
Equity attributable to Parent Company shareholders		2,042	2,227
Non-controlling interests		-64	18
Total equity		1,978	2,245
Non-current liabilities			
Deferred tax liability	28	24	27
Non-current interest-bearing liabilities	29	2,339	2,515
Non-current liabilities to associated companies	34	25	24
Non-current lease liabilities	7	33	36
Other long-term liabilities	29	115	906
Total long-term liabilities		2,537	3,507
Current liabilities			
Current interest-bearing liabilities	29	860	506
Current lease liabilities	7	19	18
Accounts payable		27	33
Liabilities to associated companies	34	11	11
Income tax liabilities		0	0
Other current liabilities	29	702	402
Accrued expenses and deferred income	30	216	185
Total current liabilities		1,835	1,155
TOTAL EQUITY AND LIABILITIES		6,350	6,908

Comments on the consolidated statement of financial position

Equity and equity/assets ratio
As of 31 December 2023, consolidated equity amounted to SEK 1,978 m (2,245) with an equity/assets ratio of 31.2% (32.5). Of consolidated equity, SEK -64m (18) is attributable to holdings with a non-controlling influence.

During 2023, Magnolia Bostad received new capital contributions in the form of unconditional shareholder contributions of SEK 627 m, of which SEK 327 m refers to shareholder loans including accrued interest converted to unconditional shareholder contributions.

Interest-bearing liabilities
Total interest-bearing loan liabilities, including interest-bearing deposits, amounted to SEK 3,199 m (3,021) as of 31 December 2023. The main part of Magnolia Bostad's liabilities consists of bonds with a book value of SEK 1,418m, project-related liabilities of SEK 685 m, building credits of SEK 449 m and promissory notes of SEK 337 m.

Repayment of project-related liabilities takes place in connection with Magnolia Bostad's handover or in connection with final payment being received from the buyer at the project's completion.

Remaining interest-bearing liabilities consist of deposits received of SEK 58 m and secured property loans of SEK 252 m. The average capital commitment period, excluding down payments, amounted to 1.6 years as of 31 December 2023, compared to 2.3 years as of 31 December 2022.

After deductions for cash and cash equivalents of SEK 331 m (772), interest-bearing net liabilities amounted to SEK 2,868 m (2,249). Receivables from buyers amounted to SEK 727 m (1,172), interest-bearing net liabilities after deductions for receivables from buyers amounted to SEK 2,141 m (1,077).

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Consolidated cash flow statement

Amounts in SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
Operating activities	1		
Profit/loss after financial items		-871	-929
<i>Adjustments for non-cash items, etc</i>			
Less share of profit/loss from associated companies and joint ventures		267	193
Retained dividend from associated companies		-	3
Depreciation/amortization and impairment of assets		212	119
Fair value changes, investment properties		105	230
Capital gains/losses from the sale of development properties		-34	27
Profit from sale of other long-term securities		-	-5
Other profit/loss items that do not affect liquidity		10	9
Income tax paid		-	0
Cash flow from operating activities before changes in working capital		-311	-353
Changes in development and project properties		-447	-571
Changes in operating receivables		449	641
Changes in operating liabilities		-118	-122
Cash flow from operating activities		-427	-404
Investment activities			
Acquisition of intangible fixed assets		-	-
Investments in investment properies		-702	-395
Acquisition of machinery and equipment		-1	-
Disposal of investment properties		27	-
Investments in financial assets		-77	-105
Disposal/reduction of financial assets		-	35
Cash flow from investment activities		-753	-465

Amounts in SEK m	Note	2023 Jan-Dec	2022 Jan-Dec
Financing activities			
Shareholder contribution		300	700
Borrowings		915	1,004
Repayment of borrowings		-434	-277
Repayment of leasing liabilities		-20	-19
Acquisition of non-controlling interests		-24	-
Cash flow from financing activities		737	1,408
Cash flow for the period		-442	539
Cash and cash equivalents at the beginning of the period		772	233
Cash and cash equivalents at the end of the period		331	772

Interest received amounted to SEK 12 m (11). Interest paid amounted to SEK -281m (-172).

Comments to the consolidated cash flow statement

The Group's cash flow from operating activities amounted to SEK -427 m (-288). The year's cash flow was affected by investments in the project portfolio. The cash flow from operating activities excluding investments and other changes in development and project properties, amounted to SEK 20 m (167).

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 -753 m (-465) and was affected by investments in investment properties of SEK-702 m (-395). The cash flow from financing activities amounted to SEK 737 m (1,408).

Cash and cash equivalents as of 31 December 2023 amounted to SEK 331 m compared with 772 m on 31 December 2022. In addition to cash and cash equivalents, unutilized credit facilities of SEK 358 m (726) were available as of 31 December 2023.

Consolidated statement of changes in equity

Amounts in SEK m	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/ loss for the year	Non-controlling interests	Total equity
Opening equity 01/01/2022	151	823	–	1,342	89	2,406
Net profit/loss for the period	–	–	–	–790	–73	–863
Other comprehensive income	–	–	–	0	0	0
Transactions with owners						
Interest on hybrid loan	–	–	–	–5	–	–5
Redemption of hybrid loans	–	–640	–	–	–	–640
Shareholder contributions	–	1,345	–	–	–	1,345
Closing equity 31/12/2022	151	1,528	–	548	18	2,245

Amounts in SEK m	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/ loss for the year	Non-controlling interests	Total equity
Opening equity 01/01/2023	151	1,528	-	549	18	2,245
Acquisition of non-controlling interests	-	-	-	-5	-20	-25
Net profit/loss for the period	-	-	-	-807	-61	-868
Other comprehensive income	-	-	-	0	0	0
Transactions with owners						
Shareholder contributions	-	627	-	-	-	627
Closing equity 31/12/2023	151	2,155	-	-264	-64	1,978

For more information, see Note 27 – Share capital and other contributed capital.

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Parent company's income statement

Amounts in SEK m	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Net sales	5, 6	26	29
Total income		26	29
Central administration	7, 8, 9	−49	−51
Operating profit/loss	11	−23	−22
Profit/loss from participations in associated companies	10	0	0
Financial income	12	188	144
Financial expenses	13	−191	−141
Profit/loss after financial items		−26	−19
Tax on profit/loss for the period	34	−53	−67
Group contributions	14	0	0
NET PROFIT/LOSS FOR THE PERIOD		−79	−86

Parent company's statement of comprehensive income

Amounts in SEK m	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Net profit/loss for the year		−79	−86
Other comprehensive income		0	0
COMPREHENSIVE INCOME FOR THE YEAR		−79	−86

Parent company's balance sheet

Amounts in SEK m	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Participations in Group companies	33	123	102
Receivables from Group companies	34	0	0
Participations in associated companies		19	22
Total non-current assets		142	124
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	34	3,367	3,010
Receivables from associated companies	34	0	0
Other receivables	24	7	4
Prepaid expenses and accrued income	25	0	0
Total current receivables		3,374	3,014
Cash and bank balances	26	237	396
Total current assets		3,611	3,410
TOTAL ASSETS		3,754	3,534

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Parent company's balance sheet (cont)

Amounts in SEK m	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	27	151	151
Total restricted equity		151	151
<i>Non-restricted equity</i>			
Share premium reserve		180	180
Profit/loss carried forward		1,911	1,350
Net profit/loss for the year		–79	–86
Total non-restricted equity		2,013	1,444
Total equity		2,164	1,596
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	29	1,018	1,411
Total non-current liabilities		1,018	1,411
<i>Current liabilities</i>			
Interest-bearing shareholder loans	29	458	373
Accounts payable		0	1
Liabilities to Group companies	34	85	125
Other current liabilities		0	1
Accrued expenses and deferred income	30	29	29
Total current liabilities		572	528
Total liabilities		1,590	1,939
TOTAL EQUITY AND LIABILITIES		3,754	3,534

Parent company's cash flow statement

Amounts in SEK m	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating activities		
Profit/loss after financial items	–26	–19
Adjustments for non-cash items, etc.		
Dissolution of setting-up fees	5	7
Depreciation and impairment of assets	6	0
Tax paid	0	0
Cash flow from operating activities before changes in working capital	–15	–12
Cash flow from changes in working capital		
Decrease(+)/increase(-) in current receivables	–454	–835
Decrease(+)/increase(-) in current liabilities	9	51
Cash flow from operating activities	–460	–796
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		
Shareholder contributions	300	700
Borrowings	0	668
Repayment of borrowings	0	–234
Cash flow from financing activities	300	1,134
Cash flow for the year	–159	338
Cash and cash equivalents at the beginning of the year	396	59
Cash and cash equivalents at the end of the year	237	396

Interest received amounted to SEK 5 m (7). Interest paid amounted to SEK –165 m (–132).

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Parent company’s 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 01/01/2022	151	820	10	982
Net profit/loss for the year	–	–	–86	–86
Other comprehensive income	–	–	0	
Transactions with owners				
Redemption of hybrid loans	–	–640	–	–640
Received shareholder contributions	–	–	1,345	1,345
Interest on hybrid loan	–	–	–5	–5
Closing equity 31/12/2022	151	180	1,264	1,596

Amounts in SEK m	Share capital	Share premium reserve	Retained profits incl. net profit/loss for the year	Total equity
Opening equity 01/01/2023	151	180	1,264	1,596
Net profit/loss for the year	–	–	–79	–79
Merger results	–	–	21	21
Other comprehensive income	–	–	0	0
Transactions with owners				
Received shareholder contributions	–	–	627	627
Closing equity 31/12/2023	151	180	1,833	2,164

For more information, see **Note 27**.

Additional information and notes

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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 were approved by the Board of Directors on 12 April 2024 and will be submitted to the Annual General Meeting for approval on 25 April 2024.

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 million. 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 reports are prepared according to the assumption of survival

The Group's accounting principles have been applied consistently to the accounts and consolidation

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 organization 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.

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This means that Magnolia Bostad reports unoccupied tenant-owned apartments as ongoing work within the asset item project and development properties.</p> <p><i>Reporting of associated companies and joint arrangements</i></p> <p>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. Magnolia Bostad currently does not have any companies that are considered joint operations.</p> <p>Joint ventures are arrangements in which Magnolia Bostad is entitled to the net assets and the investment is reported using the equity method. Assets 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.</p>	<p>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.</p> <p>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 the consolidated profit/ loss and the consolidated share of other comprehensive income is included in other comprehensive income in the Group.</p> <p><i>Elimination of transactions between Group companies</i></p> <p>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</p>	<p>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.</p> <p><i>Segments</i></p> <p>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..</p> <p>Revenue recognition</p> <p>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.</p> <p>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</p>	<p>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.</p> <p><i>Revenue recognition of project management agreements</i></p> <p>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.</p> <p><i>Revenue recognition of projects (property)</i></p> <p>Magnolia Bostad considers that the time of revenue recognition of projects (property) is when control has been passed to the buyer. The buyer is usually a stable Swedish institution or a property company. The control is deemed to pass when (i) a binding agreement is entered into with a purchaser of the project (the property), (ii) local planning is in place, and (iii) a binding turnkey contract</p>			

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has been entered into with a contractor. The turnkey contract is signed by or transferred to the buyer. 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.

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. Variable consideration in the transaction price linked to the area consists of zonal planning risk and any risk in the turnkey contract. Planning risk is based on due diligence regarding the local zonal planning work and is reported as revenue when the building permit gains 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.

Sale of tenant-owned apartments
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.

Rental income
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.

Remuneration to employees and the Board of Directors
Remuneration to employees in the form of salaries, paid vacation, paid absence due to illness, etc., and pensions are reported as earned.

Defined-contribution pensions
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.

Remuneration in case of termination
A provision is recognized in connection with the dismissal of personnel only if the company is demonstrably obliged to terminate an employment before the normal time or when remuneration is provided as an offer to encourage voluntary resignation.

Financial income and expenses
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.

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.

Leasing – lessor
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.

Leasing - lessee
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. 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

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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 other 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. 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.

Tangible assets
Tangible assets 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. Tangible assets are reported at cost after deductions for depreciation according to plan and any impairment

Depreciation and amortization principles for intangible and tangible assets
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

Contents	Our business	Sustainable urban development	Financing	Projects and properties	Directors' report and financial reports	Sustainability reporting	Corporate governance and other information
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Any tax discounts at acquisition reduce the property's cost.</p> <p>Provisions and contingent liabilities</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>Financial instruments</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><i>Cash and cash equivalents and blocked accounts</i></p> <p>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</p>	<p>financing of investments in properties as well as rent deposits and are reported as Other receivables.</p> <p><i>Classifications of liability and equity instruments are described below:</i></p> <p>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:</p> <p><i>Financial assets measured at accrued acquisition value</i></p> <p>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.</p> <p>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.</p>	<p>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.</p> <p><i>Financial assets measured at fair value through the income statement</i></p> <p>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.</p> <p>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 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.</p> <p><i>Financial assets measured at fair value through the income statement</i></p> <p>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.</p>			

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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 2022 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.

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 21 - Other long-term receivables and Note 24 - Other receivables.

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 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, rental income and appreciation. Investment properties are measured at fair value and the change in value is recorded in the income statement. Executive management makes an individual

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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 2023 and 2022, 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 2023, 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/assets 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 m 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 331 m (772). In addition to cash and cash equivalents, there were unutilized credit facilities of SEK 358 m (726).

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 31/12/2023	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	1,118	1,854	468	6	160
Leasing liabilities	22	9	7	11	17
Liabilities to associated companies	11	25	–	–	–
Accounts payable	27	–	–	–	–
Other liabilities	691	89	26	–	–
Total	1,869	1,977	501	17	177

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Maturity analysis 31/12/2023	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	739	776	1,488	384	151
Leasing liabilities	21	18	5	10	10
Liabilities to associated companies	18	36	–	–	–
Accounts payable	33	–	–	–	–
Other liabilities	158	894	12	–	–
Total	968	1,724	1,505	394	161

Of the cash flows from interest-bearing liabilities within 0-1 years of SEK 1,118 m (739) SEK 736 m (512) occurs within six months and SEK 324 m (227) 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 handing over the project, when sales proceeds are received from the project buyers. Loans with property mortgages amount to SEK 719 m falling due from 2024 to 2026 deemed to be able 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/as-sets 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 1,433 m (2,484). 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 864 m (1,349), including receivables for property sales, SEK 474 m (732) refers to receivables on counterparties with an investment grade credit rating from an independent rating in-

stitute. 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 Trenum, Wikovia och PFA Bostad. The claims on these three counterparties amount to SEK 215 m.

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 fixation period for project development and a longer interest rate fixation period for properties for self-management

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 –295 m (–201) and the average interest rate at the end of the year amounted to 9.8% (8.2). An increase in STIBOR 3M by one percentage point would increase the Group's interest rate expense for the financial year by around SEK 29 m (23).

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 2023, the Group's strategy was to maintain an equity/assets ratio of at least 30%. The equity/assets ratio on 31 December 2023 was 31.2 (32.5). The Group's strategy is unchanged compared to last year.

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FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2023 Group	Financial assets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued acquisition value
Assets in the balance sheet			
Receivables from associated companies	–	213	–
Other long-term securities held	–	–	–
Other long-term receivables	–	509	–
Accounts receivable	–	18	–
Other receivables	–	355	–
Prepaid expenses and accrued income	–	7	–
Cash and cash equivalents	–	331	–
Total	–	1,433	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	2,339
Liabilities to associated companies	–	–	36
Other non-current liabilities	–	–	115
Leasing liabilities	–	–	52
Current interest-bearing liabilities	–	–	860
Accounts payable	–	–	27
Other current liabilities	–	–	41
Accrued expenses and deferred income	–	–	105
Total	–	–	3,575

The carrying amount of all financial assets 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 1,111 m (1,215) compared to the carrying amount of SEK 1,418 m (1,411). Fair value for the bonds 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 considered 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 value

FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2022 Group	Financial assets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued acquisition value
Assets in the balance sheet			
Receivables from associated companies	–	342	–
Other long-term securities held	–	–	–
Other long-term receivables	–	910	–
Accounts receivable	–	17	–
Other receivables	–	439	–
Prepaid expenses and accrued income	–	3	–
Cash and cash equivalents	–	772	–
Total	–	2,484	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	2,515
Liabilities to associated companies	–	–	34
Other non-current liabilities	–	–	906
Leasing liabilities	–	–	54
Current interest-bearing liabilities	–	–	506
Accounts payable	–	–	33
Other current liabilities	–	–	158
Accrued expenses and deferred income	–	–	99
Total	–	–	4,304

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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 33 - 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 -64 m (18) in the Magnolia Bostad Group.

Magnolia Holding 4 AB
In 2023, Magnolia Holding 4 acquired all the shares in Magnolia Holding 3 from Magnolia Utveckling and Videbo Invest, whereby Magnolia Holding 3 is now a wholly-owned subsidiary of Magnolia Holding 4. Videbo Invest AB's holding in Magnolia Holding 4 AB amounted to SEK -23 m (32) and share of the profit amounted to SEK -64 m (-41). During 2023, it was decided on no dividends (0) be paid to minority owners in Magnolia Holding 4 . 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 amounted to SEK 1 m (0) and the share of the profit for the year amounted to SEK 1 (0) During 2023, it was decided that no dividends (0) be paid to minority owners in Magnolia

During 2023, it was decided that no dividend (0) be paid to minority owners in Magnolia Hotellutveckling 2 AB. During 2023, minority shareholders provided a shareholder contribution of SEK 0 m (2).

Moutarde Holding AB
During 2023, all projects within the Moutarde Holding AB Group were completed. In connection with this, Magnolia Utveckling has acquired all the shares in Moutarde Holding AB, and it is now a wholly-owned subsidiary.

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

	Magnolia Holding 4 AB		Magnolia Hotellutveckling 2 AB	
	2023	2022	2023	2022
Fixed assets	3,963	1,706	0	0
Cash and cash equivalents	6	4	1	1
Other current assets	1,321	643	12	24
Total assets	5,290	2,353	13	25
Equity	-292	401	2	8
Non-current liabilities	1,020	554	-	0
Current liabilities	4,562	1,397	10	17
Total equity and liabilities	5,290	2,353	13	25
Net sales	213	185	0	20
Operating expenses	-381	-376	-6	-13
Change in value of investment property	-55	-143	-	-
Profit/loss from participations in associated companies and joint ventures	-268	-118	-	-
Net financial items	-310	-80	0	1
Income tax	6	29	-	-
Profit/loss for the year	-795	-501	-5	9

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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	
	2023	2022	2023	2022
Revenue from contracts with customers	273	550	26	29
Other income	32	19	–	–
Total	305	569	26	29

	Group		Parent Company	
	2023	2022	2023	2022
Sales, development and project properties	58	206	–	–
Total income reported at a point in time	58	206	–	–
Project management revenue	49	49	–	–
Rental income	32	19	–	–
Invoicing for projects	157	248	–	–
Other operating income	9	47	26	29
Total income recognized over time	247	363	26	29
TOTAL INCOME	305	569	26	29

Revenue from none (three) of Magnolia Bostad's customers individually exceeds 10% of Magnolia Bostad's total revenue.

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.

After selling and handing over the project, Magnolia Bostad has 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	
	2023	2022	2023	2022
Within one year	54	13	–	–
Within two years	4	1	–	–
Within three years	–	–	–	–
Within four years	–	–	–	–
Within five years	–	–	–	–
After five years	–	–	–	–
Total future leasing income	58	14	–	–

The total rental income included in the Group's income statement was SEK 32 m (19).

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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	2023	2022
Opening carrying amount	49	55
Acquisitions	17	13
Depreciation	–20	–19
Terminated contracts	0	0
Closing carrying amount	46	49

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

	Group	
Leasing liabilities	2023	2022
Opening carrying amount	54	59
Additions	17	13
Interest expense	4	4
Payments	–23	–23
Terminated contracts	0	0
Closing carrying amount	52	54
Current leasing liabilities	19	18
Non-current leasing liabilities	33	36

The maturity structure for lease liabilities is shown in Note 3 – Financial risks and financial policy.

	Group	
Reported in the income statement	2023	2022
Depreciation of right of use assets	–20	–19
Interest cost of leasing liabilities	–4	–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	4	3
Total amount reported in the income statement	–20	–21

Note 8 Disclosures regarding fees and cost reimbursement to the auditor

	Group		Parent Company	
	2023	2022	2023	2022
Ernst & Young				
auditing assignment	–2.7	–2.4	–2.7	–2.4
audit operations in addition to the audit assignment	–0.4	–0.6	–0.1	–0.1
tax advisory services	–0.2	–0.1	–0.2	–0.1
other assignments	–0.2	–0.1	–0.2	–0.1
Total	–3.5	–3.2	–3.2	–2.7

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			
	2023		2022	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	−15	−75	−13	−92
(of which bonuses etc.)	(−6)	(−2)	(−4)	(−8)
Social security expenses	−5	−27	−4	−30
Pension expenses including special employer's contribution	−3	−15	−3	−16
Total	−22	−117	−20	−138

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			
	2023		2022	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	−6	0	−4	0
(of which bonuses etc.)	(−3)	(0)	(−2)	(0)
Social security expenses	−2	0	−1	0
Pension expenses including special employer's contribution	−1	0	−1	0
Total	−9	0	−7	0

REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2022, SEK 000	Basic salary/ Board fees	Variable remuneration	Pension premiums
Erika Olsén, Chairman of the Board	−	−	−
Johan Bengtsson, member	−	−	−
Therese Rattik, member	−	−	−
Leif Andersson, deputy member	−	−	−
Anders Lif, deputy member	−	−	−
Erik Rune, member ¹⁾	−	−	−
Fredrik Tibell, member ¹⁾	−	−	−
Fredrik Holmström, former Chairman of the Board ¹⁾	−	−	−
Johan Tengelin, CEO	−2,941	−3,069	−872
Other senior executives, 4 people	−6,051	−2,498	−1,517
Summa	−8,992	−5,567	−2,389

¹⁾ Was part of the Board until 3 July 2023

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REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2022, SEK 000	Basic salary/ Board fees	Variable remuneration	Pension premiums
Fredrik Holmström, Chairman of the Board	–	–	–
Johan Bengtsson, member	–	–	–
Erika Olsén, member	–	–	–
Therese Rattik, member	–	–	–
Erik Rune, member	–	–	–
Fredrik Tibell, member	–	–	–
Leif Andersson, member	–	–	–
Johan Tengelin, CEO	–2,934	–1,538	–840
Other senior executives, 4 people ¹⁾	–6,041	–2,498	–1,669
Total	–8,975	–4,035	–2,509

¹⁾ The group of senior executives increased in 2022 from 3 people at the beginning of the year to 4 people at the end of the year.

For more information, see also Note 34 – Closely related parties.

AVERAGE NUMBER OF EMPLOYEES

	Group		Parent Company	
	2023	2022	2023	2022
Average number of employees	98	115	1	1
(of which male)	(55)	(62)	(1)	(1)

GENDER DISTRIBUTION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	Group		Parent Company	
	2023	2022	2023	2022
The Board	3	6	3	6
(of which male)	(1)	(4)	(1)	(4)
CEO and Executive Management	4	5	4	5
(of which men)	(3)	(3)	(3)	(3)

Remuneration to the Board

At the 2023 AGM, it was decided that no remuneration shall be paid to the board members for the period up to and including the end of the 2024 AGM.

Executive management

The management team consisted of 4 people (5) on 31 December 2023, the CEO, deputy CEO and CFO, COO and head of business development.

Salary and other benefits for the CEO and senior executives are determined by Magnolia Bostad A

Remuneration and benefits

The CEO and other members of Executive Management are paid fixed and variable salaries.

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.

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

	Group		Parent Company	
	2023	2022	2023	2022
Profit/loss from participations in associated companies and joint ventures	-268	-193	0	0
Total	-268	-193	0	0

Of the profit/loss from participations in associated companies SEK -47 m (-38) came from Upplands Bro Brogårds Etapp 2 AB which the company owns with Heimstaden Bostad Invest AB, SEK -51 m (-16) came from Yard Holding AB and SEK -27 m (-28) from Yard Holding 2 AB which the company owns

with Slättö Core Plus Holding AB, SEK -44 m (-24) from Magsam Holding AB which the company jointly owns with Samhällsbyggnadsbolaget For more information see note 20 – Participation in associated companies and joint ventures.

Note 11 Costs for the business broken down by cost type

	Group		Parent Company	
	2023	2022	2023	2022
Operating costs	-27	-12	-	-
Production costs	-364	-728	-	-
Other external costs	-47	-68	-40	-40
Personnel costs	-140	-166	-9	-11
Depreciation/amortization and impairment	-22	-25	0	0
Other operating costs	-45	-45	0	-
Capitalized project costs	117	149	0	-
Total	-528	-893	-49	-51

Note 12 Financial income

	Group		Parent Company	
	2023	2022	2023	2022
Interest income, other	9	3	5	0
Interest income, associated companies	10	10	0	0
Profit from disposal of long-term securities holdings	-	5	-	-
Interest income, Group companies	-	-	182	143
Dividend from Group companies	-	-	-	-
Other	0	0	0	0
Total	19	19	188	144

Note 13 Financial expenses

	Group		Parent Company	
	2023	2022	2023	2022
Interest expense, external	-271	-178	-164	-118
Interest expense, shareholder loans,	-8	-8	-8	-8
Interest income, Group companies	0	0	-7	-8
Dissolution of setting-up fees	-10	-9	-7	-7
Other financial expenses	-5	-6	-5	0
Total	-295	-201	-191	-141

Interest expenses relate mainly to financial liabilities valued at accrued acquisition value and are reported according to the effective interest method.

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Note 14 Tax on profit/loss for the year

	Group		Parent Company	
	2023	2022	2023	2022
Current tax	0	0	0	0
Deferred tax for temporary differences	6	29	0	0
Capitalized loss deductions	-3	38	-	-
Total	3	67	0	0

RECONCILIATION OF REPORTED TAX

	Group		Parent Company	
	2023	2022	2023	2022
Profit/loss before tax	-871	-929	-79	-86
Nominal tax according to current tax rate (20.6%)	179	191	16	18
Tax effect of non-deductible interest expenses	-56	-39	0	-1
Tax effect of other non-deductible expenses	-28	-19	-1	0
Tax effect of non-taxable sales of investment property	0	0	-	-
Tax effect of other non-taxable income	-45	-42	1	0
Tax effect of non-capitalized loss carry-forwards	-48	-19	-16	-18
Current tax attributable to previous years	0	0	0	0
Other	2	-6	0	1
Reported effective tax (0.3%)	3	67	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 carryforwards has been capitalized since these deficits will probably not be utilized in the foreseeable future. For more information on loss carry-forwards, see note 28 – Deferred tax.

Note 15 Earnings per share

	Group	
	2023	2022
Profit/loss for the year attributable to the Parent Company's shareholders	-807	-790
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	-21,34	-20,89
Earnings per share after dilution, SEK	-21,34	-20,89

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

Note 16 Goodwill

	Group	
	31/12/2023	31/12/2022
Opening acquisition value	6	6
Impairment	-6	-
Closing carrying amount	-	6

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Note 17 Other intangible assets

	Group	
	31/12/2023	31/12/2022
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	0	1

Note 18 Machinery and equipment

	Group	
	31/12/2023	31/12/2022
Opening acquisition value	35	34
Acquisition	0	1
Closing accumulated acquisition value	35	35
Opening depreciation/amortization according to plan	–31	–27
Depreciation/amortization for the year according to plan	–2	–4
Closing depreciation/amortization according to plan	–33	–31
Closing residual value according to plan	2	4

Note 19 Investment properties

	Group	
	31/12/2023	31/12/2022
Opening fair value	2,489	2,276
Reclassification	0	–324
Investments and acquisitions	702	769
Unrealized changes in value	–106	–233
Sales to JVs	–	–
Sales	–	–
Closing fair value	3,085	2,489

Magnolia Bostad has two completed investment properties and four projects in production.

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 5.83% and 6.69% (5.88% and 6.88%) and the median amounts to 6.2% (6.11%). The direct yield requirement in valuations carried out is within the range of 3.75–5.75% (3.35–5.25%) and the median amounts to 4.20% (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, an 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

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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 2023.

SENSITIVITY ANALYSIS PROPERTY VALUATION

	Effect on value (SEK m)	Effect on equity/assets ratio, percentage points
Operating income, +/- 10%	+292/-290	+2.1/-2.3
Direct yield, +/-0.50% points	-273/+361	-2.2/+2.6

SENSITIVITY ANALYSIS PROPERTY VALUATION

Change in value before tax, %	Effect on profit/loss for the year (SEK m)	Equity/assets ratio, %
+10	245	33.4
0	-	31.2
-10	-245	28.7

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.

Note 20 Shares in associated companies and joint ventures

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening acquisition value	515	607	-	-
Acquisition	-	-	-	-
Contributions	85	115	-	-
Share of the year's profit/loss in associated companies and joint ventures	-268	-193	-	-
Dividend	0	-3	-	-
Sales	6	-11	-	-
Closing carrying amount	338	515	-	-

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 Groups share of profit/loss from individual, non-material associated companies amounted to SEK 0 m (0).

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Group company's name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Bollmora Vårdfastigheter AB	559063-2955	Stockholm	46.0%	0
Bryggkaffe Fastighetsutveckling AB	559159-7496	Stockholm	46.0%	18
Upplands Bro Brogårds Etapp 2 AB	559175-4915	Stockholm	46.0%	47
Yard Holding AB	559175-4923	Stockholm	46.0%	38
Yard Holding 2 AB	559267-5101	Stockholm	46.0%	23
Yard Holding 3 AB	559319-6818	Stockholm	46.0%	7
Bro Mälarstrand Bostad AB	559302-2402	Stockholm	46.0%	155
Österåkerporten AB	559175-4907	Stockholm	46.0%	32
Magsam Holding AB	559270-5429	Stockholm	46.0%	52
JV Edeh Bostad AB	559254-2251	Stockholm	46.0%	0
Magnolia Linnefabriken 2 AB	559304-4216	Stockholm	46.0%	0
Magnolia Projekt 623 AB	559285-8640	Stockholm	46.0%	-14
Magnolia Linnefabriken 4 AB	559307-2688	Stockholm	46.0%	-3
Magnolia Projekt 625 AB	559285-8665	Stockholm	46.0%	-17
Total				338

Internal valuations are made for all investment properties in JVs every quarter. These are also confirmed with external assessments at least once a year.

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 6.06% to 6.59% (5.58% to 6.13%) and the median amounts to 6.25%

(5.82%). The direct yield in valuations carried out is within the range of 3.98% – 4.50% (3.31-3.85%) and the median amounts to 4.16% (3.57).

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 in 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 24 to 26.

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%	+428/-431	+170/-171	+1.8/-1.9
Direct yield, +/-0.50% points	-387/+508	-154/+202	-1.7/+2.1

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Upplands Bro Brogårds Etapp 2 AB	2023	2022
Fixed assets	787	823
Cash and cash equivalents	108	103
Other current assets	123	107
Non-current financial liabilities	-492	-780
Current financial liabilities	-381	-13
Other liabilities	-49	-52
Net assets	94	188
Company's share of net assets	47	94
Net sales	16	5
Production and operating costs	-10	-4
Interest expense	-34	-40
Change in value of investment properties	-72	-43
Income tax	8	8
Profit/loss for the year	-94	-75
Company's share of profit/loss for the year	-47	-38

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	2023	2022
Fixed assets	1,051	1,120
Cash and cash equivalents	31	97
Other current assets	18	20
Non-current financial liabilities	-911	-933
Current financial liabilities	-5	-58
Other liabilities	-109	-69
Net assets	76	178
Company's share of net assets	38	89
Net sales	55	38
Production and operating costs	-18	-16
Interest expense	-51	-42
Change in value of investment properties	-81	-10
Income tax	-4	0
Profit/loss for the year	-102	-33
Company's share of profit/loss for the year	-51	-16

In 2019, 50% of the shares in Yard Holding AB were sold to Slättö Core Plus Holding AB. Yard Holding AB subsequently acquired the projects LU:1, Gjuteriet stage 2, and Sportflygaren 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 were completed in 2022.

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Yard Holding 2 AB	2023	2022
Fixed assets	593	395
Cash and cash equivalents	26	17
Other current assets	8	0
Non-current financial liabilities	–550	–268
Current financial liabilities	–2	–22
Other liabilities	–29	–24
Net assets	46	99
Company's share of net assets	23	49
Net sales	0	–
Production and operating costs	–1	0
Interest expense	–34	–15
Change in value of investment properties	–22	–51
Income tax	4	11
Profit/loss for the year	–53	–56
Company's share of profit/loss for the year	–27	–28

The JV is owned with Slättö Core Plus Holding AB and is developing the Barka-bystaden project. The property is being devel-oped 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	2023	2022
Fixed assets	238	205
Cash and cash equivalents	4	3
Other current assets	9	8
Non-current financial liabilities	–76	–164
Current financial liabilities	–143	–10
Other liabilities	–16	–10
Net assets	16	33
Company's share of net assets	7	16
Net sales	7	–
Production and operating costs	–4	0
Interest expense	–14	–8
Change in value of investment properties	–9	19
Income tax	2	–4
Profit/loss for the year	–18	7
Company's share of profit/loss for the year	–9	4

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	2023	2022
Fixed assets	1 071	857
Cash and cash equivalents	71	6
Other current assets	42	80
Non-current financial liabilities	-510	-684
Current financial liabilities	-503	-27
Other liabilities	-66	-42
Net assets	105	193
Company's share of net assets	52	96
Net sales	6	0
Production and operating costs	-4	-2
Interest expense	-40	-19
Change in value of investment properties	-53	-29
Income tax	6	2
Profit/loss for the year	-88	-48
Company's share of profit/loss for the year	-44	-24

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 receivables

	Group	
	31/12/2023	31/12/2022
Opening fair value	429	802
Acquisition	40	65
Sales	21	6
Other	19	38
Closing carrying amount	509	910

Mostly refers to long-term receivables from buyers.

	Group	
Receivables, property sales	2023	2022
Opening balance	802	1 090
Incoming from new property sales	0	5
Change in estimation of variable remuneration	19	-46
Outgoing to Other receivables	-392	-248
Closing balance	429	802

Reported as current other receivables, there are additional receivables from property sales amounting to SEK 370 m (515). For information on current receivables from buyers, see Note 24 - 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.

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Note 22 Development and project properties

	Group	
	31/12/2023	31/12/2022
Opening amount	1,348	810
Construction in progress	298	399
Reclassification	115	171
Depreciation/amortization	−206	−94
Acquisitions	74	640
Sales	−203	−578
Total	1,426	1,348

Development and project properties have been affected by continued write-downs as a result of deteriorating market conditions for certain projects. New construction in pro-

gress has decreased primarily due to a lower production volume as projects are completed and sales have not occurred because of the market situation.

Note 23 Accounts receivable

	Group	
	31/12/2023	31/12/2022
Accounts receivable, gross	19	23
Provision for bad debt	−1	−6
Closing carrying amount	18	17
Provision for bad debt		
Provision at start of the year	−6	−6
Realized losses	6	0
Provisions for expected losses	−1	0
Provisions at end of the year	−1	−6

	Group	
	31/12/2023	31/12/2022
Age-distributed accounts receivable		
Accounts receivable not past due	11	9
Past due < 30 days	1	2
Past due 31 – 90 days	0	1
Past due > 90 days	7	10
Total non-written-down accounts receivable	19	22
Past due and written-down accounts receivable	−1	−6
Total accounts receivable	18	17

The company has reported losses of SEK 1 m (0) for write-downs of accounts receivable.

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Note 24 Other receivables

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Receivable, property sales	298	370	–	–
Paid deposits	34	45	–	–
Deposits	0	0	–	–
Other items	23	25	7	4
Total	355	439	7	4

SEK 0 m (0) of other receivables are past due date.

	Group	
	31/12/2023	31/12/2022
Receivable, property sales		
Opening balance	370	515
Incoming from new property sales	0	218
Incoming from other long-term receivables	392	248
Change in estimate of variable remuneration	15	0
Payments received	-479	-611
Total	298	370

The majority of the claims are against Swedish institutions and other reputable partners.

Note 25 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Prepaid expenses	13	9	0	0
Accrued income	2	2	0	0
Accrued interest income	5	1	0	0
Other items	1	1	0	0
Total	21	13	0	0

Note 26 Cash and cash equivalents

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Cash and cash equivalents	331	772	237	396
Total	331	772	237	396

Note 27 Share capital and other contributed capital

Share capital in the 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.

Equity in the parent company

Share capital

The share capital item includes the registered share capital. As on 31 December 2023, 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

SHARE CAPITAL DEVELOPMENT

	Number of shares	Quotient value per share, SEK	Share capital, SEK
Ordinary shares			
Opening balance 1/1/2022	37,822,283	4	151,289,132
Closing balance 31/12/2022	37,822,283	4	151,289,132
Opening balance 1/1/2023	37,822,283	4	151,289,132
Closing balance 31/12/2023	37,822,283	4	151,289,132

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Proposed appropriation of profits

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

Share premium reserve	180,323,859
Profit/loss carried forward	1,911,485,590
Profit/loss for the year	-79,206,821
Total	2,012,602,628
The Board proposes:	
To be carried forward	2,012,602,628
Total	2,012,602,628

Equity in the Group

Share capital

The share capital item includes the registered

share capital. As on 31 December 2023, there were 37,822,283 shares (37,822,283) and the quotient value is SEK 4 per share.

Other capital contributions

The item includes capital contributed by the owners, such as share premium reserves during new share issues, received shareholder contributions and hybrid loans.

Retained profits including net profit/loss for the year

Retained profits corresponds to accumulated profits and losses generated in the company with additions/deductions for allocation to the reserve fund and dividends.

Note 28 Deferred tax

	Group	
	31/12/2023	31/12/2022
Deferred tax liability		
For temporary difference between carrying amounts and taxable values of buildings	59	65
Capitalized loss deductions	-35	-38
Total	24	27

Reported deferred tax liability has been calculated at 20.6% (20.6). Total loss carry-forwards without an equivalent capitalization of a deferred tax receivable amount to SEK

1,426 m (1,178), which corresponds to a deferred tax asset of SEK 294 m (242) at a tax rate of 20.6% (20.6%).

Note 29 Interest-bearing liabilities, other non-current liabilities and other current liabilities

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-current interest-bearing liabilities				
Bank loans	1,105	770		-
Bonds	1,018	1,411	1,018	1,411
Deposits	-	-		-
Promissory notes	217	334		-
Current interest-bearing liabilities				
Promissory notes	121	74	-	-
Bonds	400	-	400	-
Shareholder loans	-	313	-	313
Deposits	58	60	58	60
Bank loans	281	59		-
Total	3,199	3,021	1,474	1,783
Liabilities that fall due for payment within one year after the balance sheet date	860	506	458	373
Liabilities that fall due for payment between one and five years after the balance sheet date	2,186	2,365	1,018	1,411
Liabilities that fall due for payment later than five years after the balance sheet date	153	150	-	-
Total	3,199	3,021	1,474	1,783

No bonds are secured. For bank loans, the Group has provided collateral amounting to SEK 1,667 m (1,857). The bond loans are covered by covenants which mean that the Group's equity/assets ratio must not fall

below 25%. In addition to this, there is an equity/assets covenant of 30% linked to a construction loan, but where there is an option to subsidize loans.

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	Group	
	31/12/2023	31/12/2022
Other non-current liabilities		
Acquisition liabilities	26	807
Purchase price returned to buyers	62	98
Deposits	26	0
Total	115	906
Liabilities that fall due for payment between one and five years after the balance sheet date	115	906
Liabilities that fall due for payment later than five years after the balance sheet date	–	–
Total	115	906

	Group	
	2023	2022
Other current liabilities		
Acquisition liabilities	573	146
Purchase price returned to buyers	77	93
Deposits	40	46
Promissory notes	0	115
Other liabilities	12	3
Total	702	402

Note 30
 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Accrued personnel costs	43	45	5	1
Accrued interest expenses	40	37	19	22
Deferred income	3	2	–	–
Property tax	0	0	–	–
Accrued project-related costs and provisions	114	85	–	–
Other items	17	16	4	7
Total	216	185	29	29

Note 31
 Pledged assets

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Property mortgages	1,020	761	–	–
Pledged shares in subsidiaries	37	455	–	–
Pledged shares in associated companies	52	189	–	–
Pledged internal reversals	610	470	–	–
Total	1,719	1,875	–	–

Note 32
 Contingent liabilities and other commitments

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Guarantees to the benefit of associated companies	519	330	519	330
Guarantees to the benefit of Group companies	–	–	1,573	830
Guarantees to the benefit of liabilities in tenant-owner associations	229	210	206	–
Guarantees to the benefit of liabilities according to turnkey contracts	74	230	222	230
Total	822	770	2,520	1,390

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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.

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 33 Shares in Group companies

	Parent Company	
	31/12/2023	31/12/2022
Opening acquisition value	102	89
Mergers	-14	-
Impairment	-6	-
Shareholders' contribution	41	14
Closing carrying amount	123	102

Company name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Magnolia Utveckling AB	556776-1464	Stockholm	100.0%	68
Magnolia Holding 5 AB	559314-7225	Stockholm	100.0%	54
Magnolia Hotellutveckling 2 AB	559125-7604	Stockholm	92.0%	0
				123

¹⁾ Share of capital agrees with ownership.

Note 34 Closely-related parties

Group
The Group is subject to controlling influence from HAM Nordic 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	
	31/12/2023	31/12/2022
Sales to associated companies		
JV Näsängen	1	36
Magnolia Projekt 595 AB	-	0
Bollmora Vårdfastigheter AB	0	0
Sollentuna Stinsen JV AB	2	1
Yard Holding 3 AB	0	1
Upplands Bro Brogårds Etapp 2 AB	5	34
Yard Holding AB	0	2
Magsam Holding AB	3	0
Bro Mälarstrand Bostad AB	1	0
Fixfabriken	4	25
Total	16	98
Acquisitions from associated companies	249	0
Total	249	0

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	Group	
	31/12/2023	31/12/2022
Receivables from associate companies		
Yard Holding 2 AB	18	17
Bollmora Vårdfastigheter AB	0	0
Magsam Holding AB	3	3
Bryggkaffe Fastighetsutveckling AB	23	22
Upplands Bro Brogårds Etapp 2 AB	10	15
Yard Holding AB	55	57
Magnolia Projekt 595 AB	–	117
Magnolia Linnefabriken 1-4 AB	43	54
Yard Holding 3 AB	4	2
Bro Mälarstrand Bostad AB	56	55
JV Edeh Bostad AB	0	0
Total	213	341
	Group	
	31/12/2023	31/12/2022
Liabilities to associate companies		
Yard Holding AB	36	34
Total	36	34

During the year, Magnolia Bostad received capital contributions in the form of unconditional shareholder contributions issued by HAM Nordic AB of SEK 627 m.

Transactions have taken place with F. Holmström Fastigheter AB and other companies over which Fredrik Holmström, previously Chairman of the Board of Magnolia Bostad AB, has a controlling influence. During the year, Magnolia Bostad Group incurred costs of SEK 2 m (2) 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). During the year, Magnolia

Bostad AB has made a group contribution to Magnolia Holding 5 AB of SEK 53 m. Before Fredrik Lidjan took office as CEO of Magnolia Bostad, Videbo invest AB, signed a profit sharing agreement with the Magnolia Bostad Group for which SEK 2 m (0) was paid during the year.

Fredrik Lidjan also holds 320 shares, through Videbo Invest AB, in the group company Magnolia Holding 4 AB, organization number 559114-8415 and 40 shares in the group company Magnolia Hotellutveckling 2 AB, organization number 559125-7604, for more information see note 4 - Group composition.

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 33 –Shares in Group companies. The parent company sold services to Group companies for SEK 26 m (28) and purchased services for SEK 36 m (33).

During the year, Magnolia Bostad received capital contributions in the form of unconditional shareholder contributions issued by HAM Nordic AB of SEK 627 m.

Note 35 Events after the balance sheet date

On 14 March, Magnolia Bostad AB received approval from the bondholders regarding changes to the terms of its outstanding bond of SEK 400 m maturing in April 2024. The changed terms are available on the company's website.

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 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 Company'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 performance, and describes significant risks and	uncertainties facing the Parent Company and the companies included in the Group.
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Stockholm, 12 April 2024

Therese Rattik
Member

Erika Olsén
Chairman of the Board

Johan Bengtsson
Member

Johan Tengelin
CEO

We issued our Auditor's Report on 12 April 2023

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

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Opinions

We have audited the annual accounts and consolidated accounts of Magnolia Bostad AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 27-72 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 31-12-2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31-12-31 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 Note 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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VALUATION OF DEVELOPMENT AND PROJECT PROPERTIES	
Description	How our audit addressed this key audit matter
<p>Consolidated carrying value of development and project properties amounted to SEK 1 426 msek in the statement of financial position at December 31, 2023.</p> <p>The development and project properties are classified as inventories. Book value is at the lower of acquisition cost and net realizable value (estimated sales price after deduction of selling expenses and completion costs). The assessment of net realizable value is based on</p>	<p>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> <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</p>
	<p>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>
VALUATION OF INVESTMENT PROPERTIES	
Description	How our audit addressed this key audit matter
<p>The fair value of the Groups investment properties amounted to SEK 3 085 msek on december 31, 2023. The changes in value during the year, reported in the Group's income statement, amounted to SEK -104 msek.</p> <p>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.</p> <p>The required yields for the properties are assessed on each property's unique risk profile</p>	<p>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.</p> <p>A description of the valuation of the property portfolio is stated in the annual report in Note 1 "Accounting principles" in Note 1 on page 43, in Note 2 on page 49 and in Note 19 on page 60.</p> <p>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.</p> <p>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 valuers.</p>
	<p>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 in-come 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.</p> <p>We have reviewed the disclosures provided in the annual report.</p>

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Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 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

Note 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, actions taken to eliminate threats or related safeguards applied.

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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Report on other legal and regulatory requirements

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 year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
 We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
 The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors'

guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
 Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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Reasonable assurance is a high level of assurance, but is Note 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 Note 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 scepticism 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 decisions, 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, Box 7850 103 99 Stockholm, was appointed auditor of Magnolia Bostad Ab (publ) by the general meeting of the shareholders on the 27 April 2023 and has been the company's auditor since the 7 may 2014. Magnolia Bostad AB (publ) became a public interest company in 2017.

Stockholm the day indicated by our electronic signature

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

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Income statement	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Amounts in SEK m	–31/12/2023	–31/12/2022	–31/12/2021	–31/12/2020	–31/12/2019
Net sales	305	569	1,268	2,358	896
Production and operating costs	–452	–795	–1,117	–1,764	–866
Gross profit	–147	–226	151	594	30
Central administration	–76	–98	–107	–98	–89
Profit/loss from shares in associated companies	–268	–193	88	74	77
Change in value of investment properties	–104	–230	128	336	348
Operating profit/loss	–595	–747	260	906	366
Financial income	19	19	5	2	17
Financial expenses	–295	–201	–190	–183	–189
Profit/loss before tax	–871	–929	75	725	194
Income taxes	3	67	–25	–37	–37
PROFIT/LOSS FOR THE YEAR	–868	–863	50	688	157
Profit/loss attributable to					
Parent Company's shareholders	–807	–790	60	658	129
Holding without a controlling interest	–61	–73	–10	30	28

Report on financial position	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Amounts in SEK m					
ASSETS					
Goodwill	–	6	6	6	6
Other intangible fixed assets	0	1	1	0	0
Total intangible fixed assets	0	7	7	6	6
Investment properties	3,085	2,489	2,276	1,483	654
Right of use assets	47	49	55	72	51
Machinery and equipment	2	4	7	12	12
Total tangible fixed assets	3,134	2,541	2,338	1,567	717
Shares in associated companies and joint ventures	338	515	607	350	188
Receivables from associated companies	78	192	159	45	201
Other long-term securities held	–	–	31	41	31
Other long-term receivables	509	910	1,179	1,059	563
Total financial fixed assets	925	1,618	1,976	1,495	983
Total fixed assets	4,059	4,166	4,320	3,068	1,706
<i>Current assets</i>					
Development and project properties	1,426	1,348	810	999	1,382
Tenant-owned apartments	4	4	4	11	9
Accounts receivable	18	17	16	45	41
Receivables from associated companies	135	149	217	136	64
Other receivables	355	439	608	742	414
Prepaid expenses and accrued income	21	13	11	19	11
Cash and cash equivalents	331	772	233	277	441
Total current assets	2,290	2,742	1,899	2,229	2,361
TOTAL ASSETS	6,350	6,908	6,219	5,297	4,067

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Amounts in SEK m	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
EQUITY/LIABILITIES					
Equity attributable to parent company's shareholders	2,042	2,228	2,317	1,624	1,042
Holdings without a controlling influence	-64	18	89	109	99
Total equity	1,978	2,245	2,406	1,733	1,141
Deferred tax liability	24	27	94	68	38
Non-current interest-bearing liabilities	2,339	2,515	2,025	1,377	1,667
Non-current liabilities to associated companies	25	24	22	10	-
Non-current leasing liabilities	33	36	43	57	39
Other non-current liabilities	115	906	587	532	42
Total non-current liabilities	2,537	3,507	2,771	2,044	1,786
Current interest-bearing liabilities	860	506	130	644	824
Current leasing liabilities	19	18	16	18	13
Accounts payable	27	33	27	65	68
Liabilities to associated companies	11	11	24	13	1
Tax liabilities	0	0	0	0	0
Other current liabilities	702	402	674	626	105
Accrued expenses and deferred income	216	185	171	154	129
Total current liabilities	1,835	1,155	1,042	1,520	1,140
TOTAL EQUITY AN LIABILITIES	6,350	6,908	6,219	5,297	4,067

Cash flow analysis	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Amounts in SEK m	-31/12/2023	-31/12/2022	-31/12/2021	-31/12/2020	-31/12/2019
Operating activities					
Profit/loss after financial poster	-871	-929	75	725	194
Adjustments for non-cash flow items, etc.	560	576	-363	-1,043	-443
Income tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-311	-353	-288	-318	-249
Cash flow from changes in working capital					
Decrease (+)/increase (-) of development and project properties	-447	-571	-432	-627	-317
Decrease(+)/increase (-) of operating receivables	449	641	292	1,141	506
Decrease (-)/increase (+) of operating liabilities	-118	-122	141	209	42
Cash flow from operating activities	-427	-404	-288	405	-18
Investment activities					
Acquisition of intangible fixed assets	-	-	-1	0	0
Acquisition of investment properties	-702	-395	-394	-114	-282
Sale of investment properties	-	-	142	-	-
Acquisition of machinery and equipment	-1	-	-1	-6	-3
Investments in financial assets	-77	-105	-53	-48	-11
Sales/reduction of financial assets	-	35	4	0	29
Cash flow from investment activities	-753	-465	-303	-168	-267

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Cash flow analysis	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Amounts in SEK m	–31/12/2023	–31/12/2022	–31/12/2021	–31/12/2020	–31/12/2019
Financing activities					
Shareholder contribution	300	700	–	–	–
Amortization of leasing liability	–20	–19	–18	–	–
Issue of warrants	–	–	–	0	0
Hybrid loan received	–	–	640		
Contribution from holding without a controlling influence	–	–	17	–	–
Borrowings	915	1,004	1,170	1,513	677
Buy-back of warrants	–	–	–4	–	–
Repayment of borrowings	–434	–277	–1,229	–1,810	–264
Dividend paid to Parent Company's owners	–	–	–	–76	–
Dividend paid to holdings without controlling influence	–	–	–29	–28	–86
Acquisition of interests without controlling Influence	–24	–	0	–	–3
Cash flow from financing activities	737	1,408	547	–401	324
Cash flow for the year	–442	539	–44	–164	39
Cash and cash equivalents at start of the year	772	233	277	441	403
Cash and cash equivalents at the end of the year	331	772	233	277	441

Alternative KPIs

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.

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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	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.magnoliabostad.se.

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About the sustainability report

Magnolia Bostad's sustainability report is issued by the Board. We have chosen to divide the sustainability report into two sections. One is where we describe our work with sustainable urban development and the other a factual part with tables and detailed information. The first part consists of **pages 9–12** and the second part of **pages 82–94**. The company's business model can be found on **pages 7–8** and the GRI index can be found on **pages 92–94**. All information in the report refers to the period 1 January–31 December 2023, unless otherwise stated. This is Magnolia Bostad's seventh sustainability report and it has been produced according to GRI Standard guidelines, GRI 1 Foundation.

Sustainability management

The Board determines the company's sustainability direction. The company's COO is responsible for the company's sustainability work, to whom the company's Head of Sustainability reports. Sustainability work is carried out through the company's Sustainability and Innovation Forum with representatives from different parts of the company. Sustainability issues have a standing item at every executive management meeting where they are dealt with and decided upon and subsequently reported at the company's board meetings.

Strategy and policy documents are revised by the Board or CEO once a year. The company has an Ethics Council, a crisis committee, a protection committee and a committee for its green bonds.

The Ethics Council consists of the CEO & CFO and the COO/General Counsel and is set up as part of the company's whistleblower function. The company's safety committee monitors the company's work environment issues. The COO/General Counsel is the chairman and the HR manager, safety representative and employee representative are included.

The company's green bond committee includes the CEO & CFO, COO/General Counsel and the head of sustainability. They decide on questions about sustainable financing and ensure that only eligible projects are financed through the company's green bonds. Each year, this is reported in a report that is reviewed by the company's auditor. The report forms part of this annual report, see **pages 96–98** and is also published on Magnolia Bostad's website, www.magnoliabostad.se.

Governing documents:

- Sustainability Policy
- Codes of conduct for employees, partners and sponsorship
- Guidelines against harassment
- Guidelines against abusive discrimination
- Checklist for harassment and abusive discrimination
- Policy for diversity on the Board
- Policy for handling conflicts of interest
- Contracts and agreements

Magnolia Bostad's impact through the value chain

We have an impact on the world around us and on people when we develop housing and new communities. Our impact varies depending on where in the value chain the project in question is. We have the greatest opportunity to influence various sustainability factors at the beginning of the project's development process, when basic decisions for the design of the project are made.

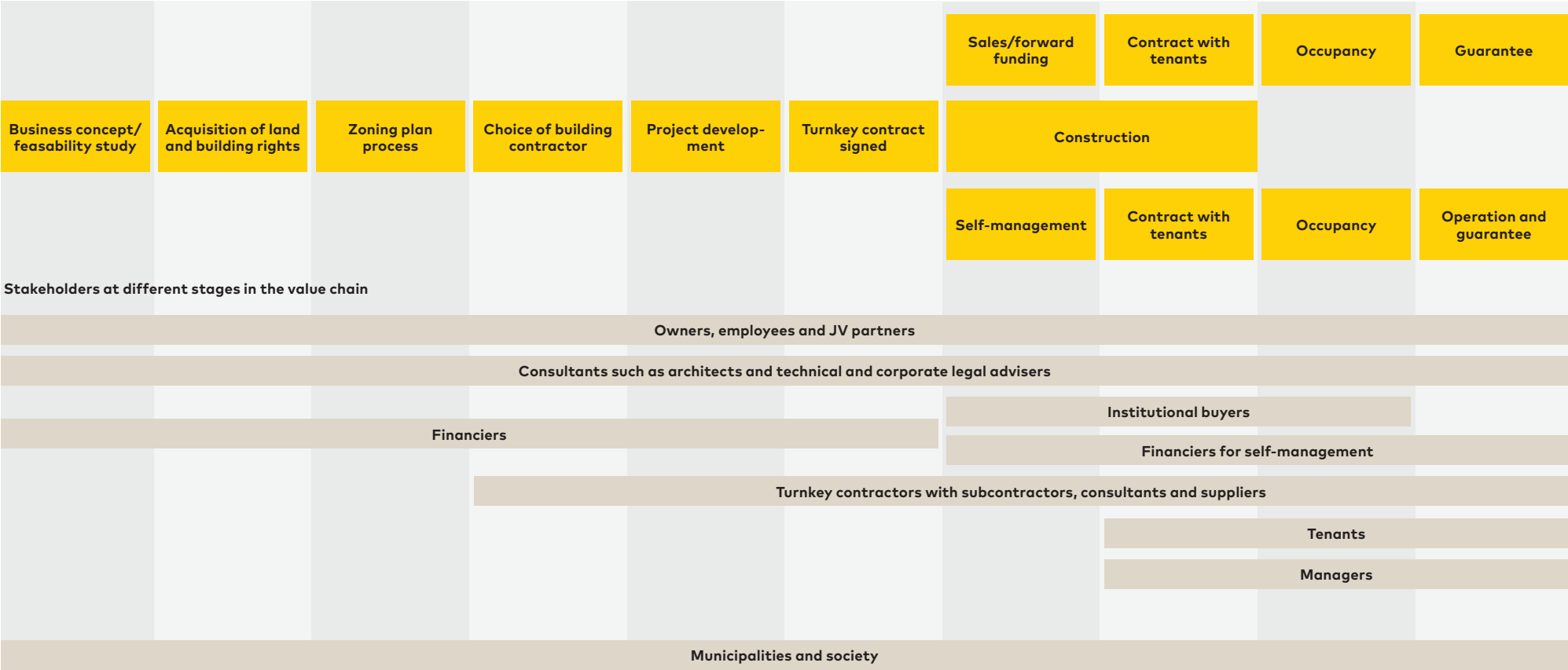
We develop all our projects to be environmentally certified at least according to the Swedish Green Building Council's silver certification, the Nordic Swan eco-label, or other equivalent certification. Environmental certifications focus on reducing the environmental impact from the construction process as well as from operation and maintenance of the building. This can include reduced energy consumption, reduced water consumption, reduced greenhouse gas emissions and other environmental impacts. Building in accordance with environmental certifications also helps to ensure that the building meets the increasingly stringent environmental regulations and legislation that apply to the construction and property sector. On **page 84**, we show Magnolia Bostad's value chain and its stakeholders. On **page 85**, we show our impact on essential sustainability areas.

Sustainability risks and their management, see **pages 32–34**.
 Business model, see **pages 7–8**.
 Financing model, see **pages 14–16**.

Value chain and stakeholders

Magnolia Bostad mainly develops rental properties, tenant-owner apartments and community service properties. We develop accommodation both for sale and for self-management. Below is our value chain and its stakeholders for our largest segment which is rental property development.

Magnolia Bostad's value chain



Impact on essential sustainability areas

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Area	Possible impact
Adaptation to climate change Climate change mitigation Energy	<div>● ● ●</div> <ul style="list-style-type: none"> – We adapt to the climate through where and how we develop housing and communities. We adhere to the requirements of municipalities and do our own climate calculations. – Climate emissions from material manufacturing, construction and energy use during the property’s operation are significant, see page 10. – We can impact energy use and climate emissions by developing our projects for environmental certification, having requirements for energy use of buildings, introducing IMD for heat and by using renewable energy sources such as geothermal energy or solar power.
Land use/ Biodiversity and ecosystems	<div>● ● ●</div> <ul style="list-style-type: none"> – When planning construction projects, it is important to identify and preserve existing biodiversity and ecosystems. Where and how we build affects communities and people. – We have a design program that states that we must protect existing nature and that planning for new biodiversity is done by planting trees and plants with consideration for ecological diversity. We plan our holdings so that stormwater can be disposed of locally.
Circular construction	<div>● ● ●</div> <ul style="list-style-type: none"> – By reusing building material, we can reduce demolition waste and reduce emissions and energy use associated with manufacturing and transporting new materials. Recycling has great development potential, and we participate in research projects for the reuse of energy-intensive building materials such as brick and concrete.
Pollution	<div>● ●</div> <ul style="list-style-type: none"> – Land where we develop new housing may need to be cleaned up before construction starts to comply with the Swedish Environmental Protection Agency’s guidelines. – By choosing approved material according to building materials databases, we can avoid toxins being built into our houses.
Water consumption	<div>● ●</div> <ul style="list-style-type: none"> – The choice of building material has an effect in that some materials require more water, for example cement. – In the homes' operation, we can influence water consumption by introducing the IMD of water.
Our own workforce/Company culture	<div>● ●</div> <ul style="list-style-type: none"> – Magnolia Bostad aims to offer its employees a fair, equal and pleasant workplace with a balance between work and leisure. A prerequisite for this is a good corporate culture.
Workers in the value-chain	<div>● ●</div> <ul style="list-style-type: none"> – Protecting workers in the construction value chain is crucial to ensuring fair working conditions and promoting human rights. We can influence the procurement of contractors by setting requirements and by making our code of conduct for suppliers part of the turnkey contract.
People’s health and security/ Social inclusion/	<div>● ●</div> <ul style="list-style-type: none"> – Our residential units are developed for environmental certification, which provides the conditions for a healthy indoor climate. – Safe housing is about creating a physical and social environment where residents feel safe and protected, for example by creating open and accessible communal areas that invite communality. We use BoTryggt2030’s guidelines.
Responsible provision of information	<div>●</div> <ul style="list-style-type: none"> – Correct and reliable information to all our stakeholders enables well-informed decisions. See Stakeholders on page 84.
Corruption and bribery	<div>●</div> <ul style="list-style-type: none"> – Property projects often involve large financial transactions which can be targets for corruption. Through training and our codes of conduct, we can make employees, suppliers and partners aware of the risks of corruption and bribery.

The UN's global goals for sustainable development

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Magnolia Bostad's operations mainly affect ten of the UN's global sustainability goals. We have taken into account the targets most relevant to the company.

Goal 3 Good health and well-being

A home must be a safe place from dangerous substances. The indoor environment must have good ventilation, access to daylight, not be too hot, cold or humid.

Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution."

- The Swedish Green Building Council's silver certification has detailed guidelines for how the living environment should be designed. Guidelines exist for, among other things, solar power, moisture, noise, thermal climate summer, winter and climate risks.

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 a number of local football clubs in places where we operate in their work for equality and integration.
- We work for gender equality in the company. Distribution women and men, see **page 90**.
- Our code of conduct is signed by all employees and included in external agreements with collaboration partners and partners who receive sponsorship.
- We have zero tolerance towards harassment and

discrimination and have an Ethics Council and a Protection Committee. We also have a whistleblower function for employees and external stakeholders.

Goal 7 Affordable and clean energy

Within our environmental responsibility, Goal 7 is central to how we work with sustainable energy.

Targets 7.2 and 7.3: Increase global percentage of renewable energy and Double the improvement in energy efficiency

- We collaborate with selected turnkey contractors for smart, sustainable energy solutions based on renewable energy.
- We aim to certify all projects according to the Swedish Green Building Council's silver certification, the Nordic Swan eco-label or an equivalent and usually also set specific requirements for energy use.

Goal 8 Decent work and economic growth

Goal 8 underpins how we work and view sustainability in relation to growth in business ethics and financial responsibility.

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 company's continued future. Sustainability is a standing point at the Executive Management's meetings.
- Magnolia Bostad works for a safe and secure work environment through the Ethics Council, Crisis Committee and Protection Committee.



- We set working environment requirements in turnkey agreements and aim at carrying out an audit of a turnkey contractor every year.
- The company's code of conduct includes taking a stand against the violation of human rights.

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.
- We conduct annual employee surveys and works actively with the results through internal discussion and evaluation.

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Goal 11 Sustainable cities and communities

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 several different forms of housing, 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.

Goal 12 Responsible consumption and production

The Goal concerns waste, recycling and circularity. Materials and resources are needed in the development of new homes and residential areas. Recycling and circularity are still relatively undeveloped, but in the short-term they mean big environmental gains.

Target 12.5: By 2030, significantly reduce the amount of waste through measures to prevent, reduce, reuse and recycle waste.

-For example, we participate in a research project that deals with the reuse of heavy, load-bearing structural parts from climate-intensive building materials such as concrete.

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, in collaboration with the relevant municipality, considers the risk of climate change, such as rising sea levels and extreme weather.
- We hold a dialogue with authorities and partners about how we can develop resilient neighbourhoods and reduced 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.

Targets 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.

- We have a design program with guidelines for biodiversity and stormwater management.








Goal 16 Peace, justice and strong institutions

A key area of business ethics that is essential to our operation is anti-corruption, which we strive to combat in line with Goal 16 of Agenda 2030.

Targets 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.

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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.

Sustainability aspect	Target	Outcome	
Sustainable profitable growth	For Magnolia Bostad's business and financial objectives, see page 6.	Direct financial value created and delivered, GRI 201-1	
		SEK m	2023
		2022	
		Created value	
		Property sales	58
			207
		Project management revenue	49
			49
		Rental income	31
			19
		Financial income	19
			14
		Other income	148
			295
		Distributed value	
		Operating expenses	-422
			-782
		Employee wages and benefits	-43
			-61
		Payments to providers of capital	-295
			-206
		(of which dividends to owners)	(0)
			(-5)
		Payments to the public sector	-44
			-46
		Community investments	0
			0
		Unrealized changes in value	-369
			-359
		Remaining in Magnolia Bostad	-868
			-868

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
		Violation of the code of conduct	0
Sustainable purchasing and supplier evaluations	All new employees must sign the code of conduct at the time of employment		2023
		Percentage of new employees who have signed the company's code of conduct	100%
		Percentage of employees trained in human rights GRI 412-2	100%
	An audit by the contractor is intended to be carried out every year	Number of suppliers audited regarding agreement fulfilment and Code of Conduct, GRI 414-1	0

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Sustainability aspect	Target	Outcome		
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		2023	2022
		Type and number of sustainability certifications, rankings and markings according to new buildings, GRI CRE-8	11 of 11 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	6 of 6 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
Reduced environmental impact	Climate impact of operations must be measured		2023	2022
		Greenhouse gas emissions in CO2e for scope 1, 2 and 3 according to the Greenhouse Gas Protocol GRI 305	See page 91	See page 91

Social responsibility

Sustainability aspect	Target	Outcome			
Health and safety for Magnolia Bostad employees	All employees must be covered by a health and safety committee		2023	2022	
		Representation on working environment committees, GRI 403-1	100%	100%	
	No workplace accidents ¹⁾	Number of work-place accidents, GRI 403-9			
		Absence due to illness ²⁾	1,5%	2,2%	
		Of which short-term illness	58%	34%	
		Of which long-term illness	42%	66%	
		Occupational injuries	0	0	
	Staff turnover	Deaths	0	0	
		Staff turnover 401-1	Women	Men	Total
		New employees	33%	67%	3 st
Training and skills development	Average number of hours of training per woman and man	Leaving	62%	38%	18 st
		Total average hours of training, GRI 404-1			
		2023	Women	Men	Total
		Executive management	12	6	8
		Managers	44	15	21
		Employees	10	10	10
		Total	14	11	12
		2022	Women	Men	Total
		Executive management	24	7	12
		Managers	16	22	21
		Employees	14	12	12
		Total	18	14	15

¹⁾ A serious workplace accident occurred at the end of 2023 on a sold project where Magnolia Bostad has a project management agreement with the buyer that runs until occupancy. Magnolia Bostad supports the industry in the goal to achieve zero accidents by setting requirements for the procurement of turnkey contracts.

²⁾ Long sickness absence is defined as sickness absence of more than four weeks. During 2023, 3 people had long sick leave.

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Sustainability 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				2023
		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 employees, GRI 405-1, based on average number of employees during 2023				
		2023	Executive Board of Directors	Management	Employees	Total
		Gender distribution				
		Women	67%	25%	44%	43%
		Men	33%	75%	56%	57%
		Age group				
		<30	0%	0%	5%	5%
		30-50	100%	25%	82%	80%
		>50	0%	75%	16%	18%
		2022	Executive Board of Directors	Management	Employees	Total
		Gender distribution				
		Women	30%	40%	46%	39%
		Men	70%	60%	54%	61%
		Age group				
		<30	0 %	0%	9%	3%
		30-50	37%	60%	73%	57%
		>50	63%	40%	18%	40%

The number of employees is shown as converted to full-year employment.

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 2023			
					2023
		Region	Women	Men	Total
		Eastern Region	10	17	27
		Central Region	1	4	5
		Western Region	1	5	6
		Southern Region	4	5	9
		Northern Region	0	5	5
		Central functions	21	16	37
		Total	36	52	89
					2022
		Region	Women	Men	Total
		Eastern Region	11	19	30
		Central Region	3	4	7
		Western Region	1	6	7
		Southern Region	4	5	9
		Northern Region	0	6	6
		Central functions	28	17	45
		Total	47	57	104

Climate footprint

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Magnolia Bostad is reporting its Climate footprint for the third time in the 2023 annual report, in accordance with the Greenhouse Gas Protocol's three scopes. The measurement is followed up annually.

The collection of data improves as we develop our sustainability work and can report actual figures on an increasingly large part of the basis. The calculations are done by the software company Normative.

Climate footprint, KPIs	2023	2022
Property portfolio, kgCO2e/m2	4.5	4.7
Transaction data from construction, tCO2e	2,560.99	2,283.40
Company cars, MWh (Scope 1)	133.07	66.32
Offices, MWh	337.79	1,216.85
Property holdings, kWh/m²	17.62	82.34
Share of renewable electricity, offices (%)	63	95

Climate footprint			
tCO ₂ e		2023	2022
Scope 1			
Company vehicles		32,82	16,45
Total		32,82	16,45
		2023	
Scope 2	Location-based	Market-based	
Offices:			
Electricity	0.55	1.25	1.90
Heating	9.19	9.19	30.23
Cooling	6.55	6.55	3.27
Property holdings:			
Electricity	7.26	7.47	107.16
Heat	19.03	19.03	38.82
Cooling	0	0	0
Total	42.58	43.49	181.38
Scope 3			
Work commuting		58.06	N/A
Business travel		0	3,20
Fuel and energy-related activities		62.28	18.06
Upstream transport and distribution		10.52	0.68
Waste		0.37	0.52
Purchased goods and services		2,908.60	2,701.81
Downstream leased assets		154.3	73.50
Total		3,194.16	2,797.77
Total scope 1, 2 and 3 (tCO ₂ e)		3,270.47	2,995.60

The Green House Gas Protocol is the most widely accepted international accounting standard for understanding, quantifying and managing greenhouse gas emissions. The emissions are divided into different scopes.

Scope 1: *The direct emissions from sources controlled by the company*

Magnolia Bostad only has company cars in scope 1. The increased climate footprint for 2023 is due to more miles being reported than for 2022.

Scope 2: *Consists of indirect emissions made by the producer from purchased electricity, heating and cooling.*

For 2023, we have a more accurate division between scope 2 and scope 3 for our property portfolio. This means that scope 2's figures are markedly lower for our property portfolio in 2023 than in 2022.

Scope 3: *includes emissions from activities that are not covered by Scope 1 or Scope 2.*

The reason for the increase in Fuel and energy-related activities is due to Normative for 2023 using a new database with more reliable figures for conversion to the climate footprint and to increased fuel consumption in scope 1. The largest footprint in scope 3 came from transaction data from construction within the item Purchased goods and services.

For definitions of the location-based and market-based method, see [page 108](#).

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Statement on the accounting
 Magnolia Bostad reports in accordance with GRI Standards for the period 1 January – 31 December 2023.

Use of GRI
 GRI 1: Foundation 2021.

GRI Standard	Details		Page reference	Comments
GENERAL INFORMATION				
GRI 2: General Disclosures	2-1	Information about the organization	6, 29	
	2-2	Units covered by the Sustainability report	83	
	2-3	Accounting period, frequency and contact person	83	Publication April 2023. Contact person: Fredrik Westin, deputy CEO and CFO.
	2-4	Changes in previously reported information		No changes have been made to previously reported information.
	2-5	External validation	95	The sustainability report has not been externally reviewed, but has received the auditor's opinion.
	2-6	Activities, value chain and other business relations	7-8, 10-11 84-85	
	2-7	Employees	88-90	
	2-8	Non-employed employees		None
	2-9	Composition and structure of governance	100-106	
	2-10	Nominating and election of the highest governing body	101	
	2-11	Chairman of the highest governing body	101, 104	
	2-12	The highest governing body's role in the work with review and management of impact	83, 100-106	
	2-13	Delegation of decision-making to manage impact	83, 100-106	

GRI Standard	Details		Page reference	Comments
GENERAL INFORMATION				
	2-14	The highest governing body's role in relation to the sustainability report	83	
	2-15	Conflict of interest	33, 83	
	2-16	Communication of critical issues	83	
	2-17	Collective knowledge of the highest governing body	104	
	2-18	Evaluation of the work of the highest governing body	101	
	2-19	Compensation Policy	45, 57	
	2-20	Process for determining allowances	57	
	2-21	Annual total compensation rate		None
	2-22	Statement on strategy for sustainable development	5, 19	
	2-23	Policy commitment	83	
	2-24	Anchoring of policy commitment	83, 102-103	
	2-25	Process to address adverse impact	102	
	2-26	Mechanisms for advising and reporting matters	102	
	2-27	Compliance with laws and regulations	31, 101-102	
	2-28	Membership in organizations	11	
	2-29	Stakeholder engagement method	7-8, 84	
	2-30	Collective bargaining agreements		None

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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Economy					
Sustainable profitable growth				11, 13	
GRI 3: Material Topics 2021	3-3	Management of material topics	6, 7-8, 83, 30		
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	88		
Anti-Corruption				8, 16	
GRI 3: Material Topics 2021	3-3	Management of material topics	12, 33, 83, 85, 87, 88		
GRI 205: Anti-corruption	205-3	Corruption incidents and measures	33, 88		
Sustainable purchasing and supplier evaluations				8, 16	
GRI 3: Material Topics 2021	3-3	Management of material topics	88		
GRI 412: Human Rights Assessment	412-2	Employee training on human rights	88		
	414-1	Number of suppliers audited regarding agreement fulfilment and Code of Conduct	88		
Climate					
Reduced climate impact				11, 12, 13	
GRI 3: Material Topics 2021	3-3	Management of material topics	8, 10-12, 85-87, 89, 96		
GRI 305: Greenhouse gas emissions	GRI 305-1	Direct (Scope 1) greenhouse gas emissions	91		
	GRI 305-2	Indirect (Scope 2) greenhouse gas emissions	91		
	GRI 305-3	Other indirect (Scope 3) greenhouse gas emissions	91		
	GRI 305-4	Greenhouse gas emissions intensity measures	91		
Environment					
Reduced environmental impact				7, 12, 15	
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 12, 87, 89,		
GRI Construction and Real Estate Sector Supplement	CRE-8	Type and number of sustainability certifications, rankings and markings for new construction	89		

¹⁾ SDG: Sustainable Development Goals. The global sustainable development goals, see **pages 86-87** .

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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Social					
Health and safety for Magnolia Bostad employees				5, 10	
GRI 3: Material Topics 2021	3-3	Management of material topics	8, 89		
GRI 403: Occupational Health and Safety	403-1	Representation in work environment committees	89		
	403-9	Work-related injuries and illnesses	89		
Training and skills development				8, 10	
GRI 3: Material Topics 2021	3-3	Management of material topics	90		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	89		
	404-3	Percentage of employees with regular performance reviews and career planning	89		
Diversity and gender equality				5, 10	
GRI 3: Material Topics 2021	3-3	Management of material topics	83, 90		
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	90		
Security				3, 10, 11, 16	
GRI 3: Material Topics 2021	3-3	Management of material topics	8, 11, 12, 30, 86		

¹⁾ SDG: Sustainable Development Goals. The UN's global goals for sustainable development, see pages 86-87.

Auditor's report on the statutory sustainability 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 statutory sustainability statement for the year 2023 on pages **9-12** and **82-94** 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, the day indicated by our electronic signature.

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Green bond report

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By issuing Green Bonds, Magnolia Bostad has the opportunity to promote and support the long-term development of sustainable solutions through financing sustainable housing and buildings. Magnolia Bostad will publish a Green Bond report annually as long as the company has outstanding green bonds. This will be the company's third Green Bond report. Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds from the Green Bonds.

Sustainability

The real estate sector accounts for a large share of Sweden's total carbon dioxide emissions. Therefore, it is paramount for Magnolia Bostad to actively minimise the negative climate impact that our operations cause and contribute to minimising emissions and negative impact from this sector overall.

Magnolia Bostad's ambition is for all buildings to be certified according to Swedish Green Building Council's silver certification (or higher), Nordic Swan Ecolabel or an equivalent. We also collaborate with other companies in various initiatives for the climate such as LFM30, HS30 and ÖBKN. In August 2022 Magnolia Bostad joined the Science Based Targets Initiative (SBTi) which means that the company's climate target is sciencebased and contribute to slowing down climate change in line with the Paris Agreement. Magnolia Bostad has released a sustainability report since 2017 and conducts a new stakeholder dialogue every third years which is approved by the board and management.

Magnolia Bostad requires contracted general contractors to have a quality management system that

follows SS-EN ISO 9001 latest edition or another equivalent quality management system and to have an environmental management system that follows SS-EN ISO 14001 latest edition or another equivalent environmental management system. The contractor is obliged to prescribe corresponding requirements in relation to hired subcontractors. Together with the code of conduct, the sustainability policy is part of all our larger supplier agreements. Magnolia Bostad actively lowers the negative environmental impact of the company's suppliers by expressing demands regarding waste management, transportation as well as the re-use and re-cycling of materials. Magnolia Bostad's sustainability work covers various areas, among other things Magnolia Bostad performs a life cycle analysis (LCA) on selected projects.

Green Bonds

In the autumn of 2020, Magnolia Bostad issued its first green bond followed by a second one in spring 2021 and a third one in spring 2022. These has been prepared in accordance with the Green Bond Principles' guidelines from 2018. The framework for the green bonds has been reviewed by Cicero Shades of Green, which has given the framework a statement with the rating Medium Green.

Use of proceeds

Proceeds will, in part or in full, finance eligible assets and projects as per the 3.1 section of the Green Bond Framework. In particular, UN Sustainable Development Goal 11: Sustainable cities and communities and 13: Climate action will be targeted with these projects. Magnolia Bostad has established a Green Bond Committee to oversee that only assets and projects eligible as per section 3.1 of the Green Bond Frame-

work are funded by proceeds from any Green Bond. The Green Bond Committee consists of the deputy CEO/CFO, the COO/Head of Legal and the Head of Sustainability. Each member of the committee has the right to veto against any asset or project. The group shall meet no more seldom than twice yearly, and notes of which projects and assets they deem as eligible per this framework will be saved.

EY has made a limited assurance as to the allocation of proceeds.

Environmental certification

Magnolia Bostad develops resource effective buildings using materials that minimise the building's negative environmental impact. The company strives to make sure to prepare all buildings for certification according to the Swedish Green Building Council's silver certification (or higher), the Nordic Swan Ecolabel or an equivalent. The company minimizes the risk of buildings not qualifying for certification by means of continuous dialogues suppliers. Magnolia Bostad also employs the services of consultants specializing in environmental certification at two different phases, the projection phase and the production phase. By performing audits at an early stage, Magnolia Bostad minimizes the risk of any building not reaching the demands for certification. Magnolia Bostad's intention is to carry out a comprehensive total environmental audit annually on a contractor for a chosen project.

Assets and projects eligible for funding

The four asset and project types eligible for funding by means of the Green Bond proceeds fall under the category of Green Buildings.

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(i), proceeds may be used to fund the projects in Magnolia Bostad's portfolio of planned projects ("ex-ploateringsportfölj"), which are planned to at least reach the environmental standard of either Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel.

(ii), proceeds may be used to fund the part cost of any joint venture covered by Magnolia Bostad, in the cases where ownership is at least half of the venture to ensure that Magnolia Bostad's high environmental standard is enforced.

(iii), proceeds may be used to fund accounts receivable in projects of Magnolia Bostad's which obtain at least an environmental certification of Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel before the new owner is moving in.

(iv), proceeds may be used to fund Magnolia Bostad's portfolio of planned projects constructed mainly in wood and to be certified as Swedish Green Building Council's silver certification (or higher), or to fund accounts receivable in project constructed in wood before the new owner takes possession of the building. The verification of the certification is done after two years and is made by the new owner of the project.

Should a project or asset at any given time no longer be deemed as eligible as per the above stated criteria, it will be replaced.

See Magnolia Bostads website: Framework for Green Bonds, Cicero Green Bonds Second Opinion and Terms and Conditions.

Allocation of funds

31 December 2023

Name	ISIN	Currency	Coupon	Exp.	Amount
Magnolia04	SE0014956454	SEK	7,500	2024-04-02	SEK 400 m
Magnolia05	SE0015659636	SEK	6,900	2025-03-18	SEK 725 m
Magnolia06	SE0017565203	SEK	7,750	2026-05-19	SEK 300 m
Total outstanding bonds					SEK 1,425 m

Events after the end of the period

During March 2024, Magnolia Bostad received approval from the bondholders regarding changes to the terms of its outstanding bond ISIN SE0014956454.

A Written Procedure was initiated in order to receive the bondholders' consent to implement an extension of the tenor of the Bonds, an increasing call premium trajectory, as well as certain other amendments. A required majority voted in favor of the company's proposal in the Written Procedure. The Amended Terms and Conditions are available on Magnolia Bostad's website.

Allocation of the outstanding green bonds, projects overview

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Property	Area	Asset category	Type of property	Planned certification	Completed/Under development
(i) Projects in Magnolia Bostad's portfolio of planned projects, which are planned to at least reach the environmental standard of either the Swedish Green Building Council's silver certification (or higher) or the Nordic Swan Ecolabel.					
Alliero	Sundsvall	i	R	Swedish Green Building Council's silver certification	Under development
Täljöviken skola, Österåker	Österåker	i	R	Swedish Green Building Council's silver certification	Under development
Grimsta 5:2 Södra infra	Upplands Väsby	i	R, CP, H	Swedish Green Building Council's silver certification	Under development
Orminge 52:1 Hantverkshuset	Nacka	i	R	Swedish Green Building Council's silver certification	Under development
Vårby Udde Etapp 1	Huddinge	i	R, CP	Swedish Green Building Council's silver certification	Under development
Sländan Etapp 3	Södertälje	i	R	Swedish Green Building Council's silver certification	Under development
Öresjö Ängar Centrum	Borås	i	R	Swedish Green Building Council's silver certification	Under development
Kista äng	Stockholm	i	R	Swedish Green Building Council's silver certification	Under development
Bunkeflostrand	Malmö	i	R	Swedish Green Building Council's silver certification	Under development
Ångloket	Knivsta	i	R	Swedish Green Building Council's silver certification	Under development
(iii) Proceeds may be used to fund accounts receivable in projects of Magnolia Bostad's which obtain at least an environmental certification of the Swedish Green Building Council's silver certification (or higher) or the Nordic Swan Ecolabel before the new owner moves in.					
Öresjö Ängar Berget	Borås	iii	R	Swedish Green Building Council's silver certification	Under development
Ursvik 2 Parstugan	Sundbyberg	iii	R	Swedish Green Building Council's silver certification	Under development
Tullholmsviken kv 3	Karlstad	iii	R	Swedish Green Building Council's silver certification	Under development
Söderbymalm	Haninge	iii	R	Swedish Green Building Council's silver certification	Under development

R=Residential units, CP=Community service property, H=Hotel

Total volume of the outstanding green bonds and allocated funds is SEK 1,425 m.

The Swedish Green Building Council's silver certification is a Swedish environmental certification of buildings where the environmental work and the building's environmental performance are reviewed by a third party. The system is owned and developed by the Sweden Green Building Council, which also carries out the certifications. A total of sixteen different indicators are reviewed by independent third parties.

Magnolia Bostad's auditor, EY, has made a limited assurance as to the allocation of proceeds in Magnolia Bostad's Green bond report 2023.

Auditor's Limited Assurance Report

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To Magnolia Bostad AB (publ), corporate identity number: 556797-7078

Introduction

We have been engaged by the Board of Directors of Magnolia Bostad AB (publ) to undertake a limited assurance engagement of selected information in Magnolia Bostad Green Bond Report as of December 31st 2023 ("Green bond report"), to corroborate that the proceeds from the issue of green bonds of SEK 1,425 million have been used in accordance with Magnolia Bostad AB's Green Bonds Framework September 2020. The Green bond report consists of the pages 96-98 in the Annual Report document.

The set criteria in the framework are to finance assets or projects in the category of Green Buildings. For example, the projects must at least reach, or alternatively plan to at least reach, the environmental standard silver (or higher) from the Swedish Green Building Council or the Nordic Ecolabel (Svanen), or also under certain conditions be built mainly in wood.

Our assurance does not extend to any other information in the Reporting. We have not reviewed and do not provide any assurance over any individual project information reported, including where applicable estimates of impact.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the use and management of proceeds, the preparation of the Green bond report

in accordance with the applicable criteria as well as evaluating and selecting eligible assets. This responsibility also includes the internal control relevant to the preparation of a Green bond report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Reporting based on the limited assurance procedures we have performed. Thus, our responsibility is to comment on the information stated in the Executive Management's statement in the Green bond report and the use of the issued amount according to the categories of the framework based on our limited review.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily to persons responsible for the preparation of the Report, applying analytical review procedures and other limited assurance procedures. The nature of the procedures performed in a limited assurance engagement vary and are less in scope than for a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires that the firm design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional

standards and applicable legal and regulatory requirements. We are independent of Magnolia Bostad AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Green Bond Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the information regarding use of proceeds per December 31st 2023 in the Green bond report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, on the date of our electronic signature.
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Marianne Förander
Expert Member of FAR

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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 2023 has been prepared as part of the company's application of the Swedish Companies Act and the Annual Accounts Act. The company has previously and until September 2021, 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 a 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 efficiently, 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 2022, divided into 37,822,283 shares 100% owned by HAM Nordic AB.

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 2023. HAM Nordic AB was represented by Erika Olsén. Fredrik Holmström was elected Chairman of The Annual General Meeting.

An Extraordinary General Meeting was held on 3 July 2023 where the meeting decided to appoint a new Board following a change in ownership. HAM Nordic AB was represented by Erika Olsén and Johan Bengtsson. Erika Olsén was elected Chairman of the Annual General Meeting.

Earlier in 2023, an Extraordinary Meeting was also held on 27 March, where the meeting decided to adopt new Articles of Association for the company. The Articles of Association that were adopted made it

possible for the company's Board to appoint a maximum of six board deputies. The meeting decided to elect Martin Svensson and Anders Lif as deputies on the company's board.

The Board

The Board is appointed by the Annual General Meeting and as of 31 December 2023 consisted of three members, Erika Olsén, Therese Rattik, Johan Bengtsson, and three deputies. See page 104 for the Board.

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 2023, 19 minuted Board meetings were held, of which six per capsulam. The company's Board has no committees, which means that the tasks are fulfilled by the entire Board. The Board continuously evaluates the Board's work with the aim of developing the Board's working methods and efficiency.

Contents	Our business	Sustainable urban development	Financing	Projects and properties	Directors' report and financial reports	Sustainability reporting	Corporate governance and other information
</							

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description, process descriptions and manuals. The company'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.

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 pages 32-34.

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. The head of strategy 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 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.

The Board

Data as of 31 December 2023
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Erika Olsén
Chairman of the Board since June 2023
Board member since September 2021

Born 1976

Partner, Investments. Chairman of the Board of HAM Nordic AB. Board member of Genova Property Group AB and Diös Fastigheter AB.

M.Sc. in Property Economics from KTH Stockholm.



Therese Rattik
Board member since September 2021

Born 1976

CEO Areim until March 2024. 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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Johan Tengelin
CEO

Employed and member of Executive Management since December 2020.

Born 1970

Former partner at Brunswick Real Estate, and CEO Sveafastigheter. 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 Kungsleden. Also has a background as FP&A Manager and Accounting Manager at GE Capital Real Estate Nordic.

MBA from Gothenburg School of Economics.



Hanna Jessing
COO

Employed and 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
Investment manager

Employed since 2015. Member of Executive Management 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

Auditor's report on the corporate governance

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

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Engagement and responsibility
 It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 100–105 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 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.

Opinion
 A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 in 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. Ernst & Young AB

Stockholm, the day indicated by our electronic signature.

Fredric Hävrén
Authorized public accountant

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Definitions and explanations

	<p>Alternative KPIs not defined in IFRS see page 81.</p> <p><i>Agenda 2030</i> The UN's 17 Global Sustainable Development Goals for 2030 (UN Sustainable Development Goals), also called the SDGs.</p> <p><i>Number of residential units</i> Estimated number of dwellings at a time when binding sales agreements are signed and revenue recognition takes place.</p> <p><i>Yield-based valuation method</i> 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.</p> <p>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.</p> <p><i>Estimated number of building rights</i> 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.</p>	<p><i>Estimated production start, project portfolio</i> 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.</p> <p><i>Estimated completion of projects</i> The time for the estimated completion of a project is when the project is completed and finalized.</p> <p><i>BoTryggt2030</i> 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.</p> <p>CO₂e Carbon dioxide equivalents. A measure that describes greenhouse gas emissions such as carbon dioxide, methane and water vapour that contribute to global warming.</p> <p><i>Direct allocation</i> 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.</p> <p><i>EU taxonomy</i> 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</p>	<p>climate sustainability and what is classified as sustainable based on the Paris Agreement's goal of keeping global warming below 1.5° C.</p> <p><i>UN Global Compact</i> Ten principles for sustainable business concerning the environment, labour law, anti-corruption and human rights.</p> <p><i>The UN's global sustainability goals</i> The UN's 17 Global Sustainable Development Goals for 2030 also called the SDGs or Agenda 2030.</p> <p><i>Forward funding</i> Forward funding means that the project is owned and financed by the project's buyers during the production period.</p> <p><i>Sales rate</i> Sold residential units in production divided by units in projects in production.</p> <p><i>Green House Gas Protocol</i> 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.</p> <p><i>GRI</i> Global Reporting Initiative – Global standard for sustainability reporting developed through an independent organization. It refers to the fulfilment of all targets through the GRI index.</p> <p><i>HS30</i> (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.</p>
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	<p>IMD Individual measurement and billing, for example of heat, water or electricity.</p>		
	<p>Climate neutrality 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.</p>		
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Auditors' report on the corporate governance report →	<p>LFM30 (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.</p>		
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Definitions	<p>Life Cycle Analysis 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.</p>		
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	<p>Land allocation 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.</p>		
	<p>Land allocation competition 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.</p>		
		<p>Market-based method The GHG protocol uses a location-based and market-based approach. With the market-based method, companies can calculate emissions from an electricity mix that they have deliberately chosen to purchase through direct contracts.</p>	
		<p>Silver environmental building certification 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).</p>	
		<p>Environmental certification 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.</p>	
		<p>The location price method 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.</p>	
		<p>The Paris Agreement 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.</p>	
		<p>Location-based method The GHG protocol uses a location-based and market-based approach. With the location-based method, the average emission intensity of electricity grids within a certain geographical area where energy consumption takes place is used.</p>	
			<p>Production start, projects for sale Production commences when the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed.</p>
			<p>Production start, projects for self-management Production start, properties for self-management production commences when the zoning plan has come into legal force and the turnkey contract has been signed.</p>
			<p>Community service properties 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.</p>
			<p>Bare sand Exposed sand. There is a diversity of species that live in sandy environments, for example insects that dig tunnels in the sand where they lay eggs.</p>
			<p>Swan Eco-labelling The Nordic Swan Eco-labelling certification is an environmental certification that includes indicators linked to energy, indoor environment, choice of materials and routines in the construction process and management.</p>
			<p>Sold residential units in production Number of residential units in sold projects where binding sales agreements were signed, and then revenue recognized.</p>
			<p>Occupancy rate, % Rented out area in relation to lettable area.</p>

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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 JVs.

Information about earning capacity

Rental development and property value for completed properties, properties in progress and non-production-started properties include assessments and assumptions.

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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26 April 2024
- Interim report January–June 2024**
5 July 2024
- Interim report January–September 2024**
23 October 2024
- Year-end report January–December 2024**
19 februari 2025

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Project management: Magnolia Bostad
Photo: Pix Provider
Chapter introductions: Our business: The Poeten project, Västerås
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