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Magnolia Bostad
Half-year report
The Group
1 January–30 June
2023

Q2

Half-year report 1 January–30 June 2023



“Our project margins are still under pressure as a result of high construction costs, inflation, more expensive financing and higher required returns, which is why we only started production on a few residential units in the last quarter. My view is that there is a consensus in the industry that vigorous measures are needed to avoid several years of very low housing production. A continuing extensive housing shortage risks inhibiting growth in society as well as threatening the green transition and, in the long term, creating a skills shortage in the industry.”

We still see the future in positive terms and are continuing to work on our current and future projects. There are many excellent projects and neighbourhoods being developed, we have over 9,000 residential units in production and our building rights portfolio is just over 17,000 rights. In terms of our long-term sustainable growth, we see it as a positive sign that Areim has signed an agreement to buy all the shares in Magnolia Bostad's ownership company. With Areim as the sole owner, we have a financially strong, stable owner that gives us the opportunity to meet the market's current challenges and take advantage of opportunities that arise.”

Johan Tengelin, CEO

1 January–30 June 2023

- Net sales amounted to SEK 158 m (188). The operating loss was SEK 286 m (-85), of which SEK -25 m (32) applies to changes in the value of investment properties.
- The loss before tax for the period was SEK 419 m (-161) and the loss after tax was SEK 422 m (-148).
- Earnings per share after deductions for minority shares was SEK -10.22 (-3.38).

1 April–30 June 2023

- Net sales amounted to SEK 101 m (97).
- The operating loss was SEK 179 m (-62), of which SEK -21 m (14) refers to changes in the value of investment properties.
- The loss before tax for the period was SEK 245 m (-105) and the loss after tax was SEK 246 m (-109).
- Earnings per share after deductions for minority shares was SEK -6.03 (-2.59).

Significant events 1 April–30 June 2023

- Started production of 57 residential units in Göteborg.
- Converted shareholder loan, including accrued interest, of SEK 327 m from HAM Nordic AB to an unconditional shareholder contribution.
- Areim signed an agreement to buy all the shares in Magnolia Bostad AB's owner company HAM Nordic AB. The agreement means that Areim has sole control of the company, with a focus going forward on creating the best possible conditions for long-term sustainable growth. Magnolia Bostad was previously 50% owned by Areim, 35.5% by Holmström Fastigheter and 14.5% by Holmströmgruppen.

Significant events after the end of the quarter

- No significant events occurred after the end of the quarter.

KPIs, Group	2023 Jan-Jun	2022 Jan-Jun	2023 Apr-Jun	2022 Apr-Jun	2022/2023 Jul-Jun	2022 Jan-Dec
Project-related						
Number of production starts during the period ¹	57	833	57	538	173	949
Number of sold residencies during the period ¹	0	0	0	0	60	60
Total number of residencies in production ¹	9,129	10,039	9,129	10,039	9,129	9,345
Number of estimated building rights in the portfolio, not yet production started ¹	17,090	21,140	17,090	21,140	17,090	18,828
Financials						
Investment properties (SEK m)	2,898	2,569	2,898	2,569	2,898	2,489
Operating profit/loss (SEK m)	-286	-85	-179	-62	-948	-747
Return on equity (%)	-	-	-	-	Neg	Neg
Equity/assets ratio (%)	31.9	36.4	31.9	36.4	31.9	32.5
Interest coverage ratio (multiple)	-	-	-	-	Neg	Neg
Share-related						
Earnings per share (SEK)	-10.22	-3.38	-6.03	-2.59	-27.72	-20.89
Equity per share (SEK) ²	57.03	68.45	57.03	68.45	57.03	58.89

¹ From Q4 2021, the number of residential units is presented as Magnolia Bostad's share including minority interests. Other JV owners' shares are not shown.

² Excluding non-controlling interests (minority).

Sustainable urban development through sustainable financing

Magnolia Bostad contributes to sustainable urban development environmentally, socially and ethically, as well as financially. Our key sustainability issues are rooted in the UN's global sustainability goals and spread through our life cycle analysis, planning, production, property management and financing.

Important sustainability events April-June 2023

- Three environmental audits were carried out within the production phase.
- Lisa Rejler, Interim Head of Sustainability, held training in Magnolia Labs and presented the company's sustainability strategy: the 5-point programme for sustainable construction.

- Marita Björk was appointed Head of Sustainability and IR.

Sustainability work– a life cycle perspective

The land being prepared and the properties being built will be used by generations for many years to come. We work for sustainable construction with energy-efficient technology, healthy material choices, and circular recycling and build to a minimum of criteria based on the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or an equivalent. Our projects are third-party audited with environmental audits. Our ambition is to carry out a sustainability audit of a turnkey contract annually.

To create security in the communities we develop, BoTryggt 2030 is part of our architecture and project development. We also want to create conditions for security, integration, gender equality and health through community involvement and support for girls' and women's football. We take part in various local initiatives such as HS30, LFM30 and ÖBKN to achieve a quicker transition to a sustainable housing industry through cooperation.

All employees, partners and sponsorship partners, sign Magnolia Bostad's code of conduct, which governs the company's business ethics, health and safety, human rights and working conditions.

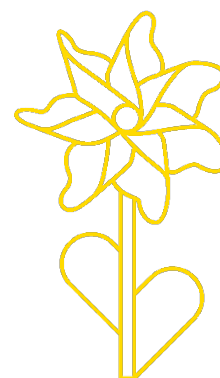
The fact that we develop and build sustainably also enables sustainable financing. All of our outstanding bond schemes are green and we work continuously towards financing via green building loans. Our aim is that all our financing will be green or sustainable in another way in terms of environmental and social aspects. Our corporate bonds follow the company's green framework, which has been established in accordance with the Green Bonds Principles 2018 category Green Buildings.

Read more about sustainable financing on page 10.

<https://om.magnoliabostad.se/en/bonds>

<https://om.magnoliabostad.se/en/sustainability>

Selection of KPIs	2023	2023
	Jan-Jun	Apr-Jun
Environmental certification according to The Swedish Green Building's Silver Certification, the Nordic Ecolabel or equivalent.		
Completed projects with completed or planned certifications, number of residential units	268	0
Projects with planned certification, number of residential units	22,723	22,723
Environmental audits, number		
Environmental audits, number	12	3
ESG audit of turnkey contracts, number		
ESG audit of turnkey contracts, number	0	0
Codes of conduct, signed by		
Employees and partners	100%	100%
Partners in sponsorship	100%	100%
Social sustainability, football teams Magnolia Bostad supports		
Football teams, number	28	28
Green Bonds		
Total volume of outstanding Green Bonds, SEKm	1,425	1,425
Remaining available capacity for Green Bonds, SEKm	1,662	1,662
Total fair value of green pool, SEKm	3,087	3,087



Consolidated condensed income statement

Amounts in MSEK	2023	2022	2023	2022	2022/2023	2022
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jul-Jun	Jan-Dec
Net sales	158	188	101	97	539	569
Production and operating costs	-209	-199	-107	-102	-805	-795
Gross profit/loss	-50	-11	-6	-5	-265	-226
Central administration	-38	-54	-21	-31	-82	-98
Profit/loss from participations in associated companies and joint ventures	-172	-52	-131	-39	-313	-193
Change in value, investment properties	-25	32	-21	14	-287	-230
Operating profit/loss	-286	-85	-179	-62	-948	-747
Financial income	6	12	3	6	13	19
Financial expenses	-138	-88	-69	-49	-251	-201
Profit/loss before tax	-419	-161	-245	-105	-1,187	-929
Income tax	-3	13	-1	-4	51	67
NET PROFIT/LOSS FOR THE PERIOD	-422	-148	-246	-109	-1,137	-863
Profit/loss attributable to						
Parent company shareholders	-387	-128	-228	-98	-1,049	-790
Non-controlling interests	-35	-20	-18	-10	-88	-73
Earnings per share (SEK)						
Before dilution effects	-10.22	-3.38	-6.03	-2.59	-27.72	-20.89
After dilution effects	-10.22	-3.38	-6.03	-2.59	-27.72	-20.89

Consolidated statement of comprehensive income

Amounts in MSEK	2023	2022	2023	2022	2022/2023	2022
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jul-Jun	Jan-Dec
Net profit/loss for the period	-422	-148	-246	-109	-1,137	-863
OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
Total other comprehensive income	0	0	0	0	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-422	-148	-246	-109	-1,137	-863
Comprehensive income attributable to						
Parent Company shareholders	-387	-128	-228	-98	-1,049	-790
Non-controlling interests	-35	-20	-18	-10	-88	-73

Comments on the results

Comparisons in parentheses refer to the corresponding figure for the previous year except in sections describing the financial position and financing. These figures refer to the end of the previous year.

Reporting period 1 January–30 June 2023

Net sales amounted to SEK 158 m (188) and the operating loss was SEK 286 m (-85). The loss before tax amounted to SEK 419 m (-161).

Distribution of revenue	2023 Jan-Jun	2022 Jan-Jun
Property sales	6	-26
Sum of revenue recognised at a point in time	6	-26
Project management	27	27
Rent	10	9
Other invoicing for the projects and other revenue	115	178
Sum of revenue recognised over in time	152	214
TOTAL REVENUE	158	188

Property sales during the period consisted of a sale of building rights in Lund of SEK 17 m and adjustments to previously revenue-recognized projects of SEK -11 m.

Development of net operating income	2023 Jan-Jun	2022 Jan-Jun
Rental income		
Properties owned at the beginning of the period	3	3
Completed properties	-	-
Project properties	7	7
Rental income	10	9
Property costs		
Properties owned at the beginning of the period	-2	-1
Completed properties	-	-
Project properties	-7	-3
Operating costs	-9	-4
Net operating income	1	5

The period's net operating income was negatively affected by costs linked to a fire in the Adjutanten property in Visby. Production and operating costs were SEK -209m (-199) and were affected by costs for canceled projects and write downs in the project portfolio of SEK -63m.

The costs for central administration amounted to SEK 38 m (-54). The reduction in costs is due to the review of fixed costs and the workforce that was carried out in Q3 2022.

The loss from associated companies was SEK 172m (-52), mainly affected by negative valuation effects as a result of higher required returns and financing costs in ongoing productions.

Distribution of profits from associated companies	2023 Jan-Jun	2022 Jan-Jun
Net operating income	10	4
Other income and expenses	-17	-11
Change in value, project development	62	-
Change in value, other	-159	-14
Financing costs	-77	-20
Tax	9	3
Total	-172	-39

The change in value of investment properties was SEK -25m (32) and was primarily affected by higher required returns.

Change in value	2023 Jan-Jun	2022 Jan-Jun
Change in net operating income	52	-1
Change in project cost	6	-18
Project development	42	55
Change in required return	-127	-
Sales	2	1
Sales to JV	-	-4
Total	-25	32

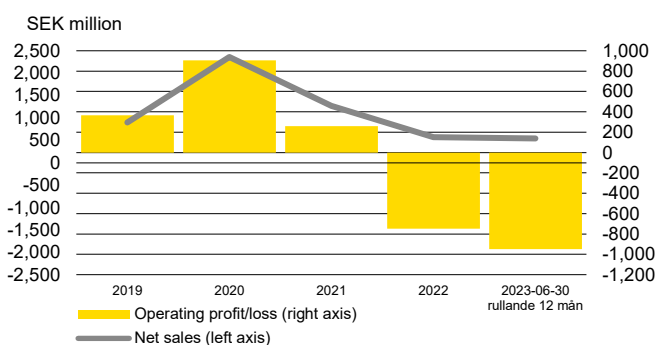
Financial items

Net financial items amounted to SEK 132 m (-76). At the end of the period, Magnolia Bostad's average interest rate was 9.4% compared to 8.2% at the turn of 2022/2023. The interest coverage ratio was negative.

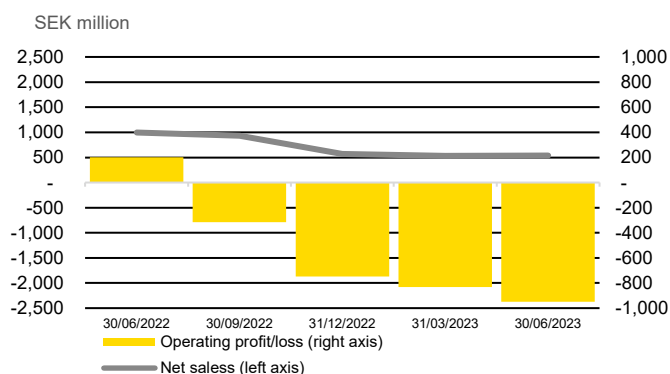
Profit/loss for the period

The loss for the period was SEK 422m (-148) and includes SEK -3m (13) in deferred tax.

Net sales & operating profit/loss, full-year



Net sales & operating profit/loss, rolling 12-months



Reporting period 1 April–30 June 2023

Net sales amounted to SEK 101 m (97) and the operating loss was SEK 179m (-62). The loss before tax was SEK 245m (-105).

Distribution of revenue	2023 Apr-Jun	2022 Apr-Jun
Property sales	20	-22
Sum of revenue recognised at a point in time	20	-22
Project management	18	13
Rent	5	4
Other invoicing for the projects and other revenue	58	102
Sum of revenue recognised over in time	81	119
TOTAL REVENUE	101	97

Revenue from property sales for the period of SEK 20 m (-22) consisted of a building rights sale of SEK 17 m and amended estimates of variable components in the transaction price for projects already sold of SEK 3 m.

Rental income amounted to SEK 5 m (4) and property costs amounted to SEK -4 m (-3), which gives a net operating income of SEK 1 m (2). Net operating income was still negatively affected by costs linked to the fire at Adjuntanten 2 in Visby. The increase in costs is deemed to be able to be recovered in its entirety via insurance.

In addition to the results from project sales and net operating income, the gross profit/loss was also affected by fixed costs and write-downs in the project portfolio, which gave a gross loss for the period of SEK 6 m (-5).

Costs for central administration amounted to SEK -21 m (-31). The reduction in costs is due to the review of fixed costs and the workforce carried out in Q3 2022.

The loss from associated companies was SEK 131 m (-39), mainly affected by negative changes in value as a result of higher required returns and financing costs.

Distribution of profits from associated companies	2023 Apr-Jun	2022 Apr-Jun
Net operating income	6	4
Other income and expenses	-9	-11
Change in value, project development	33	-
Change in value, other	-128	-14
Financing costs	-42	-20
Tax	9	3
Profit/loss from disposal	-	-
Total	-131	-39

The change in value of investment properties was SEK -21 m (14) and was primarily affected by higher required returns, which was offset to some extent by the continued development of the properties.

Change in value	2023 Apr-Jun	2022 Apr-Jun
Change in net operating income	-19	-1
Change in project cost	18	-16
Project development	27	35
Change in required return	-46	-
Sales	-	1
Sales to JV	-	-4
Total	-21	14

Financing costs amounted to SEK -69 m (-49) during the quarter.

Consolidated condensed statement of financial position

Amounts in MSEK	2023 30 Jun	2022 30 Jun	2022 31 Dec
ASSETS			
Non-current assets			
Goodwill	6	6	6
Other intangible assets	1	1	1
Total intangible assets	6	7	7
Investment properties	2,898	2,569	2,489
Right of use assets	45	54	49
Machinery and equipment	3	4	4
Total property, plant and equipment	2,945	2,628	2,542
Shares in associated companies and joint ventures	422	597	515
Receivables from associated companies	182	197	192
Other securities held as non-current assets	-	-	-
Other long-term receivables	707	1,118	910
Total financial assets	1,311	1,912	1,617
Total non-current assets	4,263	4,546	4,166
Current assets			
Development and project properties	1,360	1,355	1,348
Tenant-owned apartments	4	4	4
Accounts receivable	13	43	17
Receivables from associated companies	141	142	149
Other receivables	532	316	439
Prepaid expenses and accrued income	15	13	13
Cash and cash equivalents	410	885	772
Total current assets	2,475	2,758	2,742
TOTAL ASSETS	6,738	7,304	6,908

Assets

The Group's total assets amounted to SEK 6,738 m, compared to SEK 6,908 m at the beginning of the year.

Investment properties

Properties held for self-management are reported as investment properties and amounted to SEK 2,898 m (2,489). The increase is mainly due to the acquisition of a completed property in Upplands-bro, which was developed within a JV together with Heimstaden. In addition to the acquisition, the item is also affected by continued investments in properties being constructed, primarily the Ångloket project in Knivsta, the Adjutanten student housing project in Visby and the Öresjö Ångar project in Borås. Q2's value changes amounted to SEK -21 m.

	2023 Jan-Jun	2022 Jan-Jun
Investment properties		
Opening carrying amount	2,489	2,276
Reclassifications	0	-28
Investments and acquisitions	436	289
Change in value	-27	32
Closing carrying amount	2,898	2,569

Development and project properties

Development and project properties amounted to SEK 1,360m (1,348) at the end of the period. The item was also affected by write-downs of certain projects that are not seen as being able to be carried out profitably under current market conditions.

Associated companies and joint ventures

Shares in associated companies and joint ventures fell, mainly due to financing costs and negative changes in the value of underlying properties and amounted to SEK 422 m (515). Shareholder contributions to JVs during the period amounted to SEK 77 m. Long-term and short-term receivables from associated companies and JVs fell by SEK 19 m to SEK 323 m (341).

Some of the JVs are working with zoning plans, some have properties with production in progress and some have completed investment properties.

Magnolia Bostad owns a JV with Slättö, with four completed projects. The Strandblick project in Östersund with a total of 216 residential units was completed in 2021, the LU:1 project in Luleå was completed in Q1 2022 and the Gjuteriet stage 2 project in Eskilstuna and the Sportflygaren in Örebro were completed in Q2 2022. The total carrying amount for Magnolia Bostad's share of the JV is SEK 45 m. The underlying property value in the JV amounts to SEK 1,039 m and the properties annual net operating income is SEK 42 m

Magnolia Bostad has two more JVs with Slättö, one JV with Heimstaden and one JV with SBB for the development of properties for self-management, with one or more projects with production in progress in each JV. In addition, Magnolia Bostad has a JV with Heimstaden with projects in various stages of the zoning plan process that are being developed for self-management, where a majority of the building rights belong to the Näsängen project in Åkersberga.

In addition to JVs for developing properties for self-management, Magnolia Bostad, with Alecta, is the owner of a JV that owns the Stinsen shopping centre in Sollentuna, where a zoning plan is being processed to develop residential units in the Södra Häggviks Gårdar district. Magnolia Bostad also has a JV with Derome for the development and sale of detached houses and a JV with SBB to develop a total of 285 residential units in Nykvarn.

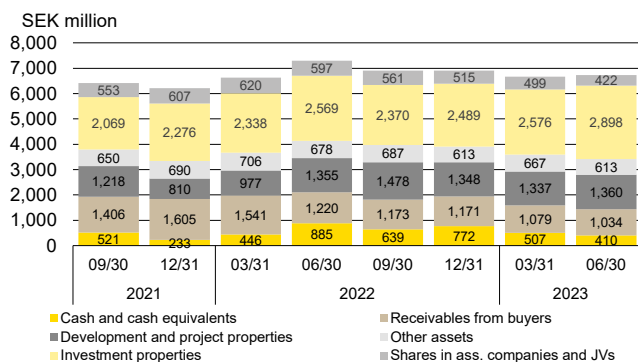
Other receivables

Out of other long-term and other receivables of a total of SEK 1,239m (1,349), SEK 1,034m (1,171) are receivables from buyers of projects, mainly large property companies. Of receivables from buyers, the Group expects to receive SEK 450 m (370) as repayments of promissory notes, additional purchase price payments, final purchase price payments and forward funding within the next 12 months. Deposits for future property acquisitions amounted to SEK 110 m (110).

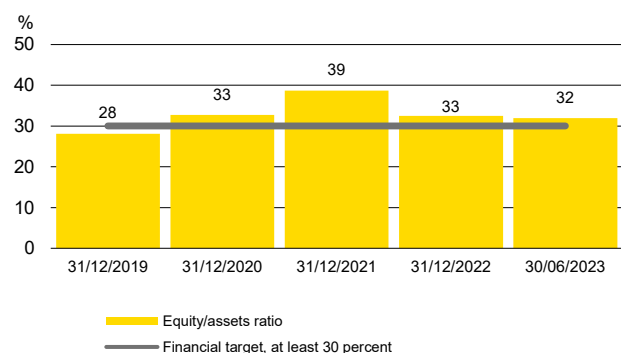
Cash and cash equivalents

Cash and cash equivalents amounted to SEK 410 m (772).

Distribution of assets



Equity/assets ratio



Consolidated condensed statement of financial position

Amounts in MSEK	2023 30 Jun	2022 30 Jun	2022 31 Dec
EQUITY AND LIABILITIES			
Equity			
Share capital	151	151	151
Other capital contributions	1,855	1,228	1,528
Retained profits incl. net profit/loss for the period	151	1,210	548
Equity attributable to Parent Company shareholders	2,157	2,589	2,227
Non-controlling interests	-8	71	18
Total equity	2,149	2,660	2,245
Non-current liabilities			
Deferred tax liability	30	81	27
Non-current interest-bearing liabilities	2,024	2,245	2,515
Non-current liabilities to associated companies	25	22	24
Non-current lease liabilities	31	40	36
Other long-term liabilities	660	1,039	906
Total long-term liabilities	2,771	3,427	3,508
Current liabilities			
Current interest-bearing liabilities	711	511	506
Current lease liabilities	19	19	18
Accounts payable	14	4	33
Liabilities to associated companies	11	16	11
Income tax liabilities	0	0	0
Other current liabilities	880	528	402
Accrued expenses and deferred income	183	141	185
Total current liabilities	1,818	1,219	1,155
TOTAL EQUITY AND LIABILITIES	6,738	7,304	6,908

Equity and equity/assets ratio

As of 30 June 2023, the Group's equity amounted to SEK 2,149 m (2,245) with an equity/assets ratio of 31.9% (32.5). The equity/assets ratio has fallen due to the period's negative results. During Q2, a shareholder loan totalling SEK 327 m, including accrued interest, was converted into an unconditional shareholder contribution. Magnolia Bostad's financial target means that the equity/assets ratio must amount to at least 30%.

Of the Group's equity, SEK -8 m (18) is attributable to non-controlling interests. Return on equity attributable to the parent company's shareholders for the last twelve-month period was negative.

Sustainable financing

Magnolia Bostad's main focus in terms of financing is to provide the business with capital on favourable terms regarding sustainability, price, interest rate risk and structure. Our aim is for new financing to be green or sustainable based on environmental and social aspects. At present, all of our outstanding bond schemes are green. Development for our own portfolio, forward funding or tenant-owned apartments have different financing needs. Corporate bonds are used to finance the processing of building rights, other parts of the ongoing work to develop the projects and to finance the liquidity reserve. Certain land acquisitions are also initially financed with liquidity from bonds. Land acquisitions can, to some extent, also be financed with promissory notes or revolving credit facilities. For completed investment properties and rental-generating project properties, secured property loans are used as much as possible as the interest rate for this type of financing is lower than for other financing.

Interest-bearing liabilities

Total interest-bearing loan liabilities, including interest-bearing deposits received amounted to SEK 2,736 m (3,021) as of 30 June 2023. The majority of Magnolia Bostad's liabilities consist of bonds with a book value of SEK 1,414 m (1,411), project-related liabilities of SEK 793 m (692), and promissory notes of SEK 337 m (408). The remaining interest-bearing liabilities consist of secured property loans of SEK 134 m (137), and deposits received of SEK 58 m (60). In the period shareholder loans of SEK 313 million have been converted to shareholder contributions.

Repayment of project-related liabilities is made at the time of Magnolia Bostad's handover or upon final payment being received from buyers at the time of project completion. The average tied-up capital period, excluding deposits, amounted to 2.0 years as of 30 June 2023 compared to 2.3 years as of

31 December 2022.

Green bonds

As of 30 June 2023, Magnolia Bostad had three bonds that are all green, unsecured and listed on Nasdaq Stockholm's Sustainable Bonds list.

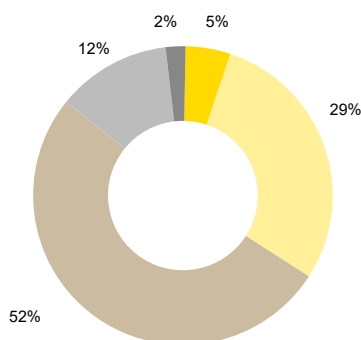
- One bond of a nominal SEK 400 m within a framework of SEK 700 m, with a variable interest rate of Stibor 3m + 7.50% (with a Stibor floor) maturing in April 2024.
- One bond of a nominal SEK 725 m within a framework of SEK 1,000 m, with a variable interest rate of Stibor 3m + 6.90% (with a Stibor floor)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

The difference between the book value of SEK 1,414 m and the nominal amount of the bonds is due to set-up fees paid, which are reported according to the effective interest method.

Other liabilities

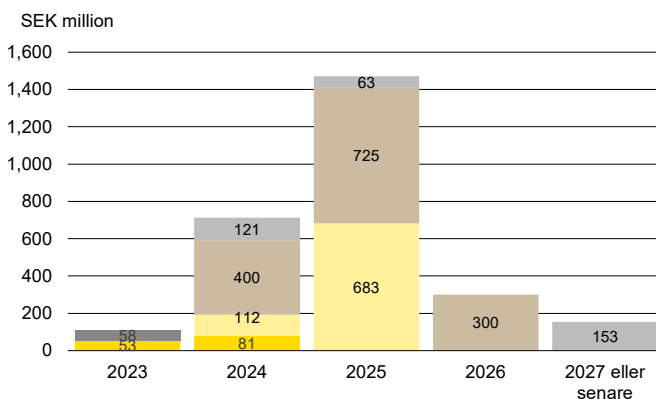
Other long-term liabilities and current liabilities mainly consist of debt for unpaid purchase prices for acquired projects and amounts to SEK 1,541 m (1,309).

Interest bearing liabilities



- Collateralized property loans
- Project-related liabilities
- Bond loans
- Seller promissory notes
- Deposits

Maturity structure

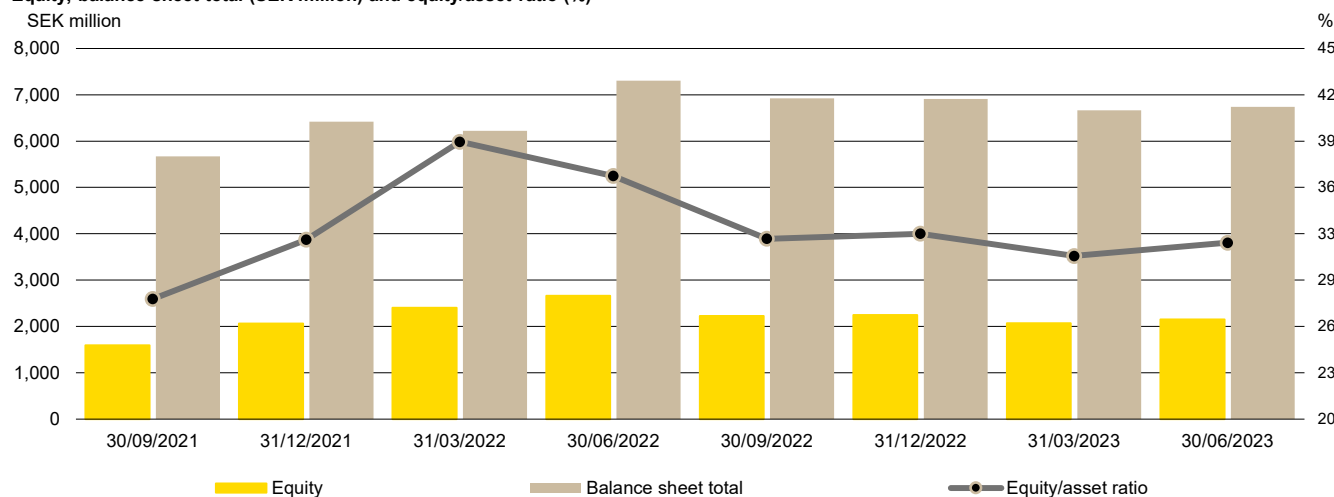


- Deposits
- Seller promissory notes
- Bond loans
- Project-related liabilities
- Collateralized property loans

Consolidated condensed statement of changes in equity

Amounts in MSEK	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/ loss for the year	Non-controlling interests	Total equity
Opening equity 2022/01/01	151	823	-	1,342	89	2,406
Interest on Hybrid loan	-	-	-	-5	-	-5
Shareholder contributions	-	1,045	-	-	-	1,045
Acquisition of non-controlling interests	-	-	-	0	0	-
Redemption of Hybrid loan	-	-640	-	-	-	-640
Net profit/loss for the period	-	-	-	-128	-19	-147
Other comprehensive income	-	-	-	-	0	0
Closing equity 2022/06/30	151	1,228	-	1,210	71	2,660
Shareholder contributions	-	300	-	-	-	300
Net profit/loss for the period	-	-	-	-661	-54	-715
Other comprehensive income	-	-	-	0	0	0
Closing equity 2022/12/31	151	1,528	-	549	18	2,245
Opening equity 2023/01/01	151	1,528	-	549	18	2,245
Acquisition of non-controlling interests	-	-	-	-10	10	0
Shareholder contributions	-	327	-	0	-	327
Net profit/loss for the period	-	-	-	-387	-35	-421
Other comprehensive income	-	-	-	0	0	0
Closing equity 2023/06/30	151	1,855	-	151	-8	2,149

Equity, balance sheet total (SEK million) and equity/asset ratio (%)



Consolidated condensed cash flow statement

Amounts in MSEK	2023	2022	2023	2022	2022/2023	2022
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jul-Jun	Jan-Dec
Operating activities						
Profit/loss after financial items	-419	-161	-246	-105	-1,187	-929
Adjustments for non-cash items, etc						
Less share of profit/loss from associated companies and joint ventures	172	52	131	39	313	193
Retained dividend from associated companies	-	-	-	-	3	3
Depreciation/amortization and impairment of assets	58	13	18	6	164	119
Fair value changes, investment properties	26	-32	21	-14	288	230
Capital gains/losses from the sale of development properties	11	26	-3	22	12	27
Profit from sale of other long-term securities	-	-5	-	-	-	-5
Other profit/loss items that do not affect liquidity	5	4	2	2	10	9
Income tax paid	-	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-147	-103	-77	-50	-397	-353
Decrease (+)/increase (-) of development and project properties	-74	-238	-51	100	-407	-571
Decrease (+)/increase (-) in current receivables	98	365	65	341	374	641
Decrease (+)/increase (-) in current liabilities	0	-275	14	-237	134	-141
Cash flow from operating activities	-123	-250	-49	155	-296	-423
Investing activities						
Acquisition of intangible fixed assets	-	-	-	-	-	-
Acquisition of investment properties	-188	-87	-94	-29	-496	-395
Acquisition of machinery and equipment	-1	-	-1	-	-1	-
Disposal of investment properties	-	-	-	-	-	-
Investment in financial assets	-77	-41	-54	-16	-141	-105
Disposal/reduction of financial assets	-	35	-	-	-	35
Cash flow from investing activities	-266	-93	-149	-45	-638	-465
Financing activities						
Shareholder contribution	-	400	-	-	300	700
Reciprocity of hybrid loan	-	-	-	-	-	-
Contribution from non-controlling interest	-	-	-	-	-	-
Repurchase of warrants	-	-	-	-	-	-
Borrowings	208	772	163	463	440	1,004
Repayment of borrowings	-181	-178	-62	-135	-280	-277
Dividend paid to minority interest	-	-	-	-	-	-
Cash flow from financing activities	27	994	101	328	460	1,427
Cash flow for the period	-362	651	-97	438	-474	539
Cash and cash equivalents at the beginning of the period	772	233	507	446	885	233
Cash and cash equivalents at the end of the period	410	885	410	885	410	772

Cash flow and cash and cash equivalents

Cash flow for the period amounted to SEK -362 m (651). Cash and cash equivalents as of 30 June 2023 amounted to SEK 410 m (772). Besides liquid funds there were unused granted credits of SEK 682 m as of 30 June 2023.

Current activities

Cash flow from current activities amounted to SEK -123m (-250), mainly affected by costs in operations, investments in project properties and final cash received for completed projects.

At the time of handovers Magnolia Bostad receives forward funding for the projects, which means that Magnolia Bostad receives payment for investments made up to handover. Often, part of the project's profit is also received in cash upon exiting the project. The remaining part of the project profit is usually received upon project completion. This leads to a delay between the timing of reporting sales in the income statement and cash flows received.

Investment activities

Cash flow from investment activities amounted to SEK -266 m (-93), mainly affected by investments in investment properties of SEK -188 m (-87), where investments in the Ångloket project in Knivsta, Öresjö Ångar project in Borås and the Adjutanten student housing project in Visby, accounted for the majority.

Financing activities

Cash flow from financing activities amounted to SEK 27 m (994). Loans taken out refer to the expansion of construction loans in continuing productions.

Parent company's condensed income statement

Amounts in MSEK	2023 Jan-Jun	2022 Jan-Jun	2023 apr-jun	2022 apr-jun	2022/2023 Jul-Jun	2022 Jan-Dec
Net sales	12	7	5	3	34	29
Total income	12	7	5	3	34	29
Central administration	-26	-25	-13	-12	-52	-51
Operating profit/loss	-14	-18	-8	-9	-18	-22
Financial income	86	66	44	35	164	144
Financial expenses	-93	-62	-46	-34	-172	-141
Profit/loss after financial items	-21	-14	-10	-8	-26	-19
Tax on profit/loss for the period	0	0	0	0	0	0
Group contributions	0	0	0	0	-67	-67
NET PROFIT/LOSS FOR THE PERIOD	-21	-14	-10	-8	-93	-86

Parent company's condensed balance sheet

Amounts in MSEK	2023 30 Jun	2022 30 Jun	2022 31 Dec
ASSETS			
Non-current assets			
Financial assets	108	155	124
Total non-current assets	108	155	124
Current assets			
Current receivables			
Receivables from Group companies	3,130	2,635	3,010
Other receivables	5	5	4
Prepaid expenses and accrued income	-	-	-
Total current receivables	3,135	2,640	3,014
Cash and bank balances	259	534	396
Total current assets	3,394	3,174	3,410
TOTAL ASSETS	3,502	3,330	3,534
EQUITY AND LIABILITIES			
Equity	1,922	1,368	1,596
Non-current liabilities			
Non-current interest-bearing liabilities	1,014	1,498	1,471
Total long-term liabilities	1,014	1,498	1,471
Current liabilities			
Current interest-bearing liabilities	400	312	-
Liabilities to Group companies	142	126	438
Other current liabilities	-	-	1
Accrued expenses and deferred income	24	26	29
Total current liabilities	566	464	468
TOTAL EQUITY AND LIABILITIES	3,502	3,330	3,534

Parent company

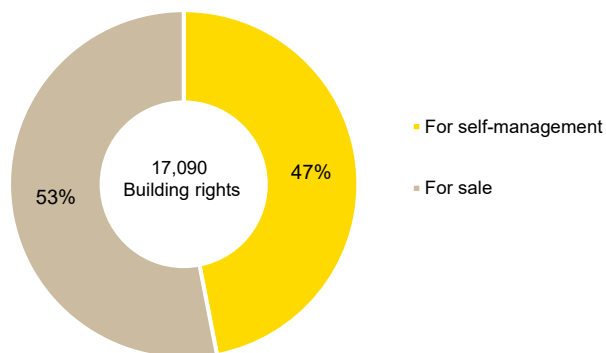
The parent company does not own any properties. Sales in the parent company primarily refer to the invoicing of services to Group companies.

The parent company's loss after financial items was SEK 21 m (-21).

The equity/assets ratio for the parent company was 54.9% (45.2). The balance sheet total for the parent company has decreased to SEK 3,502 m (3,534). During the period, a shareholder loan of SEK 327 m, including accrued interest, was converted into an unconditional shareholder contribution. In addition to the period's results and shareholder contributions, equity was affected by the mergers of subsidiaries.

Projects and properties

Building rights portfolio

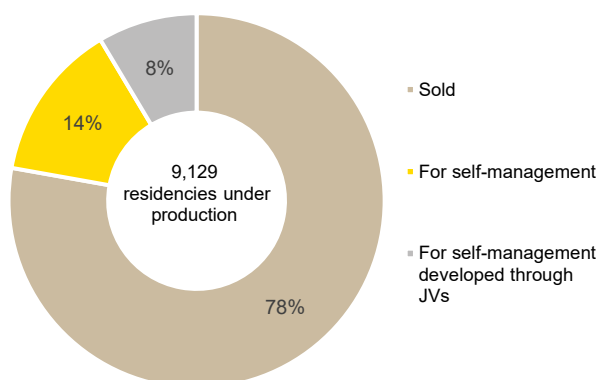


Magnolia Bostad develops rental properties as well as tenant-owned apartments, community service properties and hotels. Our residences are developed as individual projects or as part of a larger project in conjunction with the creation of a completely new district.

On 30 June 2023 our estimated building rights totalled 17,090, of which 8,022 were for self-management and 9,068 for sale. The building rights portfolio is presented with the estimated number of residential units. Building rights intended for warehouses, logistics and schools are not included in the stated key figures for the number of residential units.

During Q2 2023, no new building rights were acquired.

Residential units in production

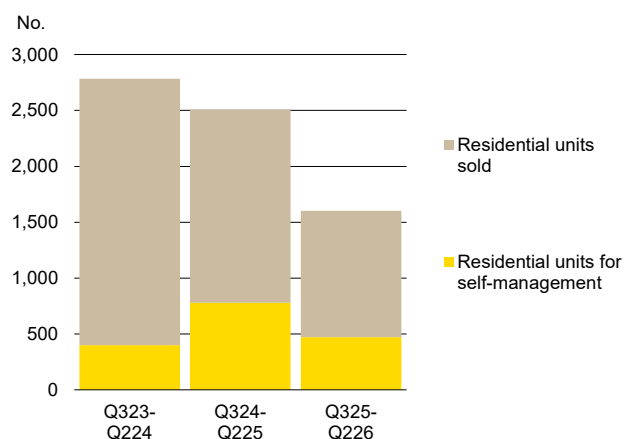


On 30 June 2023, Magnolia Bostad had 9,129 residential units in production. 2,026 are properties for self-management and 7,103 are sold properties. Of the 2,026 residential units being developed for self-management, 39% are being developed through JVs.

Magnolia Bostad project manages the development of all housing, including those developed in JVs. Magnolia Bostad reports project management income for this work on a continual basis.

During Q2, production started on 57 residential units in Göteborg in conjunction with these being sold to the tenant-owner association. Production takes place in a joint venture set-up. In accordance with practice, revenue recognition only takes place when the project is handed over to the end customer.

Completion – three years ahead, rolling twelve months



This is the company's best estimate of the completion of residential units in production. Upon completion of the sold units, Magnolia Bostad receives final payment for each project.

During Q2, no residential units were completed. Over the next 12 months, we estimate that around 2,800 units will be completed, and over the next three-year period, we estimate that around 7,000 units will be completed.

The number of building rights and number of residential units include the minority interest's share, the share of the other JV owners is not shown.

Properties for self-management

Information, unless otherwise stated, includes the minority ownership, excluding the JV partners' share.

Properties for self-management in production

In total, 9 projects for self-management are in production consisting of around 2,026 residential units for Magnolia Bostad's self-management.

Magnolia Bostad's share of the property value upon completion is estimated at SEK 4.9 bn, of which around SEK 1.9 bn is currently owned in JVs. Through development in JVs with a financially strong partner, a large part of the financing needs for remaining investments has been secured. The remaining investments amount to SEK 0.6 bn for the 781 residential units in production that are owned through JVs.

The number of residential units in production for self-management amounted to 1,630. The final completion date for projects in production for self-management as of 30 June 2023 is estimated at 2028, but most of the projects are expected to be completed in 2024 to 2025.

Building rights portfolio for self-management

The number of non-production started building rights intended for Magnolia Bostad's self-management amounted to 8,022 building rights as of 30 June 2023.

When a zoning plan is in force and taking into account the initial estimated costs for demolition, development, planning costs, etc. non-production started properties for self-management have a non-discounted excess value of SEK 4.4 bn.

Production started residential units for self-management

Magnolia Bostad's share	2,026
Of which construction started	1,630
Of which not construction started	396

Business target

Magnolia Bostad's business target is to complete around 6,000 residential units for self-management.

Building rights portfolio

Not yet production started projects for self management

Status zoning plan process		RA	CSP	Total
Early stages	0 - 36 months	1,669	0	1,669
Plan assignments	18 - 24 months	2,269	0	2,269
Review	2 - 4 months	0	73	73
Adoption of zoning plan	3 weeks, opportunity to appeal	1,507	0	1,507
Zoning plan comes into force		2,504	0	2,504
Total		7,949	73	8,022

Zoning plan work can be affected by a number of factors and thus delayed due to, for example, political shifts or changed conditions in the development area. An appeal of an adopted plan can delay the process by up to 18 months.

RA = Rental accommodation, CSP = Community service property

Building rights portfolio as of 30 June 2023.

Value and valuation of properties for self-management

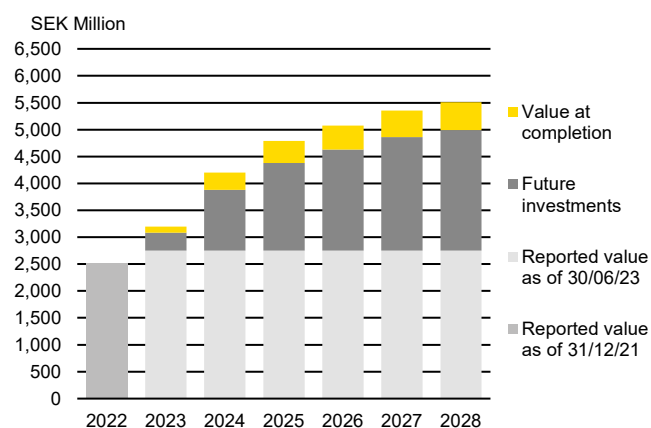
Compilation, properties in self-management

- total completed projects, projects in production and projects not yet production started

	Estimated no. of ap.	Rentable space upon completion (sqm)	Reported value (SEK m)	Remaining investment (SEK m)	Est. value upon completion (SEK m)	Estimated annual rental value upon completion (SEK m)
Properties in self-management, completed	383	17,726	647	0	647	33
Properties in self-management, in production	2,026	90,002	2,104	2,199	4,865	236
Total	2,408	107,729	2,751	2,199	5,512	270

Properties for self-management

Completed properties and estimated value of properties for self-management upon completion that are already currently in production. Magnolia Bostad's direct and indirect share of ownership.



Reported value in the table above consists of what is reported as investment properties in Magnolia Bostad's report on financial position and Magnolia Bostad's share of investment properties in JV companies.

As of 30 June 2023, the number of completed properties for self-management was 383 with an estimated property value of SEK 692 m. The majority of these properties are owned in JVs with Slättö Core plus Holding AB.

The JVs currently have construction loans available on existing bank financing of SEK 1,284 m for future investment requirements.

Magnolia Bostad's property value at completion for projects in production is estimated at SEK 4.9 bn and non-discounted residual surplus value is estimated at SEK 0.6 bn. In total, including the JV partner's value, the estimated property value upon completion for projects in production is SEK 6.7 bn and the non-discounted residual surplus value is SEK 0.7 bn.

Important information about assumptions

Information about projects in production and non-production-started projects in the interim 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, direct yield, inflation, and rental value.

The assessments and assumptions should not be seen as a forecast. The assessments and assumptions involve uncertainties relating to the implementation of the projects, design and size, schedules, project costs, direct yield, inflation, and future rental value. Information about ongoing projects 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 secured, which means that the 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.

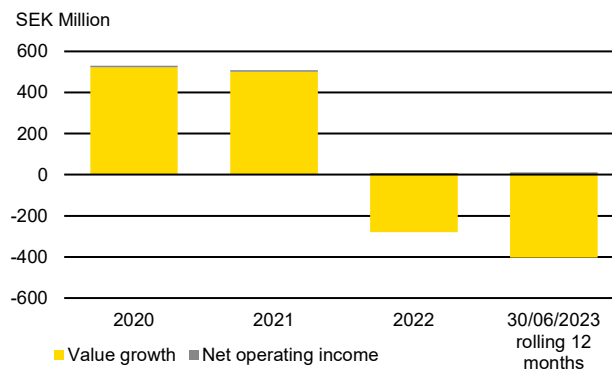
Changes in value

Changes in value for the rolling twelve-month period 1 July 2022 – 30 June 2023 on investment properties, including Magnolia Bostad's share of changes in value of indirectly owned properties in JVs.

	Directly owned	Indirectly owned via JVs	Total
Change in net operating income	-35	66	31
Change in project costs	-78	-44	-122
Project development	94	124	218
Change in direct yield	-272	-262	-534
Sale	3	0	3
Sale to JV	1	0	1
Change in value	-287	-116	-404

Value growth and net operating income

Value growth and net operating income generated from directly and indirectly owned investment properties.



Most of the reported value changes come from rising return requirements. Value change from project development has contributed SEK 218 m over the last 12 months.

Changes in the value of investment properties will in future constitute an important part of the operating profit as a result of the development of properties for self-management.

Earnings capacity

	Total	Completed	Under production
Rental value	270	33	236
Vacancies	-3	0	-2
Rental income	267	33	234
Operating and maintenance costs	-45	-6	-40
Net operating income	222	27	194
Net financial items	-149	-18	-130
Net operating income after net financial items	73	9	64

The table shows the estimated annual earning capacity for investment properties in total for the portfolio divided into completed investment properties and investment properties in production. Operating and maintenance costs include operation, maintenance, property fees and administration, but not Magnolia Bostad's share of costs for central administration. Financing costs are calculated at 3% based on an estimated loan-to-value ratio of 55% of the estimated property value.

Projects for sale

Rental accommodation projects are usually sold at an early stage and as a large number of residential units in a forward funding deal to larger institutions or other reputable partners. Through forward funding, Magnolia Bostad's financing needs are reduced as the projects are financed by the buyer during production.

Magnolia Bostad's projects for sale

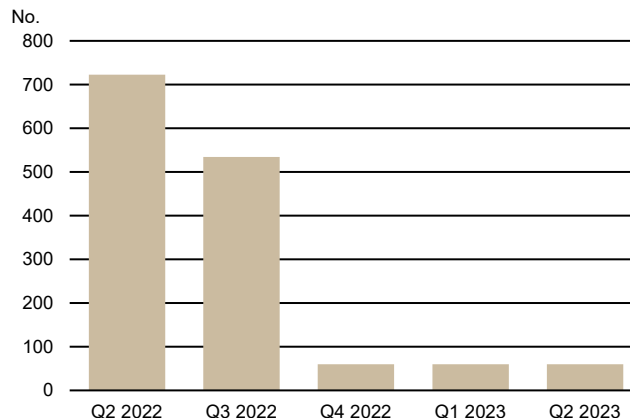
Irregular sales from quarter to quarter are characteristic of Magnolia Bostad's business model.

The production start for building rights in the portfolio for sale occur when the zoning plan has come into force and the turn-key contract, and a binding sales agreement have been signed. Larger projects usually start production in several stages of 200–300 residential units per stage. Magnolia Bostad usually has a project management agreement with the buyer that runs until occupancy. Revenue from tenant-owned apartments is first recognized when the tenant-owned apartments are handed over.

Magnolia Bostad aims to achieve a margin of at least 10% for all projects developed for sale. In sold rental accommodation projects, Magnolia Bostad can, on behalf of and in collaboration with the buyer, sell parts of the sold rental accommodation projects as tenant-owned apartments.

Sold residential units

Rolling 12 months



Building rights portfolio

Not yet production started projects for sale

		RA	TO	CSP + H	Total
Early stages	0 - 36 months	700	0	0	700
Plan assignments	18 - 24 months	980	531	300	1,811
Review	2 - 4 months	982	414	0	1,396
Adoption of zoning plan	3 weeks, opportunity to appeal	1,122	285	0	1,407
Zoning plan comes into force		2,977	647	131	3,755
Total		6,761	1,876	431	9,068

Zoning plan work can be affected by a number of factors and thus delayed due to, for example, political shifts or changed conditions in the development area. An appeal of an adopted plan can delay the process by up to 18 months.

RA = Rental accommodation, TO = Tenant-owned apartment, CSP = Community service property, H = Hotel

Building rights portfolio as of 30 June 2023.

Other information

Accounting principles

Magnolia Bostad follows the IFRS standards approved by the EU. The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. For the parent company, the interim report has been prepared in accordance with the Annual Accounts Act, which is in accordance with the provisions set out in RFR 2. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in notes as well as elsewhere in the interim report.

Transactions with related parties

The Group

The Group is subject to controlling influence from HAM Nordic AB, co. reg. no. 559279–7376, which is domiciled in Stockholm. HAM Nordic AB is controlled by Holmströmgruppen and funds and entities that are managed and advised on by Areim AB. Transactions with related parties have occurred between the parent company and its subsidiaries and between the subsidiaries in the form of loans of cash and cash equivalents and invoicing of internal administrative services between the companies. All transactions occurred under market terms and conditions.

Of the profit/loss for the period attributable to non-controlling influence of SEK -35 m, SEK -30 m is attributable to Videbo Invest AB's share of the profit in Magnolia Holding 4 AB and SEK 0 m is attributable to Videbo Invest AB's share of the profit in Magnolia Hotellutveckling 2 AB. In addition, there are other non-controlling interests in Moutarde Holding AB. During the period, Magnolia Holding 4 AB acquired all the shares in Magnolia Holding 3 AB from Magnolia utveckling AB and Videbo Invest AB.

The previous board member Andreas Rutili, through companies, has ownership and a right to a share of the profits in the projects Senapsfabriken stage 1 and Senapsfabriken stage 2 through ownership of Moutarde Holding AB.

The scope and focus of other transactions by related parties have not changed significantly since the last Annual Report. For further information, see Note 4, Note 9, and Note 35 in the company's Annual Report for 2022, www.magnoliabostad.se.

Parent company

In addition to the closely related parties specified for the Group, the parent company has closely related parties that include a controlling influence over their subsidiaries.

Litigation and legal proceedings

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.

Significant risks and uncertainty factors

Magnolia Bostad is exposed to risks and uncertainties through its operations. Russia's war of aggression against Ukraine has increased uncertainty, even though the company has no operations in either Ukraine or Russia. The company also has no counterparties and does not make any direct purchases from Ukraine or Russia. The war may nevertheless, through indirect effects, affect the supply of materials for projects, which may delay the projects and/or make them more expensive. We evaluate all projects on an ongoing basis and currently see no significant impact on the company's earnings or financial position. The company continues to follow developments closely.

For more information about the Group's risks and uncertainties, please refer to Magnolia Bostad AB's website www.magnoliabostad.se and pages 64–66 and Note 3 in the company's Annual Report for 2022.

Fair value of financial instruments

The fair value of financial assets and liabilities is considered to correspond in all material respects to the book values of all financial instruments except bonds, where the fair value is estimated to amount to SEK 1,110 m (1,215) compared with the book value of SEK 1,414 m (1,411). Bonds belong to the category of financial liabilities valued at accrued acquisition value. The fair value of the bonds has been determined in accordance with level 1 in the fair value hierarchy in accordance with IFRS 13. No changes have occurred in the fair value hierarchy of financial instruments.

Seasonal variations

Magnolia Bostad's revenue recognition means that full earnings are recognized at the time of sale. This can lead to significant fluctuations between the quarters and the results should therefore be assessed over a longer period of time. Magnolia Bostad's Q3 is usually weaker due to the holiday season falling during this quarter. Otherwise, the business is not affected by any clear seasonal variations.

Organization

Magnolia Bostad's organization is divided into: Business Development, Project Development, Business Generation with specialist functions, Magnolia Architects, Marketing and Communications, Legal and Finance. As of 30 June 2023, the company had 100 (104) employees 43 (46) women and 57 (58) men at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå. Comparative information refers to 31 December 2022. On 30 June 2023 the management team consisted of five people. For more information about Magnolia Bostad's executive management, see www.magnoliabostad.se.

Statement and certification

Statement and certification The Board of Directors and CEO assert that this interim report provides a true and fair view of the company's and the Group's operations, position and results, and that it describes the significant risks and uncertainties that the company and its subsidiaries face.

Stockholm, 7 July 2023
Magnolia Bostad AB (publ)

Therese Rattik
Board member

Erika Olsén
Chairman of the Board

Johan Bengtsson
Board member

Johan Tengelin
CEO

This report has not been subject to a review by the company's auditors

Definitions

Alternative KPI's not defined by IFRS

Return on equity, %

Net profit/loss for the period attributable to the parent company's shareholders as a percentage of the average equity attributable to the parent company's shareholders.

Equity per share

Equity attributable to parent company's shareholders divided by the number of outstanding shares before dilution.

Net financial items

Net of financial income and financial expenses.

Cash flow from the operating activities, per share

Cash flow from operating activities divided by the average number of out-standing shares before dilution.

Realized value growth

Revenue from sales of management properties minus acquisition cost, accumulated investments, and cost of sale.

Interest-bearing net liabilities

Interest-bearing liabilities minus cash and cash equivalents.

Interest coverage, multiple

Profit/loss after financial items with reversal of financial expenses and adjustment for changes in value of investment properties and additions for realized value growth of investment properties divided by financial expenses.

Operating profit/loss

Net sales minus costs for production and operation, central administration, depreciation/amortization and impairment of intangible as-sets and property, plant, and equipment, including profit/loss from participations in associated companies and fair value changes of investment properties.

Equity/assets ratio, %

Equity, including holdings without a controlling influence, as a percentage of the balance sheet total.

Alternative KPIs not defined in IFRS

For reconciliation of alternative KPIs, refer to:
<https://om.magnoliabostad.se/en/esma-key-figures>.

Abbreviations

LFM30 (Lokal färdplan Malmö 2030) (Local Roadmap Malmö 2030) is an organization that works with collaboration in the construction and civil engineering sector to develop a climate-neutral construction and civil engineering sector in Malmö.

HS30 (Hållbart Stockholm 2030) (Sustainable Stockholm 2030) brings together players from the housing development sector in Mälardalen, who work together to sharply reduce the industry's ecological footprint and take social sustainability even more seriously.

ÖBKN (Östergötland Bygger KlimatNeutralt) (Östergötland Builds Climate-Neutral) is a politically independent network where people from business, the public and academia meet to solve society's environmental challenges.

Other KPIs

Estimated area based on preliminary blueprints or calculated using standardized figures.

GFA: Gross Floor Area, MUA: Main Usable Area, UFA: Usable Floor Area

Estimated number of building rights

Number of estimated future residential units in acquired properties. Due to uncertainties such as zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments of the number of residential units may change over time.

Estimated production start, projects for sale

Estimated production start is the management's best assessment of when the zoning plan has come into force and the turnkey contract signed. In order to be able to profit from a project, it is also required that a binding sales agreement has been signed. Due to uncertainties such as zoning plan processes, authorities' decisions, or unspecified dates for the handover of project properties, assessments may change over time.

Estimated production start, projects for self-management

Estimated production start is the management's best assessment of when the zoning plan has come into force and the turnkey contract signed. Due to uncertainties such as zoning plan processes, authorities' decisions, or unspecified dates for the handover of project properties, assessments may change over time.

Construction start

Construction start is when the starting clearance from the municipality's building committee is issued for the project.

Production start, projects for sale

Production starts when the zoning plan has come into force and the turnkey contract, and a binding sales agreement have been signed.

Production start, properties for self-management

The start of production takes place when the zoning plan has come into legal force and the turnkey contract has been signed.

Projects in progress

Projects in design or in production.

Estimated completion of projects

The time for the estimated completion of a project is when the project is completed and finalized.

Forward Funding

Forward funding means that the project during the production period is owned and financed by the project's buyer.

Zoning plan process

The zoning plan process is a municipal process that can be affected by a number of factors and thus delayed due to, for example, political change or changed conditions in the development area. An appeal against the adopted plan can delay the process by up to 18 months.

Sales rate

Sold residential units in production divided by units in projects in production.

Sold residential units in production

Number of residential in production where binding sales agreements were signed, and the revenue recognized.

Occupancy rate, %

Leased area in relation to leasable area.

Quarterly overview

	2023	2022			2021			
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
Net sales (SEK million)	101	57	349	32	97	91	716	93
Operating profit/loss (SEK million)	-179	-107	-235	-427	-62	-23	196	90
Profit/loss after tax (SEK million)	-246	-175	-281	-433	-109	-39	148	29
Earnings per share (SEK)	-6.03	-4.20	-6.93	-10.57	-2.59	-0.79	3.83	1
Equity (SEK million)	2,149	2,069	2,245	2,227	2,660	2,769	2,406	2,092
Equity per share (SEK) ¹	56.82	54.69	58.89	57.88	68.45	71.07	44.34	41
Equity/assets ratio (%)	31.9	31.0	32.5	32.2	36.4	41.8	38.7	32
Cash flow from operating activities (SEK million)	-49	-74	-87	-86	155	-405	5	-6
Cash flow from the operating activities, per share (SEK)	-1.3	-2.0	-2.3	-2.3	4.1	-10.7	0.1	0
Number of basic outstanding shares	37,822,283	37,822,283	37,822,283	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	37,822,283	37,822,283	37,822,283

¹ Excluding the minority and hybrid loan

Financial calendar

Interim Report January-September 2023
Year-end Report 2023

25 October 2023
21 February 2024

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This information is information that Magnolia Bostad is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07.45 CEST on 7 July 2023.

Magnolia Bostad AB (publ), co. reg. no. 556797–7078 is a leading urban developer that develops new residential properties, primarily rental accommodation but also tenant-owned apartments, community service properties and hotels, in attractive locations in Sweden's growth areas and major cities. Housing is developed both for sale and self-management. Our work is guided by a holistic view where the business is conducted in a way that promotes long-term sustainable social development. The company's bonds are listed on Nasdaq Stockholm. More information can be found at: www.magnoliabostad.se.

MAGNOLIA

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