



Interim Report January–June 2020



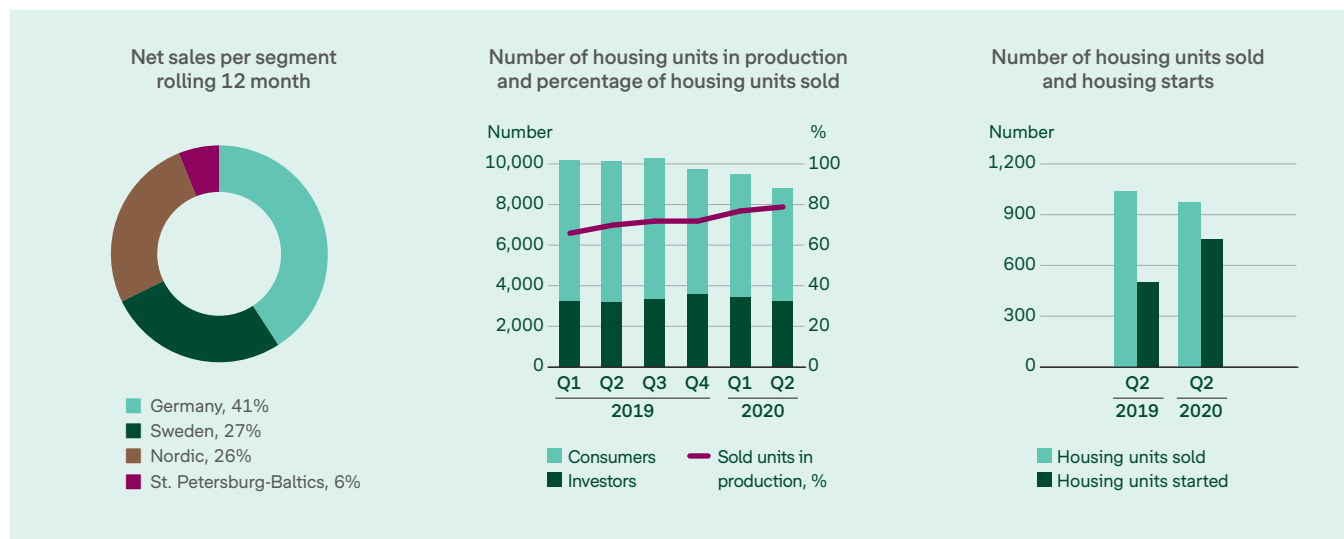
More housing starts and favourable sales development in a challenging quarter

1 APRIL – 30 JUNE 2020

- Net sales amounted to SEK 3,537 M (2,758)
- Operating profit¹⁾ totalled SEK 56 M (182)
- Operating margin¹⁾ was 1.6 per cent (6.6)
- Profit after financial items was SEK 25 M (160)
- Profit for the period after tax amounted to SEK 18 M (120)
- Cash flow before financing was SEK 1,131 M (78)
- Earnings per share was SEK 0.17 (1.11)²⁾
- Return on capital employed was 6.2 per cent¹⁾ (11.8)
- Sales value of housing units sold in the period amounted to SEK 3,010 M (2,997)
- Solid access to financing, unutilised financing facilities totalled SEK 3,995 M (1,226)

1 JANUARY – 30 JUNE 2020

- Net sales amounted to SEK 6,486 M (5,595)
- Operating profit¹⁾ totalled SEK 87 M (347)
- Operating margin¹⁾ was 1.3 per cent (6.2)
- Profit after financial items was SEK 27 M (294)
- Profit for the period after tax amounted to SEK 20 M (220)
- Cash flow before financing was SEK 927 M (–1,017)
- Earnings per share was SEK 0.18 (2.04)²⁾
- Return on capital employed was 6.2 per cent¹⁾ (11.8)
- Sales value of housing units sold in the period amounted to SEK 6,288 M (4,836)



	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019– Jun 2020	2019 Jan-Dec
Net sales	3,537	2,758	6,486	5,595	16,364	15,474
Operating profit ¹⁾	56	182	87	347	942	1,202
Operating margin, % ¹⁾	1.6	6.6	1.3	6.2	5.8	7.8
Profit after financial items	25	160	27	294	567	834
Profit for the period after tax	18	120	20	220	415	615
Earnings per share, SEK ²⁾	0.17	1.11	0.18	2.04	3.86	5.71
Cash flow before financing	1,131	78	927	–1,017	1,806	–138
Net debt	5,987	7,272	5,987	7,272	5,987	6,873
Capital employed at end of period	13,679	14,833	13,679	14,833	13,679	14,933
Return on capital employed, % ¹⁾	6.2	11.8	6.2	11.8	6.2	8.1
Equity/assets ratio, %	30.6	29.9	30.6	29.9	30.6	32.1
Number of housing units sold in the period	975	1,038	2,104	1,769	5,497	5,162
Sales value of housing units sold in the period	3,010	2,997	6,288	4,836	15,928	14,477
Number of housing starts in the period	751	499	1,282	1,222	4,511	4,451
Number of housing units in production at period end	8,810	10,121	8,810	10,121	8,810	9,732
Sales rate for ongoing production, %	79	70	79	70	79	72
Value of sold housing units, not yet recognised in profit, SEK Bn	20.7	20.6	20.7	20.6	20.7	21.1
Number of housing units recognised in profit during the period	1,316	869	2,263	2,137	5,637	5,511

¹⁾ Excluding items affecting comparability. See Note 1.

²⁾ Before and after dilution.

For definitions of key ratios, see bonava.com/en/investor-relations/financial-information

Comments from the CEO

Despite a challenging business environment, the second quarter provided some positive signals that instil hope ahead of the autumn. We started more housing units in Germany and Sweden, sales during the quarter gradually improved, and prices remained stable.

Naturally, our focus during the quarter was on managing sales despite the prevailing COVID-19 restrictions and on starting more housing units in markets with high demand.

We have continued to adapt our operations and have offered our customers digital and private showings, but increased uncertainty has obviously affected our customers' purchasing decisions. Despite all of this, we are satisfied with the level of sales. The sales rate amounted to a high 79 per cent and the value of housing units sold to SEK 20.7 Bn. We also started significantly more housing units for consumers in Germany and Sweden and have had healthy interest from investors.

We're not satisfied with the operating profit for this quarter. As previously communicated, it was weak and was partially due to the impact of COVID-19, which led to falling sales in Nordic and St. Petersburg-Baltics, among other effects. The operating profit is mainly attributable to projects already known to have weak profitability in the Nordic segment and the product mix in Germany. Cash flow before financing strengthened due to higher volumes of housing units delivered and was SEK 1,131 M (78).

MORE HOUSING STARTS IN GERMANY AND RECOVERY IN SALES

Sales of housing units in Germany fell in March–April due to the strict COVID-19 restrictions and greater uncertainty. Bonava was forced to close sales offices for five weeks, but was quick to launch digital showings. As restrictions lifted, stimulus measures and rising optimism among customers led to a gradual increase in sales. Housing developments in Germany, in particular Bonava's segment, demonstrated greater resilience than the property sector as a whole during the pandemic. Despite lower levels of activity, it is gratifying that we started significantly more housing units for consumers compared with the corresponding period in 2019. Operating profit was impacted by the delivery of projects with lower average project margins than normal. Our project margin in ongoing production is solid and as communicated earlier, we expect stronger earnings in the coming quarters.

MORE HOUSING STARTS, GREATER RESILIENCE IN THE SWEDISH HOUSING MARKET AND STABLE PROFITABILITY

Even if Sweden kept its society more open than our European neighbours, COVID-19 still gave rise to caution and uncertainty. Our focus on increasing project sales to investors is yielding results and thanks to the sale in Sigtuna, our total housing sales in the first half of the year and in the second quarter exceeded year-on-year sales figures. Bonava also concluded another investor transaction for 162 apartments in Västerås in July. The investor business entails a lower margin than the consumer business, but instead has a very low level of risk and advantageous cash flow. We accelerated our housing starts this year, and during the second quarter started more than 300 housing units compared with zero in the year-earlier period. It is difficult to forecast the market situation going forward, but we can see some positive signals suggesting that the housing market in Sweden may still fare better than expected. Profitability in Sweden is, and is expected to remain, at a stable level for the full year.

EXPECTED MARGIN SQUEEZE IMPACTED NORDIC

Operating profit in Nordic was, as announced, weak, due to cost overruns in projects in Denmark and the continuing delivery of Finnish projects with lower profitability. The restructuring of Finnish operations is progressing as planned, and housing units that will be



JOACHIM HALLENGREN, PRESIDENT AND CEO

completed later in the year have a higher project margin. Our Norwegian operation is stable. The challenge in Denmark is low volumes and previous project cost overruns. Therefore we have adapted the organisation and implemented tighter project steering. Sales in Nordic were negatively impacted by the pandemic like the other markets. Stocks of completed housing units increased in Finland. In June, work began on our first Bonava project in Oslo, and interest in these housing units was considerable.

STRICT COVID-19 RESTRICTIONS HAD A NEGATIVE IMPACT ON THE ST. PETERSBURG-BALTICS SEGMENT

In St. Petersburg-Baltics, sales fell by 50 per cent. The Baltic countries were late in easing the restrictions and increased concern caused sales to slow. The situation in St. Petersburg is stable, the sales rate remained positive, and transfers for the year are guaranteed, even if some transfers may be delayed. Earnings for the quarter were impacted by delayed transfers in both St. Petersburg and the Baltics due to the restrictions. However, the housing units are expected to be handed over to customers in July. We strive continuously to implement various efficiency improvements, and during the year successfully reduced costs thanks to constructive supplier negotiations in the Baltics.

RISKS LINKED TO COVID-19, BUT RISING OPTIMISM

Our flexibility has allowed us to keep our business operating and we have started many housing units. The recovery in sales indicates a greater degree of resilience than we had initially dared to hope for. However, at this time we are facing a degree of unpredictability that we have rarely, if ever, previously witnessed and we must accept that market conditions may change. The rate of sales is impacted to a great extent by the speed of economic recovery and, accordingly, the demand for our housing units. I nevertheless remain confident and optimistic about the future. With our solid building rights portfolio, strong financing and motivated employees who are working intensively with measures to improve our profitability, I believe the right conditions are in place for positive development.

Joachim Hallengren,
President and CEO

Group performance

APRIL–JUNE 2020

Net sales

Net sales to consumers and investors increased year-on-year to SEK 3,537 M (2,758). The investor business area in Germany made the greatest contribution to net sales in the quarter.

In the quarter, 767 housing units (706) for consumers were recognised in profit, with net sales of SEK 2,346 M (2,212). The average price per housing unit was in line with the year-earlier period, totalling SEK 3.1 M (3.1). Net sales to investors totalled SEK 1,122 M (371). The increase is attributable to the handover of more housing units, 549 (163).

Exchange rate fluctuations had a positive impact of SEK 36 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit totalled SEK 56 (182) M and operating profit, excluding land sales, totalled SEK 58 M (120). Housing units delivered by the Group rose for both consumer and investor transactions, which was offset by lower gross margins in Germany and Nordic. In Germany, projects were handed over at a lower average margin compared with projects still in production. For the year-earlier quarter, Germany also noted the positive impact of a supplementary purchase consideration of SEK 15 M. In Nordic, the number of housing units delivered increased mainly in Finland. This was offset by the continued delivery of housing units with low project margins in Finland, which is according to plan, and the previously communicated cost overruns in Denmark. Selling and administrative

expenses decreased compared with the year-earlier period due to COVID-19 restrictions and various measures taken by Bonava to reduce costs.

Exchange rate fluctuations had a positive impact of SEK 1 M on operating profit compared with the year-earlier period.

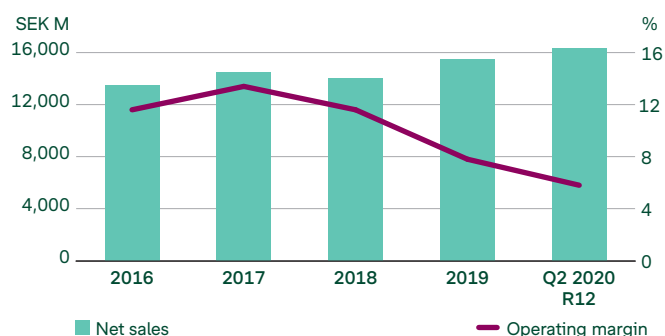
Net financial items, tax and profit for the period

Net financial items were SEK –30 M (–22). The higher costs were attributable to elevated interest levels in banks and capital markets in general as well as increased financing facilities during the quarter to secure liquidity during the pandemic and going forward. Profit after financial items amounted to SEK 25 M (160) for the quarter. Tax on profit for the quarter was SEK –7 M (–41), corresponding to a tax rate of 28 per cent (25). The higher tax rate is attributable to the fact that a greater share of the Group's earnings were from Germany, where the tax rate is higher. Profit for the period after tax totalled SEK 18 M (120).

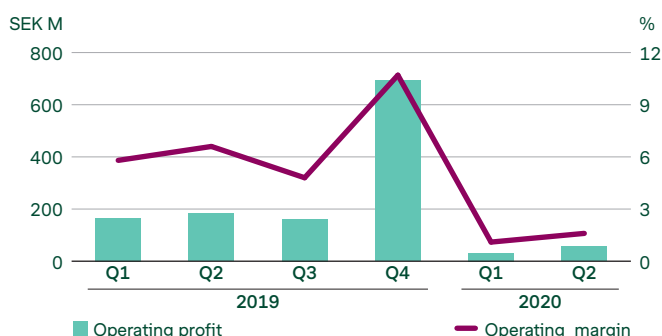
COVID-19 update

COVID-19 had a limited impact on the production in the second quarter. Production has essentially continued but with some disruption, which in certain cases has led to delays and cost increases in projects. Sales were negatively affected during most part of the quarter but recovered in the latter part. Bonava has several ongoing activities related to costs and cash flow and has taken various measures to mitigate risks and enhance flexibility. Only a limited amount of governmental support was recognised in profit in the quarter.

Net sales and operating margin¹⁾



Operating profit and operating margin¹⁾



¹⁾ Excluding items affecting comparability. See Note 1.

JANUARY-JUNE 2020*Net sales*

Net sales increased year-on-year to SEK 6,486 M (5,595).

During the period, 1,599 housing units (1,743) for consumers were recognised in profit and net sales totalled SEK 4,968 M (4,570). The average price per housing unit increased compared with the year-earlier period, totalling SEK 3.1 M (2.6). The increase is attributable to a higher share of housing units recognised in profit from Germany and Sweden, where average prices are higher.

During the period, 664 housing units (394) for investors were recognised in profit and net sales totalled SEK 1,415 M (839), with the increase largely attributable to Germany. Exchange rate fluctuations had a positive effect of SEK 80 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit totalled SEK 87 (347) M and operating profit, excluding land sales, totalled SEK 87 M (286). The lower operating profit and lower operating margin are attributable to lower gross margins in Germany and Nordic, and a reduction (393 compared with 711) in the number of housing units recognised in profit in St. Petersburg-Baltics in the first half of the year. Selling and administrative expenses decreased by SEK 36 M.

Exchange rate fluctuations had a positive impact of SEK 2 M on operating profit compared with the year-earlier period.

Net financial items, tax and profit for the period

Net financial items were SEK -59 M (-53). The higher costs were attributable to a higher average lending volume with higher interest margins and costs for new credit facilities established during the second quarter to secure liquidity going forward. Profit after financial items totalled SEK 27 M (294) for the period.

Tax on profit for the period was SEK -8 M (-74), corresponding to a tax rate of 28 per cent (25).

Profit for the period after tax amounted to SEK 20 M (220).

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019- Jun 2020	2019 Jan-Dec
Net sales						
Germany	1,592	1,185	2,315	1,888	6,788	6,361
Sweden	1,062	957	2,232	1,745	4,348	3,861
Nordic	658	409	1,474	1,208	4,266	4,000
St. Petersburg-Baltics	224	207	465	754	962	1,252
Total	3,537	2,758	6,486	5,595	16,364	15,474

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019- Jun 2020	2019 Jan-Dec
Operating profit/loss¹⁾						
Germany	60	145	67	172	723	829
Sweden	70	93	184	184	451	450
Nordic	-48	-29	-112	-27	-108	-23
St. Petersburg-Baltics	24	33	52	138	109	194
Parent Company and adjustments	-50	-59	-104	-119	-233	-248
Total	56	182	87	347	942	1,202

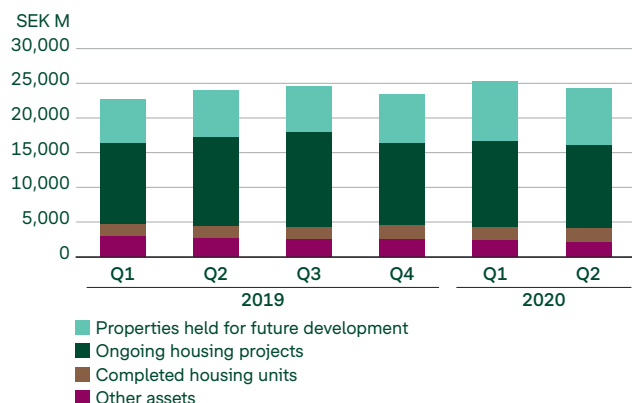
¹⁾ Excluding items affecting comparability. See Note 1.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 24,242 M (23,936). The increase was primarily attributable to a higher value on properties held for future development.

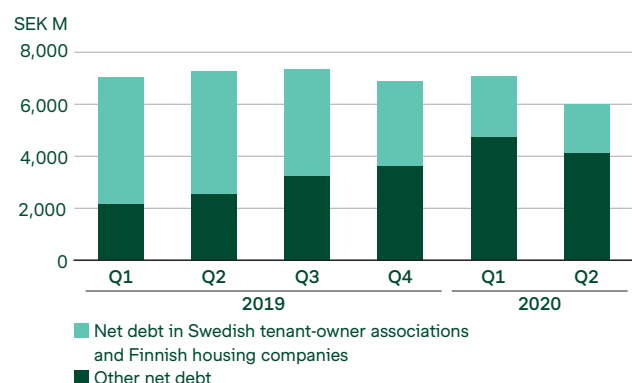
Distribution of assets



NET DEBT

Net debt amounted to SEK 5,987 M (7,272). Ongoing production has decreased in Sweden and Finland compared with the year-earlier period, which resulted in lower net debt (SEK 1,877 M compared with SEK 4,712 M) attributable to tenant-owner associations/housing companies. The lower net debt attributable to tenant-owner associations/housing companies was offset by increased debt in Germany (interest-bearing liabilities for other operations) in accordance with Bonava's growth strategy. The acquisition in Oslo during the fourth quarter of 2019 also contributed to the increase in interest-bearing liabilities for other operations to SEK 4,137 M (2,543). Interest-bearing lease liabilities, IFRS 16, decreased compared with the year-earlier period mainly due to fewer agreements relating to properties held for future development in Finland. Net debt at 31 March 2020 totalled SEK 7,101 M.

Net debt



CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Capital employed amounted to SEK 13,679 M (14,833). In Germany, customer advances increased, which was partially offset by a higher value of housing units in ongoing production. The value of ongoing housing projects decreased in Sweden, owing primarily to more investor projects with a lower completion rate. At 31 March 2020, capital employed amounted to SEK 15,043 M.

The return on capital employed excluding items affecting comparability was 6.2 per cent (11.8). The lower return on capital employed was attributable to lower average operating profit.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

At 30 June 2020, the equity/assets ratio was 30.6 per cent (29.9). The higher equity/assets ratio was due to an increase in equity, in part as no dividend was paid to shareholders in the current year. The debt/equity ratio was 0.8 (1.0).

FINANCING FACILITIES

Access to unutilised financing totalled SEK 3,995 M (1,226) distributed across available overdraft facilities and unutilised amounts in revolving credit facilities.

Out of the total interest-bearing liabilities outstanding at 30 June 2020, SEK 615 M comprised green loans which were eligible according to the criteria in the green financing framework published in February 2020, please refer to www.bonava.com/finansiering/green-finance-framework. Available green assets included assets in Sweden and Denmark which are, or will be, certified with the Nordic Swan Ecolabel. Comparison is unavailable since the framework did not exist in 2019.

CASH FLOW

APRIL–JUNE 2020

Cash flow before financing was SEK 1,131 M (78). Non-cash items, SEK 385 M (68), in the form of positive exchange rate effects and higher provisions compensated for the decrease in earnings and resulted in higher cash flow from operating activities before change in working capital. Tax paid was lower due to a repayment of SEK 30 M in Germany.

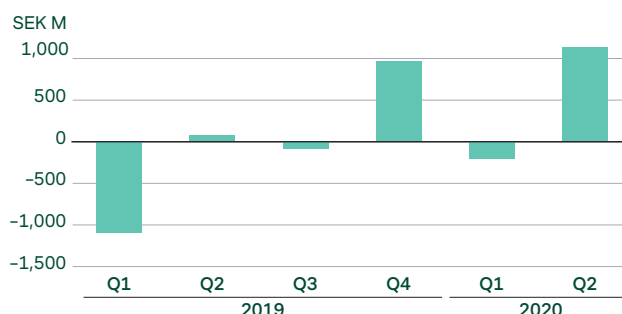
Cash flow from change in working capital amounted to SEK 778 M (44). Sales of housing projects was SEK 3,195 M (2,196), which was an increase in all segments as the number of housing units recognised in profit was higher. Investments in housing projects totalled SEK -3,207 (-3,305), which was in line with the year-earlier period and other changes, SEK 791 M (1,153), were largely due to lower cash flow from customer advances.

JANUARY–JUNE 2020

Cash flow before financing was SEK 927 M (-1,017). Non-cash items, SEK 147 M (-104), in the form of positive exchange rate effects compensated for the decrease in earnings and resulted in higher cash flow from operating activities before change in working capital.

Cash flow from change in working capital amounted to SEK 841 M (-923). Sales of housing projects was SEK 5,795 M (4,581), an increase in Germany, Sweden and Nordic. Investments in housing projects rose in all segments, SEK -7,377 M (-6,554), with the largest increase in Germany. Other changes amounting to SEK 2,423 M (1,050) were largely due to higher cash flow from customer advances in Germany.

Cash flow before financing



SEASONAL EFFECTS

Bonava recognises revenues and earnings from housing sales when sold and completed housing units are delivered to customers. Bonava's operations are affected by seasonal variations, which means that a majority of housing units are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow before financing are usually stronger in the fourth quarter than in other quarters. This is shown in the charts depicting the estimated completions by quarter on page 8.

Housing sales, housing starts and building rights

APRIL–JUNE 2020

Housing sales and housing starts

During the quarter, 642 housing units (912) were sold to consumers and 333 (126) to investors. Sales to consumers decreased in all segments. The average price of housing units sold to consumers increased to SEK 3.4 M (3.1), attributable to a slightly higher share of housing units sold in Germany, at a higher average price.

Sales to investors during the quarter related to projects in Sweden and Nordic.

In the quarter, 418 housing units (373) were started for consumers and 333 (126) for investors. The number of starts for consumers increased in Sweden, which started 106 housing units (0), and in Germany, which started 190 housing units (82).

JANUARY–JUNE 2020

Housing sales and housing starts

During the period, 1,574 housing units (1,643) were sold to consumers and 530 (126) to investors. The average price of housing units sold to consumers increased to SEK 3.2 M (2.8), mainly attributable to a higher share of housing units sold in Sweden and Germany, at higher average prices. During the period, 949 housing units (1,096) were started for consumers and 333 (126) for investors. The number of housing starts for consumers increased primarily in Sweden, which started 213 housing units (13), and in Germany, which started 339 housing units (148), while housing starts in St. Petersburg-Baltics decreased to 179 (720).

No. unless otherwise stated	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Housing units for consumers sold in the period	642	912	1,574	1,643	3,918
Housing units for investors sold in the period	333	126	530	126	1,244
Total housing units sold in the period	975	1,038	2,104	1,769	5,162
Sales value of housing units for consumers sold in the period, SEK M	2,195	2,783	5,102	4,622	12,080
Sales value of housing units for investors sold in the period, SEK M	815	214	1,185	214	2,397
Total sales value of housing units sold in the period, SEK M	3,010	2,997	6,288	4,836	14,477
Housing starts for consumers in the period	418	373	949	1,096	3,010
Housing starts for investors in the period	333	126	333	126	1,441
Total housing starts in the period	751	499	1,282	1,222	4,451
Housing units in ongoing production for consumers at end of period	5,588	6,936	5,588	6,936	6,179
Housing units in ongoing production for investors at period end	3,222	3,185	3,222	3,185	3,553
Total number of housing units in ongoing production at end of period	8,810	10,121	8,810	10,121	9,732
Sales rate for ongoing production, %	79	70	79	70	72
Reservation rate for ongoing production, %	3	3	3	3	2
Total sold and reserved housing units in ongoing production, %	82	73	82	73	75

Housing units in production at 30 June 2020

At the end of the period, there were 5,588 housing units (6,936) for consumers and 3,222 housing units (3,185) for investors in production. The sales rate at 30 June 2020 was 67 per cent (57) for housing units for consumers and 100 per cent (100) for housing units for investors. At the end of the period, the completion rate was 57 per cent (55) for consumers and 38 per cent (38) for investors.

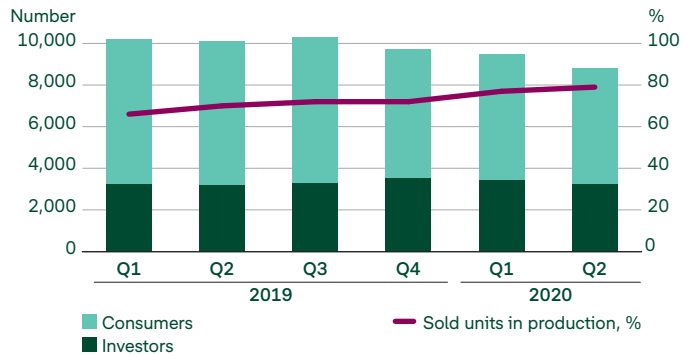
Building rights as of 30 June 2020

The number of building rights totalled 33,200 (31,600), of which 22,300 (17,400) were included in the balance sheet.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at period-end was 549 (374). All of these housing units were for consumers. Nordic and St. Petersburg-Baltics were primarily responsible for the year-on-year increase.

Number of housing units in production and percentage of housing units sold

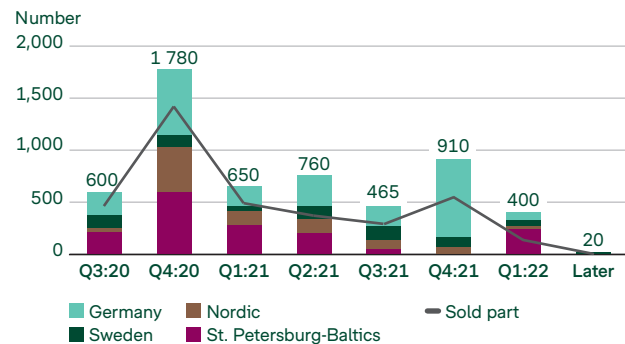


The figure illustrates the number of housing units in production per quarter and the share of housing units sold.

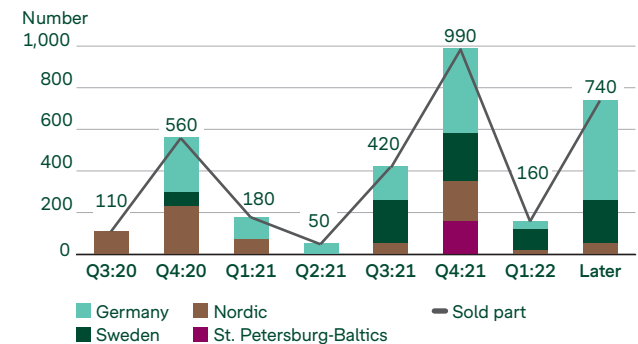
Estimated completions per quarter

The diagrams illustrate the estimated completion dates for housing units for consumers and investors, respectively. The curves illustrate the proportion sold. The value of housing units in production sold and completed housing units sold but not yet recognised in profit at 30 June 2020 was SEK 13.9 Bn (14.0) for consumers and SEK 6.8 Bn (6.7) for investors.

Consumers



Investors



The number of housing units in the graphs above are rounded off, as they are estimates of the time of completion. Since Bonava's reporting method entails that income is only recognised when the completed housing units are delivered to the customers, even the most minor disruptions in logistics and production chain in a project can lead to the earnings effects being recognised in a later period than planned. This risk has increased as a consequence of the uncertainty generated by the ongoing pandemic and this should be noted in particular since a highly significant share of earnings is expected to be reported in the fourth quarter.

Other

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risks, both operational and financial. Operational risks impact the Company's daily operations. This type of risk may relate to investments in land, project development, seasonal exposure or assessment of the earnings capacity of projects.

Operational risks are managed as part of the internal corporate governance established by Bonava. The business units assess and manage risk through operational systems as well as specific processes and procedures.

The Group's financial risks such as interest rate, currency, refinancing, liquidity and credit risks are managed centrally by the Group's Treasury Department in order to minimise and control Bonava's risk exposure in accordance with its Finance Policy.

Customer credit risks are managed by the individual business unit. A centralised function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also conducts preventative risk management alongside the business units, implying cost-efficient and coordinated insurable risks. The risk that Bonava may fail to comply with the Company's Code of Conduct is managed by the CSR Compliance function.

As a consequence of the global spread of COVID-19, Bonava re-evaluated the risks presented in the 2019 Annual Report and presented an updated risk assessment in conjunction with the Interim Report for the first quarter. In terms of financial risks, the increased risks from the pandemic are considered to be greatest for liquidity, financing and valuation risks.

In order to address the greater liquidity and financing risks, Bonava is continuing the close dialogue with its principal banks to ensure financing frameworks and borrowing capacity. At 30 June 2020, unutilised financing frameworks totalled SEK 3,995 M (1,226).

In order to address the valuation risk, Bonava regularly reviews the assessment items and measurements of properties held for future development and ongoing and completed housing projects. Housing sales have been negatively impacted due to the prevailing uncertainty following COVID-19, which led to an increase in completed unsold housing units in the second quarter. Bonava has reviewed the valuation of these housing units and not found any impairment requirement at 30 June 2020 as a consequence of the changed market situation.

The impact on Bonava's production has been relatively limited and in most markets business has essentially proceeded as usual at Bonava's construction sites, although some delays have occurred in the logistics and production chain. Bonava has seen a cautious recovery in pace with the easing of restrictions in countries where Bonava is active though the situation remains challenging.

The updated risk assessment from the first quarter remains and is available at www.bonava.com/en/investor-relations/reports-and-presentations.

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period was 2,065 (1,996).

LEGAL STRUCTURE

Effective 9 June 2016, NCC AB distributed all the shares in Bonava AB to shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations in 2021. According to a profit-sharing agreement, NCC AB will waive dividend and receive an annual compensation of EUR 1.3 M until the agreement is cancelled, which may occur five years from entering the agreement at the earliest. The agreed profit sharing means a debt of SEK 14 M to NCC AB has been reported at an amount corresponding to the fair value of one year of payments.

COVID-19 UPDATE

Together with its contingency group, the Board of Directors and management of Bonava are closely monitoring the progress of the pandemic, planning for various scenarios and responding to recommendations from government authorities. These plans are decided and gradually implemented depending on developments, with a long-term focus in mind. The impact on financial position and payment capacity is being routinely monitored and assessed. During the second quarter, production essentially proceeded as usual, but some delays occurred in the logistics and production chain. Sales, which were adversely impacted by the pandemic during the second quarter, are also expected to be lower in the full year than in the preceding year. If market conditions do not change, Bonava expects housing starts during the year to at least achieve the same level as the year-earlier period. The risk communicated earlier, that delays to the delivery of housing units could have a negative impact on net sales and earnings for the current year, stands firm.

Only a limited amount of governmental support was recognised in profit in the quarter.

SIGNIFICANT EVENTS DURING THE PERIOD

During the period, Bonava has repurchased 430,294 class B-shares for SEK 19 M. The purpose was to facilitate the hedging of costs (including costs for social security contributions) and the delivery of shares connected with the implementation of Bonava's long-term incentive programmes in effect at any given time.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events took place after the end of the period.

AMOUNTS AND DATES

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). All comparison figures in this report refer to the year-earlier period. Rounding differences may occur.

THE SHARE AND SHAREHOLDERS

Bonava has two share classes, Class A and Class B. The closing price on 30 June 2020 was SEK 61.40 per Class A share and SEK 50.10 per Class B share, corresponding to a market capitalisation of SEK 5.5 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided among 108,435,822 shares and 211,091,586 votes.

At 30 June 2020, Bonava had 11,406,196 Class A shares and 97,029,626 Class B shares. Each Class A share carries ten votes and each Class B share one vote.

Bonava had 33,251 (30,126) shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. At 30 June 2020, the ten largest shareholders controlled 53.68 per cent of the capital and 64.53 per cent of the votes.

THE TEN LARGEST SHAREHOLDERS AT 30 JUNE 2020

	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Nordstjernan AB	8,500,000	18,077,265	24.51	48.83
Swedbank Robur fonder	128,119	8,696,087	8.14	4.73
Lannebo Fonder		6,775,390	6.25	3.21
The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	3,343	2,902,579	2.68	1.39
State Street Bank and Trust Co	1,921	2,893,885	2.67	1.38
Avanza Pension, Insurance company	30,490	2,273,265	2.12	1.22
UNIONEN		2,200,000	2.03	1.04
Carnegie fonder		2,000,000	1.84	0.95
CBNY, Norges Bank	4,239	1,927,145	1.78	0.93
Handelsbanken Fonder		1,800,000	1.66	0.85
Total, ten largest shareholders				
Other	2,738,084	47,484,010	46.32	35.47
Total	11,406,196	97,029,626	100.00	100.00

Current projects

Germany

In Germany, Bonava is active in Berlin, Hamburg, the Baltic Sea region, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart. The offering is aimed at consumers and investors and includes single-family houses and multi-family housing.

Hürth, Klinkerhöfe

Project start: Q2, 2020

Location: Cologne, Germany

Housing category: Owner-occupied apartments

Number of units: 98 housing units for consumers

Bonava is building apartments and semi-detached houses in the verdant area of Hürth-Efferen, close to shopping centres and with good transport links to central Cologne.



Sweden

In Sweden, Bonava's offering is targeted at both consumers and investors, through both multi-family housing and single-family housing. The consumer markets comprise Stockholm, Gothenburg, Linköping, Uppsala and Umeå. Investor activities focus on some 15 cities in Sweden.

Aronia

Project start: Q2, 2020

Location: Sättra, Stockholm, Sweden

Housing category: Owner-occupied apartments

Number of units: 64 housing units for consumers

In this neighbourhood, Bonava is building Nordic Swan Eco Labeled housing units, all of which will have their own balcony or outdoor area. The residential area is close to nature as well as schools and services, such as gyms and shops.



Nordic, Finland

Bonava operates in Copenhagen in Denmark, Bergen and Oslo in Norway and Helsinki, Espoo, Vantaa, Turku, and Tampere in Finland. The offering is aimed at consumers and investors with multi-family housing and single-family housing.

Helsingin Aida

Project start: Q2, 2020

Location: Helsinki, Finland

Housing category: Owner-occupied apartments

Number of units: 43 housing units for consumers

These architectural homes are adjacent to a calm maritime area and beautiful natural parks with exceptional views. The separate courtyard building with a furnished clubhouse and sauna promotes social interaction and a sense of community.



Nordic, Norway

Tamburløkka 1

Project start: Q2, 2020

Location: Ås Municipality, Oslo, Norway

Housing category: Owner-occupied apartments

Number of units: 31 housing units for consumers

These units are located close to the high-speed train line with connections to Oslo that is scheduled to be completed in 2022. Residents share a large rooftop terrace and the apartments are located beside a supermarket and close to recreation areas.



Germany

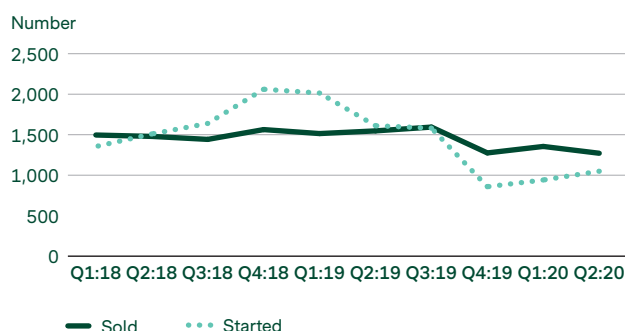
The German housing market was impacted by COVID-19 at the start of the second quarter, but has demonstrated a relatively high level of resilience. Housing sales declined initially but then gradually improved during the quarter. Prices were stable. The German government agreed on a support package of approximately EUR 130 Bn. One of measures offered lower VAT rates.

Demand for Bonava's housing units was low at the start of the quarter. Sales rose as restrictions were lifted and the government announced positive measures, and in June sales achieved a stable level. The sales rate fell slightly in the quarter but remained high. The number of housing units sold to consumers was lower during

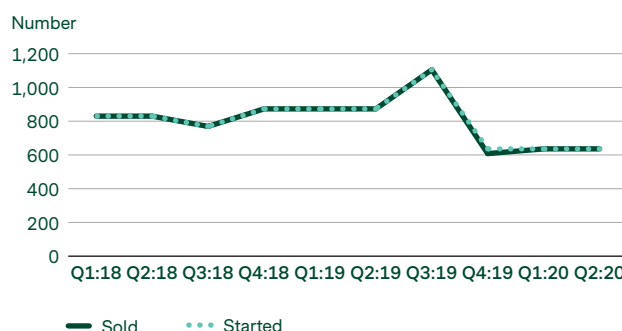
the quarter compared with the year-earlier period but because of the strong start and end to the first half of the year, the accumulated number of housing units sold was slightly higher.

Housing starts totalled 190 (82). As expected, no housing units for investors were sold or started during the quarter. The current assessment is that we will be able to start investor projects in the latter part of 2020. The challenges stemming from delays in zoning plans and building permits from the government authorities remain but vary between the different regions.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



APRIL-JUNE 2020

Net sales amounted to SEK 1,592 M (1,185). The increase is attributable to a greater number of housing units for investors recognised in profit compared with the year-earlier period, while the number of housing units for consumers recognised in profit was slightly lower. The gross margin was impacted by a larger share of recognised housing units for investors and the fact that recognised housing units, to both investors and consumers, had a lower average project margin than for projects in ongoing production. The gross margin on delivered investor housing units in the second quarter of the preceding year included a supplementary purchase consideration of SEK 15 M. Selling and administrative expenses decreased during the quarter due to fewer consultants and reduced travel among other factors.

JANUARY-JUNE 2020

Net sales amounted to SEK 2,315 M (1,888). The increase is attributable to the delivery of more housing units to investors. Gross margin for the period was lower compared with the year-earlier period as a result of the product and regional mix and that the preceding year' margin was positively impacted by a supplementary purchase consideration of SEK 15 M.

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	1,592	1,185	2,315	1,888	6,361
Gross profit	127	227	216	335	1,121
Selling and administrative expenses	-66	-83	-149	-163	-292
Operating profit before items affecting comparability	60	145	67	172	829
Operating margin before items affecting comparability, %	3.8	12.2	2.9	9.1	13.0
Capital employed at end of period	4,120	4,696	4,120	4,696	4,814
of which, carrying amount of properties held for future development	2,908	2,576	2,908	2,576	2,371
Return on capital employed, %	13.0	20.7	13.0	20.7	17.6
Number of housing units sold in the period	261	345	530	506	1,883
Sales value of housing units sold in the period	1,234	1,388	2,342	2,047	6,773
Number of housing starts in the period	190	82	339	148	1,494
Number of housing units in ongoing production at end of period	3,899	4,256	3,899	4,256	4,278
Sales rate for ongoing production, %	85	81	85	81	81
Number of housing units recognised in profit during the period	527	314	707	531	1,843

Sweden

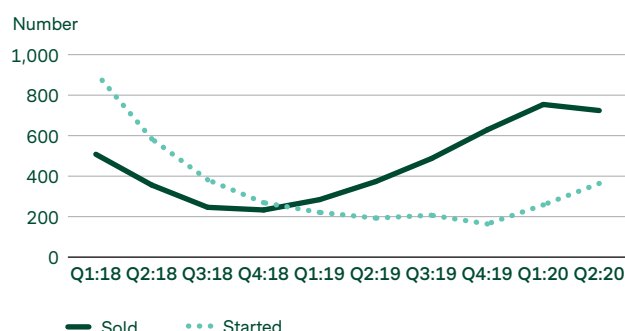
The supply of tenant-owner apartments in Sweden rose slightly during the first six months of the year though the number of starts decreased in May and June. The sale of tenant-owner apartments slowed in March–May due to COVID-19. In June, strong sales were noted in the second-hand market. Housing prices fell slightly during the quarter due to the high level of supply and lower demand.

Bonava's sales to consumers were healthy in the current circumstances. Housing units sold to consumers totalled 96 (126). Interest from investors is stable and in June Bonava sold a rental project in

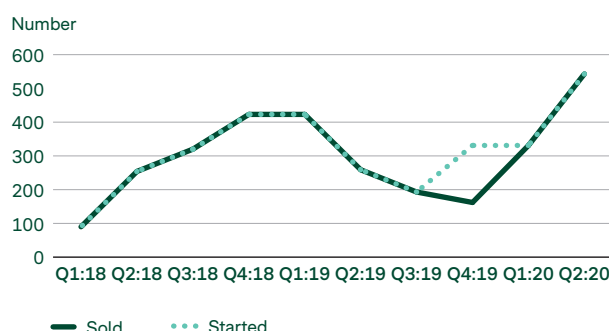
Sigtuna comprising 212 housing units. The housing units are expected to be handed over and recognised in profit in the first quarter of 2022. After the end of the quarter, Bonava sold a rental project in Västerås containing 162 housing units, which is expected to start in the third quarter of 2020.

During the first half of 2020, Bonava started production on more housing units to consumers, 213 (13), of which 106 (0) during the second quarter.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



APRIL–JUNE 2020

Net sales amounted to SEK 1,062 M (957). The increase is attributable to the handover of more housing units to investors. The number of housing units recognised in profit for consumers was on a par with the preceding year. The gross margin for consumer projects was in line with the year-earlier period.

The lower operating profit during the quarter compared with the year-earlier period is attributable to land sales in the previous year, which contributed SEK 55 M. Operating profit for the year was positively impacted by lower selling and administrative expenses, which declined due to fewer consultants and reduced travel among other factors.

JANUARY–JUNE 2020

Net sales amounted to SEK 2,232 M (1,745). The increase is attributable to a larger volume of housing units delivered to consumers and investors compared with the year-earlier period. Operating profit for the period, excluding land sales, was higher year-on-year as a result of more housing units recognised in profit and lower selling and administrative expenses.

	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Net sales	1,062	957	2,232	1,745	3,861
Gross profit	101	133	251	261	601
Selling and administrative expenses	-31	-41	-67	-78	-151
Operating profit before items affecting comparability	70	93	184	184	450
Operating margin before items affecting comparability, %	6.6	9.7	8.2	10.5	11.7
Capital employed at end of period	3,476	4,787	3,476	4,787	4,200
of which, carrying amount of properties held for future development	1,720	1,465	1,720	1,465	1,408
Return on capital employed, %	10.7	11.6	10.7	11.6	9.3
Number of housing units sold in the period	308	126	695	219	791
Sales value of housing units sold in the period	762	571	1,964	961	3,186
Number of housing starts in the period	318		425	13	495
Number of housing units in ongoing production at end of period	1,514	1,542	1,514	1,542	1,668
Sales rate for ongoing production, %	81	61	81	61	66
Number of housing units recognised in profit during the period	318	231	586	432	845

Nordic

Finland, Denmark and Norway

The offering of housing units in Finland continued to decline during the period while demand for housing units fell. In June, housing sales rose slightly, and the second-hand market noted increased activity. Housing prices were stable.

The offering of housing units in Denmark was stable while the number of housing units sold dropped initially. Sales gradually recovered and, at the end of June, recorded sales were higher than a four-year average. Housing prices were stable.

The offering of housing units in Oslo decreased while the number of housing units for sale in Bergen increased. The number of housing starts rose in June. Transaction volumes in both Oslo and Bergen were high. Price trends in both Oslo and Bergen were positive.

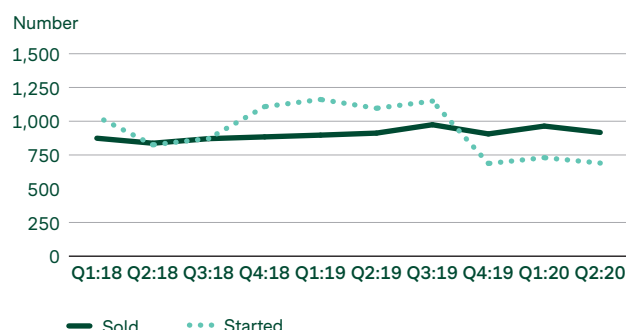
Bonava's sales to consumers in Nordic were negatively impacted by COVID-19 during the quarter, which resulted in lower sales

compared with the year-earlier period. Housing units sold to consumers totalled 150 (197). Accumulated sales were on a par with the year-earlier period thanks to strong sales early in the year and a cautious recovery in June. The number of unsold housing units increased in Finland during the quarter.

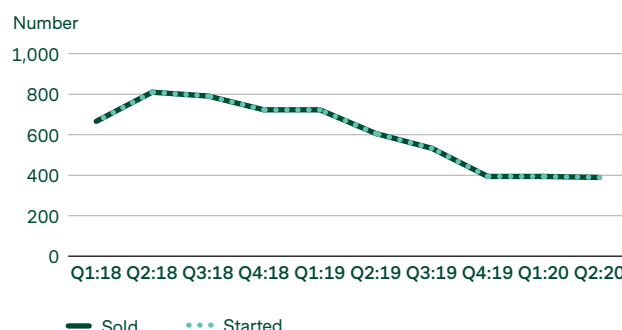
In April, a rental project was sold and started in Copenhagen consisting of 121 rental apartments that are expected to be handed over to the customer in the fourth quarter of 2021. We started our first project in Oslo during the quarter.

Housing starts for consumers were lower during the quarter compared with the year-earlier period, at 122 (162). The previously communicated rental project with 73 housing units in Finland, that was expected to start in the second quarter, has been further postponed and is expected to start in the third quarter of 2020.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



APRIL-JUNE 2020

Net sales amounted to SEK 658 M (409). The increase is attributable to the handover of more housing units to consumers and investors. Finland was responsible for the higher volume of housing units delivered. Operating loss was SEK -48 M (-29). During the quarter, we continued to hand over housing units with lower margins in Finland and have also handed over housing units with stable margins. A higher gross profit year-on-year in the second quarter in Finland was offset by the previously communicated cost overruns in Denmark.

The higher selling and administrative expenses compared with the year-earlier period are attributable to expanded operations in Oslo, which were partially compensated for by lower costs in Finland and Denmark and by lower overheads in all markets due to COVID-19.

JANUARY-JUNE 2020

The number of housing units delivered to consumers and investors increased compared with the year-earlier period, and net sales totalled SEK 1,474 M (1,208). Operating loss was SEK -112 M (-27).

The measures taken by Bonava in conjunction with the restructuring in Finland are proceeding as planned and during the first half of the year we handed over a large share of the housing units with lower margins while we are now gradually completing projects with more solid margins. As previously communicated, we expect to complete and deliver an investor project with a narrower margin in Denmark during the third quarter.

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	658	409	1,474	1,208	4,000
Gross profit/loss	-5	10	-19	56	149
Selling and administrative expenses	-44	-39	-93	-83	-172
Operating loss before items affecting comparability	-48	-29	-112	-27	-23
Operating margin before items affecting comparability, %	-7.4	-7.2	-7.6	-2.3	-0.6
Capital employed at end of period	4,543	4,032	4,543	4,032	4,152
of which, carrying amount of properties held for future development	2,812	1,904	2,812	1,904	2,503
Return on capital employed, %	-6.2	5.8	-6.2	5.8	-0.7
Number of housing units sold in the period	271	323	499	367	1,300
Sales value of housing units sold in the period	861	744	1,512	493	3,121
Number of housing starts in the period	243	288	339	1,208	1,081
Number of housing units in ongoing production at end of period	1,665	2,441	1,665	2,441	1,869
Sales rate for ongoing production, %	77	72	77	72	72
Number of housing units recognised in profit during the period	245	132	577	463	1,646

St. Petersburg-Baltics

St. Petersburg, Estonia, Latvia and Lithuania

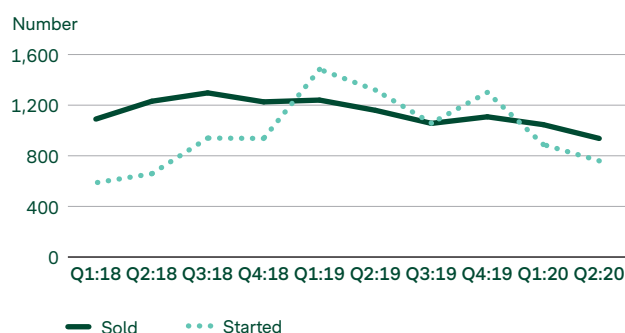
The housing market in St. Petersburg has remained stable in terms of offering, demand and prices, despite the pandemic and severe restrictions.

In the Baltics, tough restrictions were introduced that impacted the economy as a whole and entailed challenges for the housing market. Housing prices were stable but sales have declined.

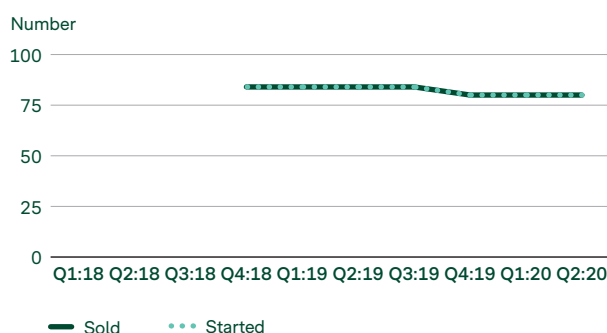
For Bonava as well, demand for housing units, primarily in the Baltics, slowed during the quarter and the number of unsold housing units has increased since year-end. Housing units sold to consumers totalled 135 (244), with the largest decrease in the Baltics.

No housing starts were reported in St. Petersburg or the Baltics during the quarter. The market in primarily St. Petersburg differs from Bonava's other markets. Typically, the Russian projects are significantly larger and the starts do not take place on the same continual basis. However, we have seen certain delays in building permits as a result of COVID-19. The uncertainty about the pandemic is expected to impact housing starts going forward, predominantly in the Baltics.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



APRIL-JUNE 2020

Net sales rose to SEK 224 M (207), attributable to the handover of more housing units to consumers in the Baltics. Operating profit was SEK 24 M (33). A few housing units sold that were completed could not be handed over due to COVID-19 restrictions, which had an adverse impact on net sales and operating profit. These housing units will be delivered in July.

The lower gross margin is attributable to the market mix as the Baltics' share of housing units delivered in the quarter was higher year-on-year. Selling and administrative expenses have increased in the segment over time as the organisation has grown but decreased during the quarter due to efficiency enhancements and stricter spending.

JANUARY-JUNE 2020

Net sales amounted to SEK 465 M (754). The decrease is attributable to COVID-19 and also the large number of housing units delivered in St. Petersburg during the first quarter of 2019. Operating profit totalled SEK 52 M (138). The lower operating profit and lower operating margin is attributable to the volume effect, 393 housing units were delivered during the period compared with 711 housing units in the year-earlier period, as well as a lower average price for housing units delivered.

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	224	207	465	754	1,252
Gross profit	40	48	85	166	253
Selling and administrative expenses	-15	-16	-32	-29	-59
Operating profit before items affecting comparability	24	33	52	138	194
Operating margin before items affecting comparability, %	10.8	15.8	11.3	18.2	15.5
Capital employed at end of period	1,326	1,270	1,326	1,270	1,367
of which, carrying amount of properties held for future development	893	864	893	864	762
Return on capital employed, %	8.7	17.9	8.7	17.9	15.8
Number of housing units sold in the period	135	244	380	551	1,188
Sales value of housing units sold in the period	153	294	468	620	1,397
Number of housing starts in the period		129	179	720	1,381
Number of housing units in ongoing production at end of period	1,732	1,882	1,732	1,882	1,917
Sales rate for ongoing production, %	67	54	67	54	57
Number of housing units recognised in profit during the period	226	192	393	711	1,177

Consolidated Income Statement

	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019- Jun 2020	2019 Jan-Dec
Net sales	2	3,537	2,758	6,486	5,595	16,364	15,474
Production costs		-3,284	-2,344	-5,973	-4,786	-14,555	-13,368
Gross profit		253	414	513	809	1,810	2,107
Selling and administrative expenses		-197	-232	-426	-462	-869	-905
Operating profit before items affecting comparability	2	56	182	87	347	942	1,202
Items affecting comparability	1					-259	-259
Operating profit after items affecting comparability	2	56	182	87	347	683	943
Financial income		7	2	8	4	20	16
Financial expenses		-37	-24	-67	-57	-136	-125
Net financial items		-30	-22	-59	-53	-116	-110
Profit after financial items	2	25	160	27	294	567	834
Tax on profit for the period		-7	-41	-7	-74	-152	-219
Profit for the period¹⁾		18	120	20	220	415	615
Per share data before and after dilution							
Profit after items affecting comparability, SEK		0.17	1.11	0.18	2.04	3.86	5.71
Cash flow from operating activities, SEK		10.81	1.00	9.18	-9.06	21.79	3.55
Shareholders' equity, SEK		69.20	66.52	69.20	66.52	69.20	70.02
No. of shares at end of period, million ²⁾		107.2	107.6	107.2	107.6	107.2	107.6

¹⁾ The entire profit for the period is attributable to Bonava AB's shareholders.

²⁾ The total number of shares repurchased as of 30 June 2020 was 1,245,355 (815,061).

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

Since Bonava appoints a majority of the Board members in tenant-owner associations in Sweden and housing companies in Finland, issues guarantees and provides credit to or borrowing on behalf of tenant-owner associations and housing companies, Bonava exercises a controlling influence and therefore consolidates tenant-owner associations and housing companies in full.

As a consequence of the consolidation of tenant-owner associations and housing companies in full, Bonava's net debt increases since interest-bearing liabilities attributable to Swedish tenant-owner associations and Finnish housing companies constitute material amounts. Refer to Note 3 for more information.

Consolidated Statement of Comprehensive Income

	Note 1	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019- Jun 2020	2019 Jan-Dec
Profit for the period		18	120	20	220	415	615
<i>Items that have been or may be reclassified to profit for the period</i>							
Translation differences during the period in translation of foreign operations		-69	44	-118	154	-133	139
Other comprehensive income for the period		-69	44	-118	154	-133	139
Comprehensive income for the period¹⁾		-51	164	-98	374	282	754

¹⁾ The entire comprehensive income for the period is attributable to Bonava AB's shareholders.

Condensed consolidated balance sheet

	Note 1, 4, 5	2020 30 Jun	2019 30 Jun	2019 31 Dec
ASSETS				
Fixed assets		812	1,006	904
Current assets				
Properties held for future development		8,136	6,809	7,149
Ongoing housing projects		12,096	12,701	11,761
Completed housing units		1,920	1,754	2,013
Current receivables		1,026	1,315	1,161
Cash and cash equivalents	3	252	351	499
Total current assets		23,430	22,930	22,583
TOTAL ASSETS		24,242	23,936	23,487
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to Parent Company shareholders		7,418	7,159	7,536
Non-controlling interest		5	5	5
Total shareholders' equity		7,423	7,163	7,540
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	3	1,485	1,590	1,378
Other non-current liabilities		303	252	334
Long-term receivables		667	443	712
Total non-current liabilities		2,455	2,284	2,424
Current liabilities				
Current interest-bearing liabilities	3	4,772	6,080	6,015
Other current liabilities		9,593	8,409	7,508
Total current liabilities		14,365	14,489	13,523
Total liabilities		16,819	16,773	15,947
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,242	23,936	23,487

Condensed changes in shareholders' equity, Group

	Shareholders' equity attributable to Parent Company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 1 January 2019	7,357	5	7,362
Comprehensive income for the period	754		754
Dividend	-560		-560
Performance-based incentive programme	-16		-16
Closing shareholders' equity, 31 December 2019	7,536	5	7,540
Comprehensive income for the period	-98		-98
Purchase of treasury shares	-19		-18
Performance-based incentive programme	-1		-1
Closing shareholders' equity, 30 June 2020	7,418	5	7,423

Condensed consolidated cash flow statement

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	Jul 2019- Jun 2020	2019 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	25	160	27	294	567	834
Adjustments for items not included in cash flow	342	-32	147	-104	526	275
Tax paid	18	-59	-28	-237	-128	-337
Cash flow from operating activities before change in working capital	385	68	146	-48	966	772
Cash flow from change in working capital						
Sales of housing projects	3,195	2,196	5,795	4,581	14,116	12,902
Investments in housing projects	-3,207	-3,305	-7,377	-6,554	-14,742	-13,919
Other change in working capital	791	1,153	2,423	1,050	1,997	624
Cash flow from change in working capital	778	44	841	-923	1,371	-393
Cash flow from operating activities	1,164	112	987	-971	2,337	379
INVESTMENT ACTIVITIES						
Cash flow from investment activities	-33	-34	-60	-46	-531	-517
CASH FLOW BEFORE FINANCING	1,131	78	927	-1,017	1,806	-138
FINANCING ACTIVITIES						
Dividend paid		-280		-280	-280	-560
Purchase of treasury shares	-19		-19		-19	
Increase in interest-bearing financial liabilities		804		3,120		3,140
Decrease in interest-bearing financial liabilities	-1,300	-565	-1,127	-1,833	-1,650	-2,376
Change in interest-bearing receivables	2	-3	4	22	64	82
Cash flow from financing activities	-1,317	-44	-1,142	1,028	-1,884	286
CASH FLOW DURING THE PERIOD	-187	33	-215	11	-78	148
Cash and cash equivalents at the beginning of the year	428	314	499	325	351	325
Exchange rate difference in cash and cash equivalents	10	4	-32	15	-21	26
CASH AND CASH EQUIVALENTS AT END OF PERIOD	252	351	252	351	252	499

Notes for the Group

NOTE 1 Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board. This Interim Report covers pages 1–31 and pages 1–15 is thereby an integrated part of this financial report. The accounting policies applied in the preparation of this Interim Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's 2019 Annual Report, pages 28–32. The Annual Report is available at www.bonava.com.

From 1 July 2019, Bonava added the line item 'items affecting comparability' to the Income Statement. Under this heading are events and transactions such as substantial legal disputes and other

substantial non-recurring costs or revenue, the profit effect of which is important to note when the profit/loss for the period is compared with earlier periods. Tax on items affecting comparability and tax items that are themselves classified as items affecting comparability are recognised under Tax in the consolidated income statement. Items recognised as affecting comparability in one period are recognised consistently in future periods by any potential reversal of these items also being recognised as items affecting comparability.

The items recognised as affecting comparability at 31 December 2019 pertain to both the settlement of a legal dispute of SEK 100 M and restructuring measures in Finland of SEK 159 M.

No other changes to IFRS or IFRIC interpretations are expected to have any material impact on Bonava.

NOTE 2 Reporting of operating segments

Apr–Jun 2020	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	869	806	448	222		2,346
Net sales, investors	723	256	143			1,122
Net sales, land			66			66
Other revenue			1	2		4
Operating profit/loss before items affecting comparability	60	70	–48	24	–50	56
Items affecting comparability						0
Operating profit/loss after items affecting comparability	60	70	–48	24	–50	56
Net financial items						–30
Profit after financial items						25
Capital employed	4,120	3,476	4,543	1,326	214	13,679

Apr–Jun 2019	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	996	732	282	202		2,212
Net sales, investors	123	161	87			371
Net sales, land	57	63	38			158
Other revenue	10	1	1	5		17
Operating profit/loss before items affecting comparability	145	93	–29	33	–59	182
Items affecting comparability						0
Operating profit/loss after items affecting comparability	145	93	–29	33	–59	182
Net financial items						–22
Profit after financial items						160
Capital employed	4,696	4,787	4,032	1,270	48	14,833

Jan–Jun 2020	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	1,582	1,973	954	459		4,968
Net sales, investors	723	256	436			1,415
Net sales, land	9	4	81			93
Other revenue		1	3	6		9
Operating profit/loss before items affecting comparability	67	184	-112	52	-104	87
Items affecting comparability						0
Operating profit/loss after items affecting comparability	67	184	-112	52	-104	87
Net financial items						-59
Profit after financial items						27
Capital employed	4,120	3,476	4,543	1,326	214	13,679

Jan–Jun 2019	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	1,540	1,421	866	744		4,570
Net sales, investors	281	261	297			839
Net sales, land	57	63	40			160
Other revenue	10	1	5	11		26
Operating profit/loss before items affecting comparability	172	184	-27	138	-119	347
Items affecting comparability						0
Operating profit/loss after items affecting comparability	172	184	-27	138	-119	347
Net financial items						-53
Profit after financial items						294
Capital employed	4,696	4,787	4,032	1,270	48	14,833

Jan–Dec 2019	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	5,063	2,949	2,844	1,232		12,088
Net sales, investors	1,158	434	1,057			2,650
Net sales, land	136	473	92			700
Other revenue	3	5	7	20		36
Operating profit/loss before items affecting comparability	829	450	-23	194	-248	1,202
Items affecting comparability ¹⁾			-159		-100	-259
Operating profit/loss after items affecting comparability	829	450	-182	194	-348	943
Net financial items						-110
Profit after financial items						834
Capital employed	4,814	4,200	4,152	1,367	399	14,933

¹⁾ The items recognised as affecting comparability pertain to both the settlement of a legal dispute of SEK 100 M and restructuring measures in Finland of SEK 159 M.

NOTE 3 Specification of net debt

	2020 30 Jun	2019 30 Jun	2019 31 Dec
Non-current interest-bearing receivables	2	2	2
Current interest-bearing receivables	15	45	19
Cash and cash equivalents	252	351	499
Interest-bearing receivables	270	398	520
Non-current interest-bearing liabilities	1,485	1,590	1,378
Current interest-bearing liabilities	4,772	6,080	6,015
Interest-bearing liabilities	6,256	7,669	7,393
Net debt	5,987	7,272	6,873

of which, attributable to Swedish tenant-owner associations and Finnish housing companies¹⁾

Cash and cash equivalents	14	39	17
Interest-bearing liabilities in external project financing	1,595	3,547	2,364
Interest-bearing liabilities, project financing ²⁾	296	1,204	891
Net debt in tenant-owner associations and housing companies	1,877	4,712	3,238

of which, other operations³⁾

Cash and cash equivalents	238	312	482
Interest-bearing receivables	17	47	19
Interest-bearing lease liabilities, IFRS 16	228	375	257
Interest-bearing liabilities, other operations	4,137	2,543	3,880
Net debt, other operations	4,110	2,559	3,635

¹⁾ As a consequence of the consolidation of tenant-owner associations and housing companies in full, interest-bearing liabilities attributable to Swedish tenant-owner associations and Finnish housing companies are included in Bonava's net debt.

²⁾ Relates to financing via Parent Company credit facilities directly attributable to Swedish tenant-owner associations.

³⁾ Relates to financing of operations in all segments excluding the Swedish and Finnish consumer business.

The below table specifies the Group's financing facilities. In addition to these financing facilities, there are unutilised agreed credit frames for each project in Swedish tenant-owner associations and Finnish housing companies of approximately SEK 1.1 Bn.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	< 364 days	1,532		1,532
Loans	2020	644	644	
Loans	2021	2,440	2,440	
Loans	2022	315	315	
RCF/commercial paper	2023	3,000	537	2,436
Loans	2025-27	420	420	
Total		8,351	4,356	3,995

NOTE 4 Fair value of financial instruments

In the table below, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value in Bonava's balance sheet. When determining fair value, assets have been divided into the following three levels. No transfers have been made between the levels during the period.

Bonava has no financial instruments in level 1 or 3. Level 2 derivatives comprise currency forwards where the measurement at fair value of currency-forward contracts is based on published forward rates on an active market.

	2020 30 Jun	2019 30 Jun	2019 31 Dec
Derivatives	66	21	47
Total assets	66	21	47
Derivatives	1	23	11
Total liabilities	1	23	11

The fair value of non-current and current interest-bearing liabilities does not differ from the carrying amount. For financial instruments recognised at amortised cost, accounts receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities, fair value is considered equal to carrying amount.

NOTE 5 Pledged assets, surety and guarantee obligations

	2020 30 Jun	2019 30 Jun	2019 31 Dec
Pledged assets			
<i>For own liabilities:</i>			
Property mortgages ¹⁾	1,472	2,202	1,715
Restricted bank funds	14	3	1
Other pledged assets	4	3	4
Total pledged assets	1,490	2,208	1,720
Surety and guarantee obligations			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ²⁾	3,216	3,606	3,361
Other guarantees and contingent liabilities			111
Total surety and guarantee obligations	3,216	3,606	3,471

¹⁾ Property mortgages relating to loans for completed unsold housing units in Finnish housing companies are recognised at nominal value for the project as a whole, regardless of whether the related liability is lower. As of the second quarter of 2020, Bonava recognises the corresponding share of loans for unsold housing units. The comparative figures have been adjusted.

²⁾ Deposit guarantees constitute collateral for deposits and concession fees paid to tenant-owner associations formed by Bonava Sverige AB. The guarantee is to be restored one year after the final acquisition cost of the tenant-owner association's building has been established.

The Parent Company in brief

JANUARY-JUNE 2020

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 141 M (129). Profit after financial items totalled SEK 59 M (384).

	Note 1	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
CONSOLIDATED INCOME STATEMENT				
Net sales		141	129	266
Selling and administrative expenses		-236	-248	-501
Operating loss		-95	-118	-235
Profit from participations in Group companies		101	445	793
Financial income		99	75	170
Financial expenses		-47	-19	-50
Profit after financial items		59	384	679
Appropriations				227
Profit before tax		59	384	905
Tax on profit for the period		9	13	-21
Profit for the period		68	397	884

	Note 1, 2	2020 30 Jun	2019 30 Jun	2019 31 Dec
BALANCE SHEET				
Assets				
Fixed assets		2,405	2,431	2,411
Current assets		9,235	8,524	9,471
Total assets		11,640	10,955	11,882
Shareholders' equity and liabilities				
Shareholders' equity		7,186	6,655	7,139
Untaxed reserves		32		32
Provisions		4	3	4
Non-current liabilities		902	314	844
Current liabilities		3,515	3,982	3,863
Total shareholders' equity and liabilities		11,640	10,955	11,882

Parent Company Notes

NOTE 1 Accounting policies

The company has prepared its Interim Report pursuant to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting policies applied in the preparation of this Interim Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's 2019 Annual Report, pages 28–32 and 57. The Annual Report is available at www.bonava.com.

NOTE 2 Pledged assets and contingent liabilities

	Utilised amount		
	2020 30 Jun	2019 30 Jun	2019 31 Dec
Deposits and concession fees	4,148	4,055	3,971
Construction loans, tenant-owner associations	883	2,290	1,470
Counter guarantee to external guarantors	9,596	8,213	8,648
Other guarantee commitments	5,252	4,930	4,988
Other pledged assets	4	3	3
Total	19,883	19,491	19,079

Sector-related key figures for the Group

No. unless otherwise stated	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Building rights at end of period	33,200	31,600	33,200	31,600	33,300
Of which, off-balance sheet building rights	10,900	14,200	10,900	14,200	14,000
Housing development for consumers					
Housing units sold during the period	642	912	1,574	1,643	3,918
Sales value of housing units sold in the period, SEK M	2,195	2,783	5,102	4,622	12,080
Housing starts during the period	418	373	949	1,096	3,010
Housing units in ongoing production at end of period	5,588	6,936	5,588	6,936	6,179
Sales rate for ongoing production, %	67	57	67	57	59
Reservation rate for ongoing production, %	4	4	4	4	4
Completion rate for ongoing production, %	57	55	57	55	48
Completed housing units not recognised in profit at end of period	655	470	655	470	714
Housing units for sale (ongoing and completed) at end of period	2,376	3,362	2,376	3,362	3,001
Housing units recognised in profit during the period	767	706	1,599	1,743	4,170
Value of sold housing units, not yet recognised in profit, SEK Bn	13.9	14.0	13.9	14.0	13.8
Housing development for investors					
Housing units sold during the period	333	126	530	126	1,244
Sales value of housing units sold in the period, SEK M	815	214	1,185	214	2,397
Housing starts during the period	333	126	333	126	1,441
Housing units in ongoing production at end of period	3,222	3,185	3,222	3,185	3,553
Sales rate for ongoing production, %	100	100	100	100	94
Completion rate for ongoing production, %	38	38	38	38	33
Housing units recognised in profit during the period	549	163	664	394	1,341
Value of sold housing units, not yet recognised in profit, SEK Bn	6.8	6.7	6.8	6.7	7.3

	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Housing units in production for consumers, no.					
Housing units in ongoing production, at period start	6,028	6,990	6,179	7,259	7,259
Housing starts resumed ¹⁾		76		76	76
Housing starts during the period	418	373	949	1,096	3,010
Housing units recognised in profit during the period	-767	-706	-1,599	-1,743	-4,170
Decrease (+)/increase (-) in completed housing units not recognised in profit at end of period	-91	203	59	248	4
Housing units in ongoing production for consumers at end of period	5,588	6,936	5,588	6,936	6,179
Housing units in production for investors, no.					
Housing units in ongoing production, at period start	3,438	3,222	3,553	3,453	3,453
Housing starts during the period	333	126	333	126	1,441
Housing units recognised in profit during the period	-549	-163	-664	-394	-1,341
Housing units in ongoing production for investors at end of period	3,222	3,185	3,222	3,185	3,553

¹⁾ Projects recognised as housing starts at the initial starting date. In the event of delays in conjunction with appeals of building permits, projects are excluded from housing units in ongoing production. In Sweden, one project was resumed in 2019 following a delay due to an appeal against a building permit.

Sector-related key figures for the segments

Germany, no. unless otherwise stated	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Consumers					
Net sales, SEK M	869	996	1,582	1,540	5,063
Housing units sold during the period	261	345	502	506	1,275
Sales value of housing units sold in the period, SEK M	1,234	1,388	2,248	2,047	5,363
Housing starts during the period	190	82	339	148	858
Housing units in ongoing production at end of period	2,390	2,673	2,390	2,673	2,456
Sales rate for ongoing production, %	75	69	75	69	69
Housing units recognised in profit during the period	214	273	394	410	1,325
Investors					
Net sales, SEK M	723	123	723	287	1,158
Housing units sold during the period			28		608
Sales value of housing units sold in the period, SEK M			94		1,410
Housing starts during the period					636
Housing units in ongoing production at end of period	1,509	1,583	1,509	1,583	1,822
Sales rate for ongoing production, %	100	100	100	100	98
Housing units recognised in profit during the period	313	41	313	121	518
Building rights					
Number of building rights at end of period	8,800	8,200	8,800	8,200	8,900
of which, off-balance sheet building rights	2,600	2,300	2,600	2,300	3,400
Average no. of employees during the fiscal year			906	869	877

Sweden, no. unless otherwise stated	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Consumers					
Net sales, SEK M	806	732	1,973	1,421	2,949
Housing units sold during the period	96	126	314	219	629
Sales value of housing units sold in the period, SEK M	374	571	1,321	961	2,886
Housing starts during the period	106		213	13	164
Housing units in ongoing production at end of period	688	1,018	688	1,018	890
Sales rate for ongoing production, %	59	41	59	41	54
Housing units recognised in profit during the period	154	165	422	317	653
Investors					
Net sales, SEK M	256	161	256	261	434
Housing units sold during the period	212		381		162
Sales value of housing units sold in the period, SEK M	388		643		300
Housing starts during the period	212		212		331
Housing units in ongoing production at end of period	826	524	826	524	778
Sales rate for ongoing production, %	100	100	100	100	78
Housing units recognised in profit during the period	164	66	164	115	192
Building rights					
Number of building rights at end of period	7,400	7,200	7,400	7,200	7,300
of which, off-balance sheet building rights	2,100	3,800	2,100	3,800	2,900
Average no. of employees during the fiscal year ¹⁾			180	210	206

¹⁾ The average number of employees for January–June 2020 was affected by short-time working.

Nordic (Finland, Denmark and Norway), no. unless otherwise stated	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Consumers					
Net sales, SEK M	448	282	954	885	2,844
Housing units sold during the period	150	197	378	367	906
Sales value of housing units sold in the period, SEK M	434	533	1,068	994	2,508
Housing starts during the period	122	162	218	215	687
Housing units in ongoing production at end of period	942	1,447	942	1,447	1,080
Sales rate for ongoing production, %	59	52	59	52	52
Housing units recognised in profit during the period	173	76	390	305	1,015
Investors					
Net sales, SEK M	143	88	436	297	1,057
Housing units sold during the period	121	126	121	126	394
Sales value of housing units sold in the period, SEK M	427	211	444	214	613
Housing starts during the period	121	126	121	126	394
Housing units in ongoing production at end of period	723	994	723	994	789
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit during the period	72	56	187	158	631
Building rights					
Number of building rights at end of period	10,000	10,300	10,000	10,300	10,600
of which, off-balance sheet building rights	4,900	6,800	4,900	6,800	6,300
Average no. of employees during the fiscal year ¹⁾			380	385	409

¹⁾ The average number of employees for January–June 2020 was affected by short-time working in Finland and Norway.

St. Petersburg-Baltics (St. Petersburg, Estonia, Latvia and Lithuania), no. unless otherwise stated	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Consumers					
Net sales, SEK M	222	202	459	744	1,232
Housing units sold during the period	135	244	380	551	1,108
Sales value of housing units sold in the period, SEK M	153	294	465	620	1,324
Housing starts during the period		129	179	720	1,301
Housing units in ongoing production at end of period	1,568	1,798	1,568	1,798	1,753
Sales rate for ongoing production, %	64	52	64	52	53
Housing units recognised in profit during the period	226	192	393	711	1,177
Investors					
Net sales, SEK M					
Housing units sold during the period					80
Sales value of housing units sold in the period, SEK M			3		73
Housing starts during the period					80
Housing units in ongoing production at end of period	164	84	164	84	164
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit during the period					
Building rights					
Number of building rights at end of period	7,000	5,900	7,000	5,900	6,500
of which, off-balance sheet building rights	1,300	1,300	1,300	1,300	1,400
Average no. of employees during the fiscal year			514	450	473

Key performance indicators at end of period

	2020 30 Jun	2019 30 Jun	2019 31 Dec
Return on capital employed, % ^{1) 2)}	6.2	11.8	8.1
Interest coverage ratio, multiple ¹⁾	5.2	13.1	7.7
Equity/assets ratio, %	30.6	29.9	32.1
Interest-bearing liabilities/total assets, %	25.8	32.0	31.5
Net debt	5,987	7,272	6,873
Debt/equity ratio, times	0.8	1.0	0.9
Capital employed at end of period	13,679	14,833	14,933
Capital employed, average	14,657	13,845	14,579
Capital turnover rate, multiple ¹⁾	1.1	1.1	1.1
Share of risk-bearing capital, %	31.2	30.0	32.7
Dividend, SEK per share			
Paid dividend, SEK per share		2.60	5.20
Average interest rate at end of period, % ³⁾	1.66	0.84	1.12
Average fixed-rate term, years ³⁾	0.1	0.2	0.1
Average interest rate at end of period, % ⁴⁾	1.24	1.19	1.23
Average fixed-rate term, years ⁴⁾	0.4	0.2	0.3

¹⁾ Calculated on rolling 12-month basis.

²⁾ Excluding items affecting comparability.

³⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies and leases.

⁴⁾ Pertains to loans in Swedish tenant-owner associations and Finnish housing companies.

SIGNATURES

Stockholm, 16 July 2020

The Board of Directors and the CEO give their assurance that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and results of operations and describe the significant risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Mikael Norman
Chairman of the Board

Viveca Ax:son Johnson
Director

Åsa Hedenberg
Director

Mats Jönsson
Director

Samir Kamal
Director

Angela Langemar Olsson
Director

Frank Roseen
Director

Joachim Hallengren
CEO

This report has not been reviewed by the company's auditors.

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FINANCIAL CALENDAR

- Q3 Interim Report Jan–Sep: 23 October 2020
- Q4 Year-end Report Jan–Dec: 29 January 2021

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PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was issued for publication through the agency of the contact person set out above on 16 July 2020 at 7:30 CEST.

INVITATION TO PRESENTATION OF THE Q2 INTERIM REPORT

Joachim Hallengren, President and CEO, and Ann-Sofi Danielsson, CFO, will present the Interim Report for the second quarter.

Date: 16 July 2020, 10:00–11:00 a.m.

To participate in the telephone conference and ask questions, please call one of the following telephone numbers:

SE: +46 856 642 651

DE: +49 691 380 34 30

UK: +44 333 300 08 04

US: +1 (631) 913-1422

To participate, register with code: 73694087#

The presentation will also be streamed live at bonava.com/ audiocast Q2 2020. The presentation will be available for download from the website ahead of the presentation.