



Year-end report January–December 2021



Homes & Neighbourhoods

Improved profitability in our largest business units

1 OCTOBER–31 DECEMBER 2021

- Net sales amounted to SEK 6,649 M (7,553), a decrease of 10 per cent adjusted for currency effects
- The gross margin was 13.9 per cent (15.2)
- Items affecting comparability for the quarter comprised the capital gain on the sale of Bonava's building rights portfolio in Copenhagen of SEK 226 M and costs of SEK 188 M from the strategic review
- Operating profit before items affecting comparability totalled SEK 660 M (910) and the operating margin was 9.9 per cent (12.0)
- Operating profit after items affecting comparability totalled SEK 698 M (910) and the operating margin was 10.5 per cent (12.0)
- Earnings per share²⁾ was SEK 5.04 (5.97)
- The number of housing units sold was 1,577 (2,026)
- The number of production starts was SEK 2,060 M (3,185)
- The number of building rights amounted to 35,300 (31,800)
- For full-year 2022, it is estimated that the number of production starts will increase 20 per cent to 6,000

1 JANUARY–31 DECEMBER 2021

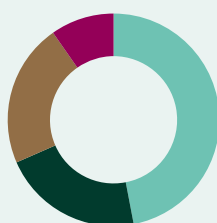
- Net sales amounted to SEK 15,491 M (16,997), a decrease of 6 per cent adjusted for currency effects
- The gross margin was 13.7 per cent (11.6)
- Items affecting comparability for the period pertain to costs of SEK 117 M in the second quarter related to the wind down of operations in Denmark in addition to items in the fourth quarter
- Operating profit before items affecting comparability amounted to SEK 1,236 (1,121) M and the operating margin to 8.0 per cent (6.6)
- Operating profit after items affecting comparability amounted to SEK 1,156 M (1,121), operating margin 7.5 per cent (6.6)
- Earnings per share²⁾ was SEK 7.54 (6.82)
- The number of housing units sold was 5,295 (5,568)
- The number of production starts was 4,955 (5,710)
- The number of building rights amounted to 35,300 (31,800)
- The Board of Directors proposes a dividend of SEK 3.50 (ordinary dividend 3.25, extraordinary dividend 2.00) per share

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales	6,649	7,553	-12	15,491	16,997	-9
Gross profit	921	1,148	-20	2,117	1,979	7
Gross margin, %	13.9	15.2		13.7	11.6	
Operating profit before items affecting comparability ¹⁾	660	910	-27	1,236	1,121	10
Operating margin before items affecting comparability, % ¹⁾	9.9	12.0		8.0	6.6	
Operating profit after items affecting comparability	698	910	-23	1,156	1,121	3
Operating margin after items affecting comparability, %	10.5	12.0		7.5	6.6	
Profit before tax	663	873	-24	1,020	999	2
Earnings per share, SEK ²⁾	5.04	5.97	-16	7.54	6.82	11
Net debt	3,313	3,311		3,313	3,311	
Return on capital employed before items affecting comparability, % ¹⁾	9.6	7.9		9.6	7.9	
Equity/assets ratio, %	35.1	34.6		35.1	34.6	
Number of building rights	35,300	31,800	11	35,300	31,800	11
Number of housing units sold	1,577	2,026	-22	5,295	5,568	-5
Sales value of housing units sold	5,519	6,218	-11	15,928	16,852	-5
Number of housing units started	2,060	3,185	-35	4,955	5,710	-13
Number of housing units in production	9,767	9,769	-0	9,767	9,769	-0
Sales rate for ongoing production, %	71	70		71	70	
Number of housing units recognised in profit	2,352	2,620	-10	5,278	5,814	-9

¹⁾ See Note 6 Items affecting comparability.

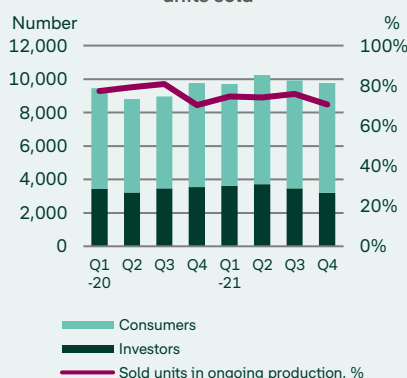
²⁾ Before and after dilution. For more information about the Group's key figures and definitions, refer to page 23 and <https://www.bonava.com/en/investor-relations/financial-information>.

Net sales per segment rolling 12 months

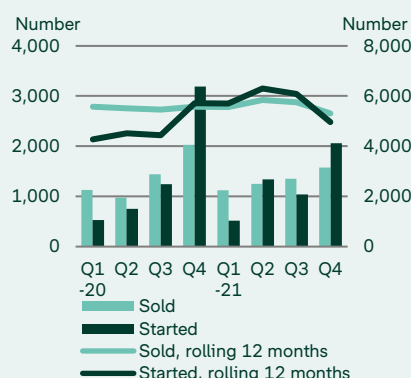


Germany, 47%
Sweden, 21%
Nordic, 22%
St. Petersburg-Baltics, 10%

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



Number of housing units sold and housing units started



Comments from the CEO

During 2021, we improved the profitability of our largest business units. Operating profit before items affecting comparability rose 10 per cent and the operating margin increased to 8 per cent. In the fourth quarter, we took several important steps in our long-term effort to achieve market-leading profitability within a few years.

Continued healthy demand

Strong economic development resulted in healthy demand and a positive or stable price trend in our markets. As expected, the rate of price increases was more balanced in the second half of 2021. We noted continued strong interest in our new projects for sale, both housing units for consumers and rental housing projects for investors. The number of production starts for full-year 2021 amounted to 4,955, which was a decrease of 8 per cent compared with the indication of a 5-per cent increase that we communicated in conjunction with the third-quarter report. The deviation is mainly because we did not receive the anticipated building permits before the end of the year, partly due to the effects of the spread of omicron, but also because we chose not to start projects where we did not have the right conditions in place. This means that about 700 project starts have been delayed until 2022. For full-year 2022, we expect production starts to increase by 20 per cent to 6,000.

Steadily improved profitability

During the year, we increased the effectiveness in our business, with increasingly better project margins, which was amplified in the fourth quarter. Our use of the completed contract method as an accounting policy can have a major impact in individual quarters and in the preceding year, the distribution of the business operations over the year was affected by the pandemic, resulting in the share of housing units recognised in profit and started being pushed into the fourth quarter. This entailed that both net sales and operating profit were unusually high in the fourth quarter of 2020. The fourth quarter 2021 was also impacted by items affecting comparability recognised due to the strategic review.

To sum-up full-year 2021, we saw an improvement in operating profit before items affecting comparability of 10 per cent and stronger project margins in the largest markets. I am very satisfied with how the organisation has managed the situation and restricted the effects on our projects and customers. In addition, we have a strong financial position, meaning we have healthy scope for investment and, accordingly, favourable conditions for implementing the business plan.

Strong margin in Germany

Our largest market, Germany, demonstrated a continued positive trend. The offering of new housing units is low, while there has been strong development of demand, which favours our business. Despite lower net sales year-on-year, the operating margin was strengthened, which is a result of improvements in the operations during the year. The project margins were strengthened, for example. During the quarter, additional land acquisitions were made, which establishes a solid foundation for future profitability.

Good close in Sweden

The Swedish housing market closed the year on a strong note, with higher demand for newly produced homes. We increased the number of delivered housing units, which resulted in a continued strengthening of net sales and operating profit. We also had an improvement in project margins in both our businesses. Since a large share of housing units delivered and recognised in profit comprised investment projects, the gross margin was lower compared with the third quarter. The year ended with several attractive land acquisitions, which will enable the continued profitable development of the business.

Lower activity in Nordic

The markets in Norway and Finland displayed continued healthy demand. In Finland, net sales declined due to a significantly lower volume of housing units recognised compared with the preceding year. The difference in profit is due to the recognition of a large profitable project in Finland in the comparative period. The operating margin declined as an effect of higher costs in concluded projects, additional expenses and increased guarantee commitments for projects concluded during earlier quarters.

In Norway, the number of starts and units sold decreased. The gross margin declined, impacted by varied project margins for delivered projects and lower volumes. In both Finland and Norway, comprehensive changes in management were implemented and work was focused on creating favourable conditions for starts and deliveries in 2022 and onward.

In Denmark, the sale of the building rights portfolio was finalised. The wind down is proceeding to plan and remaining production in progress will be transferred to customers during 2022.



"We have generated greater number of business proposals and with greater decision-making powers vested in our local units it has led to higher activity."

High demand in St Petersburg-Baltics

The markets in St. Petersburg and the Baltics continued to perform well, with high demand and rising prices, driven by such factors as a low offering and good availability of financing. We are monitoring developments in the geopolitical situation, but we currently see no change for our operations in terms of local demand. Fewer housing units delivered in the quarter contributed to the reduction in net sales and profitability. In the Baltics, the first rental housing project for investors was completed and we initiated our first two investments in rental housing projects intended for our own management, in accordance with our build-to-hold model.

Change process proceeding with full vigour

I took up the position as CEO of Bonava a year ago. My focus for 2021 was the strategic review of the company, which resulted in new targets and an updated strategy aimed at promoting long-term value creation. By 2026, we will attain profit before tax of SEK 2.2 Bn and sell 8,000 housing units.

To meet our new targets, we are conducting an intensive process of change in the company. The first step was taken already during the spring, when we decided to wind down our operations in Denmark, where Bonava has reported weak profitability for some time. Furthermore, we accelerated the investments in building rights, which increased by 3,500, based on the development of larger, cohesive areas. The exciting land acquisitions that we completed in Germany and Sweden in the second half of the year will help secure future production volumes of multi-family and single-family housing.

We have generated greater number of business proposals and with greater decision-making powers vested in our local units it has led to higher activity. In addition, Bonava strengthened its position as an established sustainable residential developer. During the year, the company received the highest score from the Carbon Disclosure Project (CDP) and was named the most sustainable consumer goods company on the stock exchange.

We are operating a company with a fantastic purpose: to develop happy neighbourhoods for the many. Together with all of our committed employees, I am convinced that we have the right platform to continue our journey of change and create long-term value for customers, shareholders and society at large. Finally, I want to thank all of our hard-working employees for their excellent work.

Peter Wallin
President and CEO

Outlook: Production starts 2022

For full-year 2022, it is estimated that the number of production starts will increase to 6,000 an increase of 20 per cent compared with 2021. The start volume depends on the necessary permits being obtained.

Group performance

From 1 April 2021, Bonava has reintroduced the line item "items affecting comparability" to the Income Statement. For more information, refer to Note 1 and Note 6.

OCTOBER–DECEMBER 2021

Net sales

Net sales amounted to SEK 6,649 M (7,553); fewer housing units for consumers were recognised in profit compared with the year-earlier period.

During the quarter, 1,457 (1,878) housing units for consumers were recognised in profit, with net sales of SEK 4,624 M (5,829). The average price per housing unit recognised in profit amounted to SEK 3.2 M (3.1).

Net sales to investors totalled SEK 1,911 M (1,420), and the number of housing units recognised in profit was 895 (742).

Excluding the sale of land in Denmark for SEK 545 M that was classified as an item affecting comparability, net, the sale of land during the quarter amounted to SEK 105 M (300).

Exchange rate fluctuations had a negative effect of SEK -183 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit was SEK 698 M (910) and the operating margin was 10.5 per cent (12.0). Adjusted for items affecting comparability, operating profit totalled SEK 660 M (910) and the operating margin was 9.9 per cent (12.0). Items affecting comparability for the quarter comprised the capital gain on the sale of Bonava's building rights

portfolio in Copenhagen of SEK 226 M and costs in Sweden, Nordic and the Parent Company and adjustments due to the strategic review of SEK 188 M. Refer to Note 6 for more information.

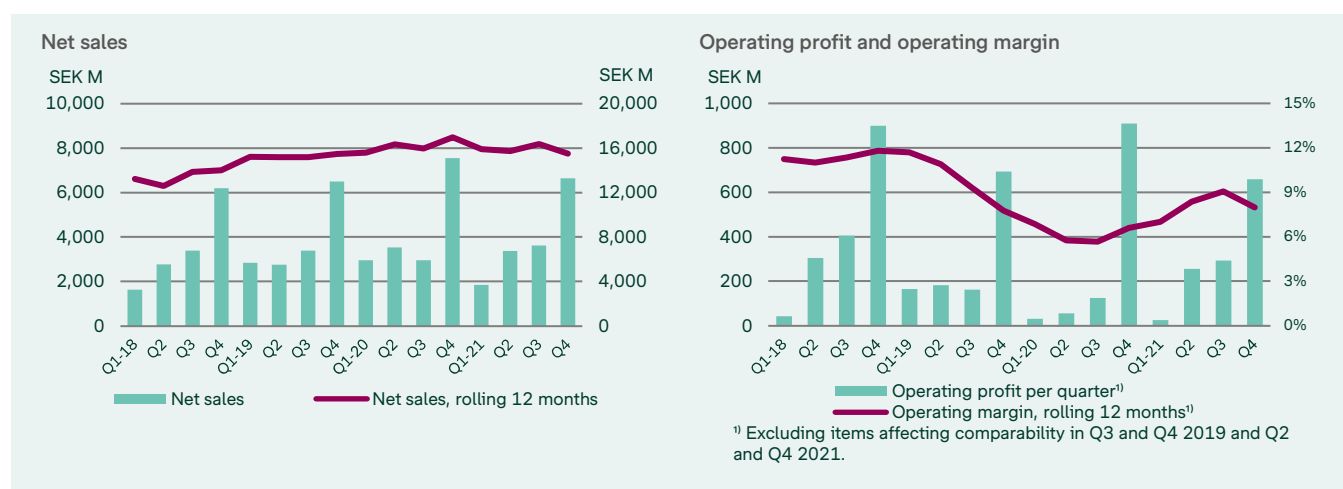
Excluding land sales, operating profit amounted to SEK 673 M (878) and the operating margin was 11.2 per cent (12.1). The gross margin for consumers was strengthened compared with the preceding year, but fewer units for consumers were recognised in profit and the gross margin on housing units recognised in profit was lower.

Exchange rate fluctuations had a negative impact of SEK -32 M on operating profit compared with the year-earlier quarter.

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

Net financial items were SEK -35 M (-37). Lower fees for borrowing facilities were partly offset by SEK 3 M pertaining to remuneration to NCC (refer to Legal structure on page 13) being charged to net financial items by quarter as of 2021 until the option is called for, at the latest 2027.

Profit before tax for the quarter was SEK 663 M (873). Tax on profit for the quarter was SEK 122 M (233), corresponding to a tax rate of 18 per cent (27). The lower tax rate was attributable to most of the sale of the building rights portfolio in Copenhagen being conducted in the form of a company transaction.



Group performance (cont.)

JANUARY–DECEMBER 2021

Net sales

Net sales amounted to SEK 15,491 M (16,997); fewer housing units for consumers were recognised in profit compared with the year-earlier period.

During the period, 3,712 (4,295) housing units for consumers were recognised in profit, with net sales of SEK 11,725 M (13,484). The average price per housing unit recognised in profit was in line with the preceding year, totalling SEK 3.2 M (3.1).

Net sales to investors totalled SEK 3,293 M (3,085), and the number of housing units delivered was 1,566 (1,519).

Excluding the sale of land in Denmark during the fourth quarter for SEK 545 M that was classified as an item affecting comparability, the sale of land during the period amounted to SEK 446 M (411).

Exchange rate fluctuations had a negative effect of SEK -432 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit was SEK 1,156 M (1,121) and the operating margin was 7.5 per cent (6.6). Adjusted for items affecting comparability, operating profit totalled SEK 1,236 M (1,121) and the operating margin was 8.0 per cent (6.6). Items affecting comparability pertain to costs in the second quarter related to the wind down of operations in Denmark of SEK 117 M, the capital gain on the sale of Bonava's building rights portfolio in Copenhagen in the fourth quarter for SEK 226 M, and costs in Sweden, Nordic and the Parent Company and adjustments due to the strategic review of SEK 188 M. Refer to Note 6 for more information.

Excluding land sales, operating profit amounted to SEK 1,160 M (1,100) and the margin to 7.7 (6.6). The operating margin was strengthened year-on-year due to a higher gross margin for consumers.

Exchange rate fluctuations had a negative impact of SEK -56 M on operating profit compared with the year-earlier period.

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

Net financial items were SEK -136 M (-122). Costs were higher due to the raising of long-term financing in September 2020 and as a result of SEK 12 M pertaining to remuneration to NCC (refer to Legal structure on page 14) being charged to net financial items during the period.

Profit before tax for the period was SEK 1,020 M (999). Tax on profit for the period was SEK 212 M (267), corresponding to a tax rate of 21 per cent (27). The lower tax rate was attributable to most of the sale of the building rights portfolio in Copenhagen being conducted in the form of a company transaction.

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales						
Germany	3,109	3,648	-15	7,276	7,466	-3
Sweden	1,000	768	30	3,327	3,528	-6
Nordic	1,821	2,410	-24	3,386	4,563	-26
St. Petersburg-Baltics	718	726	-1	1,502	1,439	4
Total	6,649	7,553	-12	15,491	16,997	-9

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Operating profit before items affecting comparability¹⁾						
Germany	482	551	-13	914	752	21
Sweden	67	64	6	292	283	3
Nordic	68	236	-71	16	97	-83
St. Petersburg-Baltics	124	152	-18	237	236	
Parent Company and adjustments	-82	-93		-223	-247	
Total	660	910	-27	1,236	1,121	10

¹⁾ Items affecting comparability pertain to costs in the second quarter related to the wind down of operations in Denmark of SEK 117 M, the capital gain on the sale of Bonava's building rights portfolio in Copenhagen in the fourth quarter for SEK 226 M, and costs in Sweden, Nordic and the Parent Company and adjustments due to the strategic review of SEK 188 M in the fourth quarter. Refer to Note 6 for more information.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 23,711 M (22,874). The increase was primarily attributable to a higher volume of ongoing housing projects. At 30 September 2021, assets totalled SEK 24,404 M.

NET DEBT

Net debt was in line with the preceding year and amounted to SEK 3,313 M (3,311) at the end of the quarter. Liabilities declined due to the wind down of the Danish operations and through the sale of completed housing units in Sweden. Liabilities increased in the remainder of the Group, primarily due to increased volume in ongoing production. Net debt at 30 September 2021 amounted to SEK 3,976 M.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Capital employed amounted to SEK 12,794 M (12,640) at the end of the quarter. The change was attributable to a higher volume of ongoing housing projects in Germany, which was partly offset by a lower volume of ongoing housing projects in Sweden and increased customer advances in Germany. At 30 September 2021, capital employed amounted to SEK 12,704 M.

Return on capital employed before items affecting comparability was 9.6 per cent (7.9). The increase is due to both lower average capital employed and somewhat higher profitability on a rolling 12-month basis.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

At 31 December, the equity/assets ratio was 35.1 per cent (34.6). The debt/equity ratio was 0.4 (0.4).

CASH FLOW OCTOBER-DECEMBER 2021

Cash flow before financing was SEK 808 M (1,918). Cash flow before changes in working capital amounted to SEK 781 M (1,186) on account of lower earnings and negative translation effects.

Sales of housing projects totalled SEK 5,750 M (6,175), a decrease in Germany was partly offset by an increase in Sweden.

Investments in housing projects were lower in Nordic, but higher in the other segments, and amounted to SEK -4,477 M (-4,327). Cash flow from other changes in working capital was SEK -1,187 M (-1,094). Lower cash flow from interest-free receivables in Germany and Sweden was partly offset by higher cash flow from customer advances in Germany.

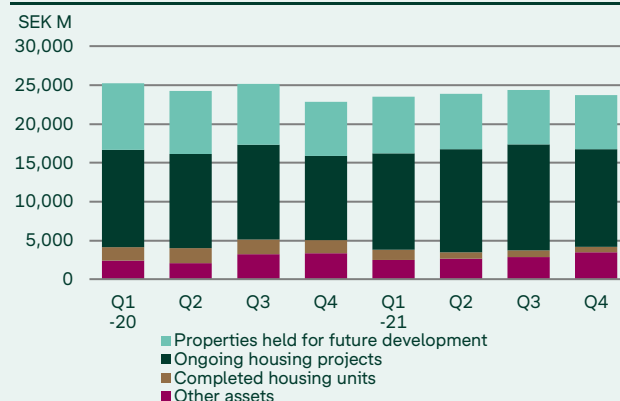
CASH FLOW JANUARY-DECEMBER 2021

Cash flow before financing was SEK 631 M (3,662). Earnings (including items affecting comparability) were better than in the preceding year, but non-cash items were impacted by negative translation effects. Combined with higher taxes paid in Germany, deferred from the preceding year, this led to lower cash flow before changes in working capital, amounting to SEK 991 M (1,394).

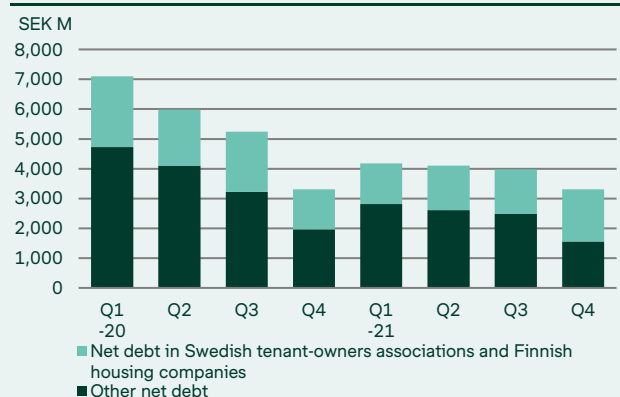
Sales of housing projects declined to SEK 12,910 M (14,521), a decrease in all segments.

Investments in housing projects totalled SEK -13,270 M (-14,179), a decrease primarily in Germany and Nordic. Cash flow from other changes in working capital was SEK 88 M (2,054), due to lower cash flows from customer advances in Germany. In Germany, customer advances are received in various phases, and both the dates for started projects and dates for delivery of housing units impact cash flow. During the period, these dates coincided in such a way that cash flow was less positive compared with the preceding year.

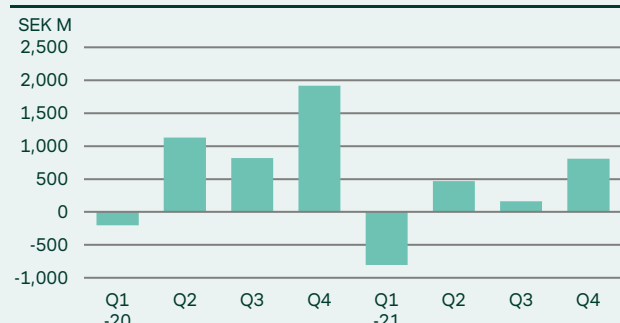
Distribution of assets



Net debt



Cash flow before financing



Building rights

Bonava's building rights portfolio is relatively evenly distributed across the segments and serves as a solid basis for future projects. However, it must be expanded going forward. A relatively high number of land sales took place between 2016 and 2018 to structure a building rights portfolio suited to Bonava's business. Over time, the building rights portfolio has become somewhat under-sized in relation to our growth ambitions and the updated strategy. Stable volumes over time that enable scale in the business is a critical success factor in our industry, and therefore we need to further strengthen the building rights portfolio to succeed with our business.

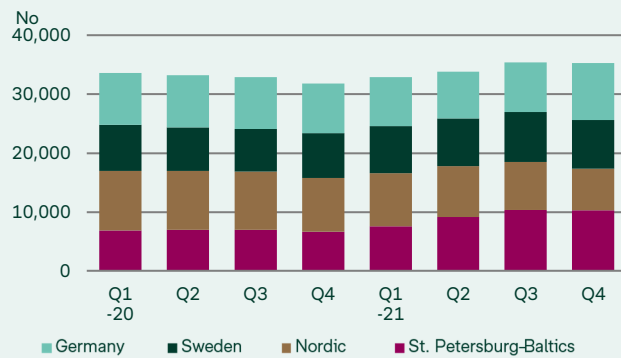
The total number of building rights at the end of the quarter amounted to 35,300 (31,800), an increase of 11 per cent. Germany, Sweden and St Petersburg-Baltics increased, while Nordic declined significantly due to the strategic decision to sell the building rights portfolio of approximately 500 building rights in Copenhagen.

Bonava recognises some of its building rights off the balance sheet, such as land that Bonava controls through a contract with options or some other form of agreement, but where the land has not yet been taken into possession. The number of off-balance-sheet building rights at the end of the quarter amounted to 16,900 (12,300).

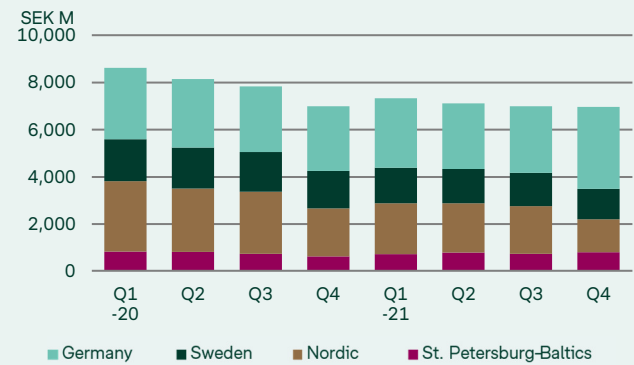
Bonava is to continue expanding its building rights portfolio to achieve its growth target of 8,000 sold housing units by 2026. The diagram below illustrates the development of the building rights portfolio during 2021 and its composition at the end of 2021.

Properties held for future development amounted to 6,959 (6,998) at the end of the quarter. The reason that the level is in line with the preceding year despite an increase in the total number of building rights is that a larger share of building rights were recognised off the balance sheet at 31 December 2021 and that we have more building rights in relative terms in the St. Petersburg-Baltics segment.

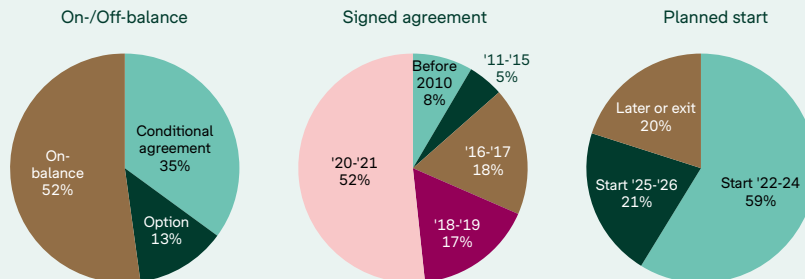
Number of building rights



Carrying amount, building rights portfolio



Detailed information regarding 35,300 building rights recognised at 31 December 2021



Distribution of planned starts 2022–2024 (59% of total number of building rights at 31 December 2021)



Completion and delivery of housing units

RECOGNITION OF HOUSING PROJECTS

Bonava's business model and the contract structure of the housing projects mean that when production is completed and customers have taken possession of the housing units, the sales value of these units is recognised under "Net sales" in the income statement. This applies to both housing units for consumers and investors.

The carrying amount of completed but not yet handed over housing units is transferred from "Ongoing housing projects" to "Completed housing units" in the balance sheet.

Completed housing units from earlier periods are added to net sales in the quarter when delivery to the customers occurs.

For more information on Bonava's value chain, refer to <https://www.bonava.com/en/offering-and-operations/bonavas-value-chain>.

SOLD COMPLETED HOUSING UNITS NOT RECOGNISED IN PROFIT AT END OF QUARTER

The number of sold completed housing units not recognised in profit at the end of the quarter was 125 (132). A large number of housing units pertain to the project in St. Petersburg that was already sold and completed at 30 September 2021. As communicated earlier, the remaining housing units are expected to be delivered in the first quarter of 2022. During the quarter 118 units in this project has been recognised. At 30 September 2021, the figure was 254; the decrease in the fourth quarter was attributable to the delivery of the project in St. Petersburg.

UNSOLD COMPLETED HOUSING UNITS AT END OF QUARTER

The number of unsold completed housing units at the end of the quarter was 122 (441). At 30 September 2021, the figure was 126. During the quarter, 48 housing units were added (completed without being sold) and 52 previously completed housing units have been sold and recognised in profit.

COMPLETED HOUSING UNITS DURING THE QUARTER

At the end of the preceding quarter, Bonava estimated that approximately 1,260 consumer housing units would be completed in the fourth quarter. A total of 1,324 housing units were completed during the quarter. Completion proceeded more rapidly than planned in St. Petersburg-Baltics, while some projects were delayed somewhat in Germany. In Sweden and Nordic, the number of housing units completed was largely according to plan.

In the quarter, 895 housing units for investors were completed in all segments, which was in line with Bonava's estimate at the end of the preceding quarter.

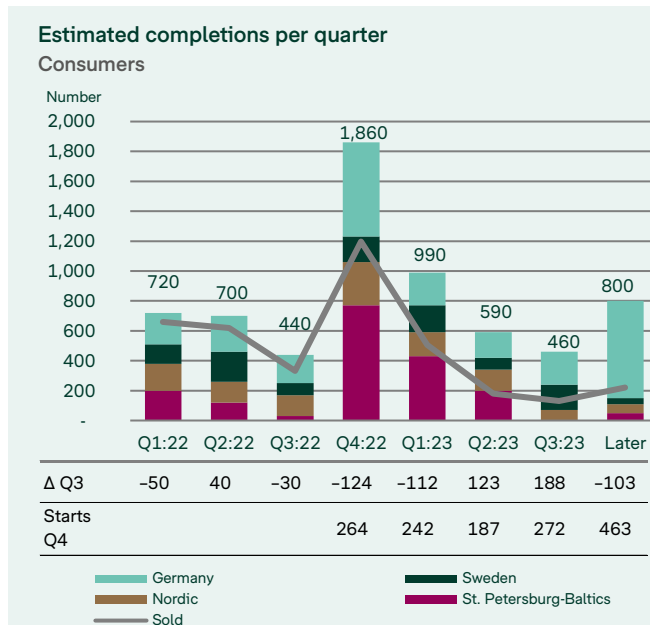
HOUSING UNITS RECOGNISED IN PROFIT DURING THE QUARTER

The number of housing units for consumers recognised in profit during the quarter was 1,457 (1,878). The majority of these were completed and delivered to customers during the quarter, but an additional 52 previously completed housing units were sold and recognised in profit during the quarter.

During the quarter, 895 housing units (742) for investors in all segments that had been completed during the quarter were recognised in profit.

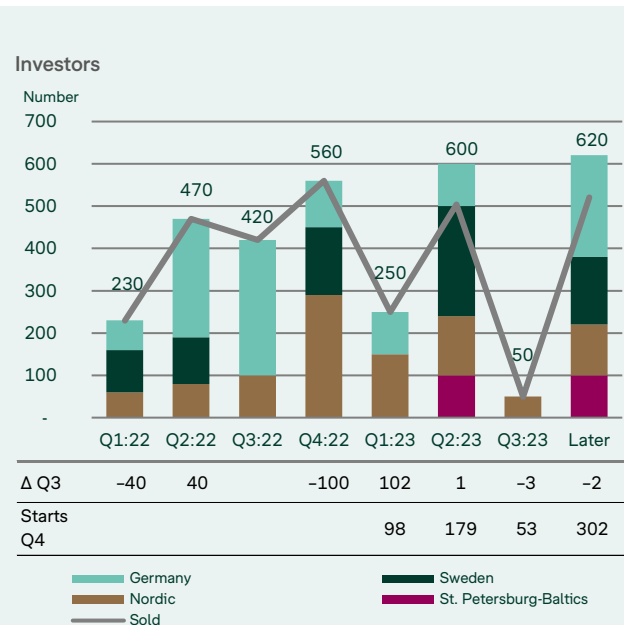
VALUE OF HOUSING UNITS SOLD NOT YET RECOGNISED IN PROFIT

The value of sold housing units in production and completed housing units sold but not yet recognised in profit at the end of the quarter was SEK 14,548 M (12,558) for consumers and SEK 7,157 M (7,861) for investors.



The diagrams illustrate the estimated completion dates for housing units for consumers and investors, respectively. The number of housing units have been rounded off since they are estimates of the point in time of completion. The curves illustrate the percentage of units sold at 31 December 2021. The diagrams thus provide an indication of future net sales, provided that the housing units are also delivered to the end customers.

The lines under the diagram clarify the changes that have occurred since the assessment presented in the interim report for the most recent quarter.



The top line shows an amended estimate of when the units are expected to be completed, compared with the latest published interim report. Changes such as the date for receiving building permits, disruptions in the logistics and production chain or other factors could positively or negatively impact the estimated time of completion.

The bottom line shows the expected time of completion for the units for which production has started during the quarter. These units thus entail an increase in the total number of units included in the graph.

Germany

Germany is Bonava's largest market, with operations in the major city regions of Berlin and Hamburg as well as the Baltic Sea, Sachsen, Rhein-Ruhr, Cologne/Bonn, Rhein-Main and Rhein-Neckar/Stuttgart. We offer apartments and single-family homes to consumers, and multi-family apartment buildings with rental apartments to investors.

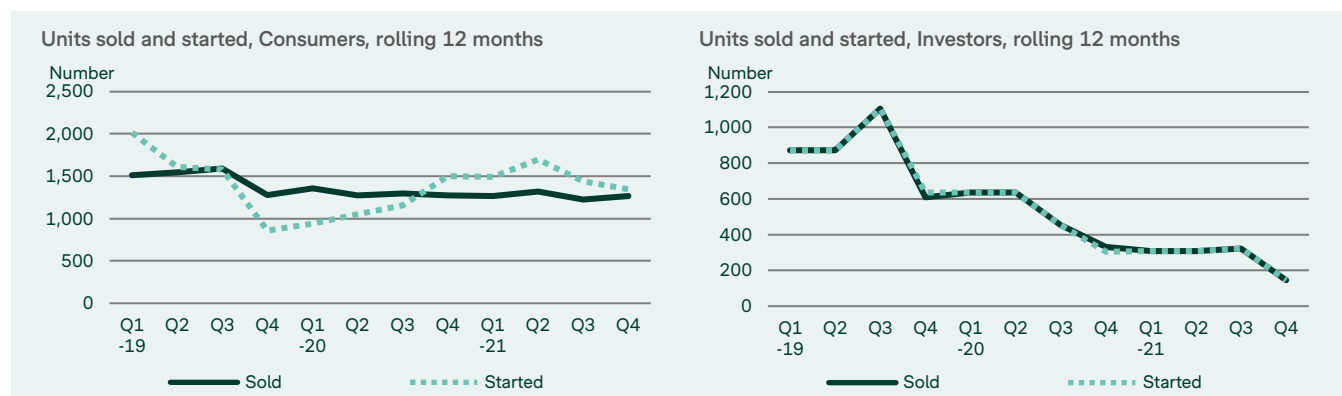
MARKET, HOUSING UNITS SOLD AND STARTED

The price trend remained favourable, while the supply is low and demand is high for housing units. Expanded restrictions as a result of omicron impacted the quarter, mainly resulting from longer processing times for building permits, for instance, and the postponement of project starts until 2022.

The number of housing units sold to consumers increased to 407 (368), despite delays to starts. The sales rate for ongoing production totalled 71 per cent (76). The number of housing starts for consumers

totalled 589 (683). Starts in the fourth quarter were lower than expected due to delays in processing times, which resulted in postponements until 2022. A project for investors with 80 housing units was sold and started in Düsseldorf during the quarter.

Contracts were signed for attractive land acquisitions in several regions, including Berlin and Leipzig.



NET SALES AND PROFIT

October–December 2021

Net sales amounted to SEK 3,109 M (3,648), fewer housing units for investors were recognised in profit.

Operating profit was SEK 482 M (551) and the operating margin was 15.5 per cent (15.1). There were no land sales during the quarter. The operating margin was strengthened by a higher number of housing units for consumers recognised in profit, with a gross margin somewhat higher than in the year-earlier quarter.

January–December 2021

Net sales amounted to SEK 7,276 M (7,466), fewer housing units for investors were recognised in profit compared with the preceding year. Operating profit was SEK 914 M (752) and the operating margin was 12.6 per cent (10.1). Excluding land sales, operating profit was SEK 902 M (761) and the operating margin was 12.5 per cent (10.2). The gross margin was strengthened in relation to consumers and investors.

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales	3,109	3,648	-15	7,276	7,466	-3
Gross profit	566	623	-9	1,210	1,036	17
Gross margin, %	18.2	17.1		16.6	13.9	
Selling and administrative expenses	-83	-72		-296	-284	
Operating profit/loss	482	551	-13	914	752	21
Operating margin, %	15.5	15.1		12.6	10.1	
Capital employed	4,393	4,128	6	4,393	4,128	6
of which, carrying amount of properties held for future development	3,463	2,751	26	3,463	2,751	26
Return on capital employed, %	21.0	16.7		21.0	16.7	
Number of housing units sold	487	624	-22	1,409	1,605	-12
Sales value of housing units sold	2,110	2,476	-15	6,244	6,765	-8
Number of housing units started	669	939	-29	1,490	1,805	-17
Number of housing units in ongoing production	3,749	4,041	-7	3,749	4,041	-7
Sales rate for ongoing production, %	71	76		71	76	
Number of housing units completed, not recognised in profit	22	53	-58	22	53	-58
Number of housing units for sale (ongoing production and completed)	1,108	1,027	8	1,108	1,027	8
Number of housing units recognised in profit	733	979	-25	1,813	2,030	-11

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

Sweden

In Sweden, Bonava offers apartments and single-family homes to consumers in Stockholm, Gothenburg, Linköping, Uppsala and Umeå. To investors, we offer multi-family buildings with rental apartments in about 15 cities.

MARKET, HOUSING UNITS SOLD AND STARTED

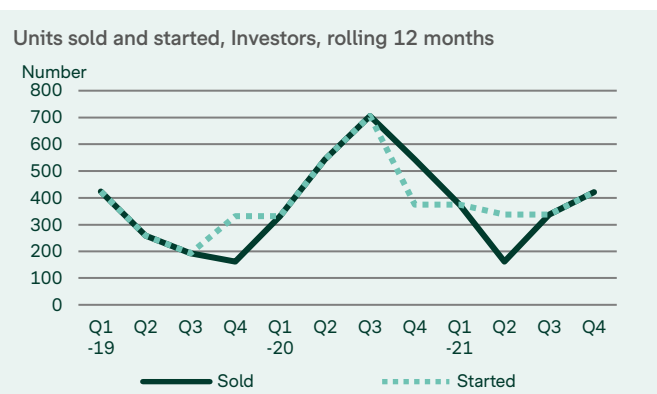
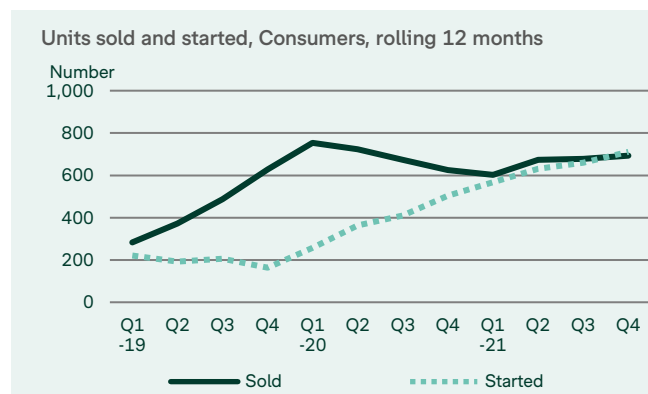
In the Swedish market, demand remained favourable and prices stabilised. The short-term uncertainty relating to cement production on Gotland declined somewhat after the government resolved to extend the mining permit for limestone until 31 December 2022. We continue working to identify actions and alternative solutions to safeguard future project starts.

The number of housing units sold for both consumers and investors increased compared with the preceding year. The increase was mainly driven by the number of housing units sold to investors, 83 (0). The

sale of housing units to consumers totalled 181 (167). The sales rate for ongoing production totalled 79 per cent (85).

The number of production starts increased, totalling 327 (193), of which one rental housing project with 83 housing units was sold and started in Umeå.

The building rights portfolio expanded during the quarter, with building rights in attractive locations, including approximately 370 building rights in Umeå.



NET SALES AND PROFIT

October–December 2021

Net sales amounted to SEK 1,000 M (769); more housing units for investors were recognised in profit at a higher average price compared with the year-earlier period.

Operating profit before items affecting comparability amounted to SEK 67 M (64) and the operating margin was 6.7 per cent (8.3). For the quarter, impairment losses totalling SEK 44 M resulting from the strategic review were classified as items affecting comparability.

Excluding land sales, operating profit amounted to SEK 81 M (45) and the operating margin was 8.6 per cent (6.2). The gross margin on housing units for both consumers and investors recognised in profit was higher compared with the year-earlier quarter.

January–December 2021

Net sales amounted to SEK 3,327 M (3,528), in total more housing units were recognised in profit and the share of housing units for investors recognised in profit increased year-on-year.

Operating profit before items affecting comparability was SEK 292 M (283) and the operating margin was 8.8 per cent (8.0). Items affecting comparability for the period were SEK 44 M.

Excluding land sales, operating profit was SEK 261 M (264) and the operating margin was 8.4 per cent (7.6). The higher operating margin was attributable to a higher gross margin on housing units for both consumers and investors that were recognised in profit.

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales	1,000	769	30	3,327	3,528	-6
Gross profit	104	92	13	420	411	2
Gross margin, %	10.4	11.9		12.6	11.7	
Selling and administrative expenses	-36	-28		-129	-128	
Operating profit/loss before items affecting comparability	67	64	6	292	283	3
Operating margin before items affecting comparability, %	6.7	8.3		8.8	8.0	
Items affecting comparability ¹⁾	-44			-44		
Operating profit/loss after items affecting comparability	23	64	-64	247	283	-13
Operating margin after items affecting comparability, %	2.3	8.3		7.4	8.0	
Capital employed	3,135	3,020	4	3,135	3,020	4
of which, carrying amount of properties held for future development	1,293	1,575	-18	1,293	1,575	-18
Return on capital employed, % ¹⁾	9.1	7.7		9.1	7.7	
Number of housing units sold	264	167	58	1,113	1,168	-5
Sales value of housing units sold	928	675	38	3,640	3,513	4
Number of housing units started	327	193	69	1,131	878	29
Number of housing units in ongoing production	1,849	1,638	13	1,849	1,638	13
Sales rate for ongoing production, %	79	85		79	85	
Number of housing units completed, not recognised in profit	24	159	-85	24	159	-85
Number of housing units for sale (ongoing production and completed)	398	380	5	398	380	5
Number of housing units recognised in profit	384	202	90	1,055	897	18

¹⁾ See Note 6 Items affecting comparability.

Nordic

The Nordic segment comprises the markets in Copenhagen, Denmark; Bergen and Oslo in Norway; and Helsinki, Espoo, Vantaa, Turku and Tampere in Finland. We offer apartments and single-family homes to consumers, and multi-family apartment buildings with rental apartments to investors.

MARKET, HOUSING UNITS SOLD AND STARTED

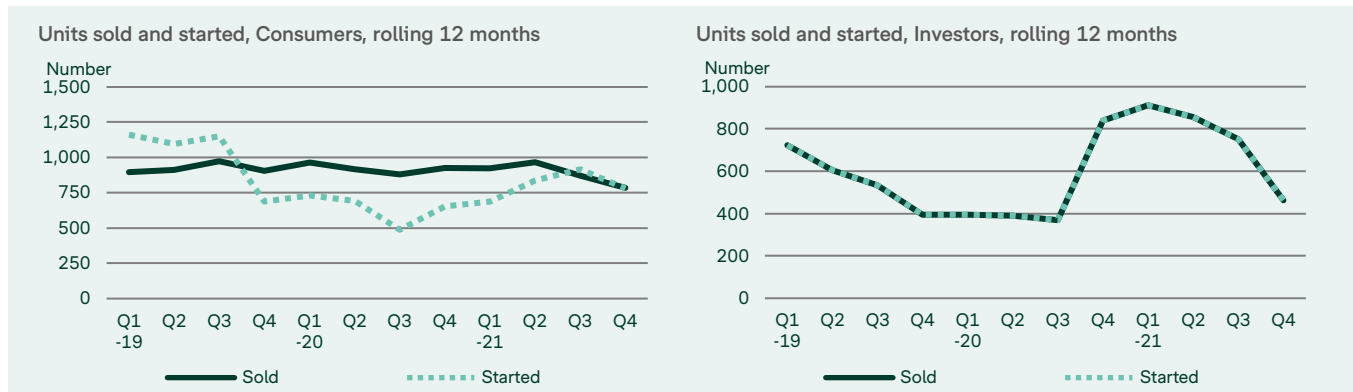
The housing markets in Finland and Norway continued to note a good level of demand. In Finland and Bergen, prices increased, while prices in Oslo declined marginally. In Finland, some heightened uncertainty was noted regarding the impact of omicron on our production sites.

The number of housing units sold to consumers decreased to 229 (314), partly due to no sales in Denmark and partly due to a low supply of housing units in Norway. The sales rate for ongoing production totaled 80 per cent (81).

The number of housing starts amounted to 522 (950). A lower-than-expected volume was partly due to our choice to postpone starts to

2022, since not all the right conditions were in place. During the quarter, four rental housing projects in Finland were sold and production started, including 86 housing units in Tampere and 123 rental apartments in Espoo.

The wind down of the Danish operation continued according to plan, and the remaining building rights portfolio in Copenhagen was sold during the quarter, which resulted in a positive effect of SEK 226 M on earnings. Remaining production in progress will be transferred to customers during 2022.



NET SALES AND PROFIT

October–December 2021

Net sales declined to SEK 1,821 M (2,410) attributable to significantly fewer housing units for consumers being recognised in profit.

Operating profit before items affecting comparability was SEK 68 M (236), operating margin was 3.7 per cent (9.8). Items affecting comparability comprised the capital gain on the sale of the building rights portfolio in Copenhagen (SEK 226 M) and impairment losses (SEK 86 M) resulting from the strategic review.

The operating margin declined in Finland due to higher costs in concluded projects, and additional expenses and increased guarantee commitments for projects concluded in earlier quarters. In 2020, a large project with a significantly higher gross margin than average in ongoing production, was delivered. In Norway, the buildup of the operations is ongoing, and the current supply of housing units is too low to generate a satisfying margin. The wind down of the Danish operation continued and the supply of housing units is declining.

January–December 2021

Net sales amounted to SEK 3,386 M (4,563), considerably fewer housing units for consumers were recognised in profit.

Operating profit before items affecting comparability amounted to SEK 16 M (97), operating margin was 0.5 per cent (2.1). In addition to items affecting comparability in the fourth quarter, the expense of SEK 117 M attributable to the wind down in Denmark was also included. Excluding land sales, the operating loss amounted to SEK -15 M (profit: 87) and the operating margin was -0.5 per cent (2.0). The operating margin was lower due to low volumes and continued higher expenses for the build-up of the Finnish and Norwegian operations to be able to deliver in accordance with Bonava's new financial targets. The strategic review demonstrated that further work remains to increase profitability by improved project steering and cost control and thereby increased volumes in Finland and Norway.

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales	1,821	2,410	-24	3,386	4,563	-26
Gross profit	125	275	-55	220	274	-20
Gross margin, %	6.8	11.4		6.5	6.0	
Selling and administrative expenses	-58	-39		-205	-177	
Operating profit/loss before items affecting comparability	68	236	-71	16	97	-83
Operating margin before items affecting comparability, %	3.7	9.8		0.5	2.1	
Items affecting comparability ¹⁾	140			23		
Operating profit/loss after items affecting comparability	208	236	-12	39	97	-60
Operating margin after items affecting comparability, %	11.4	9.8		1.2	2.1	
Capital employed	3,518	3,427	3	3,518	3,427	3
of which, carrying amount of properties held for future development	1,415	2,060	-29	1,415	2,060	-29
Return on capital employed, % ¹⁾	0.3	2.2		0.3	2.2	
Number of housing units sold	503	878	-43	1,246	1,766	-29
Sales value of housing units sold	2,073	2,708	-23	4,314	5,448	-21
Number of housing units started	522	950	-45	1,241	1,492	-17
Number of housing units in ongoing production	2,171	1,855	17	2,171	1,855	17
Sales rate for ongoing production, %	80	81		80	81	
Number of housing units completed, not recognised in profit	46	151	-70	46	151	-70
Number of housing units for sale (ongoing production and completed)	472	480	-2	472	480	-2
Number of housing units recognised in profit	569	804	-29	1,023	1,620	-37

¹⁾ See Note 6 Items affecting comparability.

St. Petersburg-Baltics

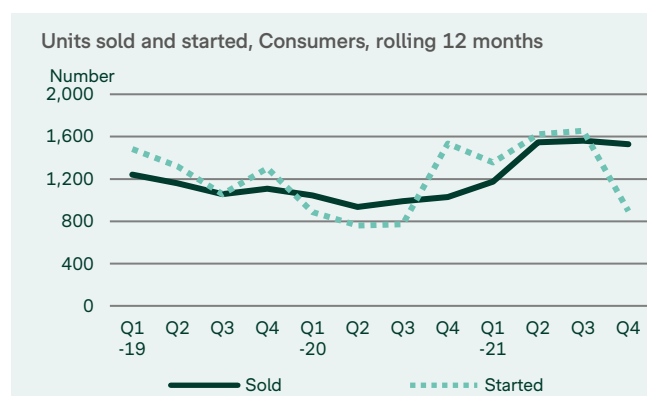
The St. Petersburg-Baltics segment comprises St. Petersburg, a city of five million, and the capital cities of Tallinn, Estonia; Riga, Latvia; and since the end of 2020, Vilnius in Lithuania. The offering is primarily targeted at multi-family housing for consumers.

MARKET, HOUSING UNITS SOLD AND STARTED

The markets in St. Petersburg and the Baltics performed well, with high demand, rising prices and good availability of financing. We are monitoring developments in the geopolitical situation in St. Petersburg, but we currently see no change for our operations. Sales performance in all markets was stable.

Housing units sold to consumers totalled 323 (357). The sales rate for ongoing production totalled 51 per cent (41). The number of housing starts for consumers totalled 347 (1,103). The large difference

between the quarters was mainly attributable to St. Petersburg starting two projects comprising 488 units in the preceding year. In addition, we had a delay to starts of approximately 250 units until 2022. In the quarter, we initiated our first two investments in rental housing projects intended for our own management, in accordance with our build-to-hold model. This means that we build, retain and manage the project for a period instead of selling directly. The building rights portfolio was expanded in Estonia and Latvia.



NET SALES AND PROFIT

October–December 2021

Net sales were in line with the year-earlier period, totalling SEK 718 M (726). During the quarter, projects were delivered to investors in the Baltics, which compensated for somewhat fewer housing units delivered to consumers.

Operating profit was SEK 124 M (152) and the operating margin was 17.3 per cent (21.0). The gross margin was at a high and stable level, although it decreased as a result of a different product mix in the comparison period. The build-up of operations in Lithuania resulted in higher selling and administrative expenses.

January–December 2021

Net sales amounted to SEK 1,502 M (1,439). Somewhat fewer housing units delivered to consumers was compensated by the delivery of more housing units to investors.

Operating profit was SEK 237 M (236) and the operating margin was 15.8 per cent (16.4). The mix of housing units delivered to both consumers and investors was the reason for the somewhat lower margin, combined with higher selling and administrative expenses. Investments in Lithuania continued according to plan and cost control is effective in established countries. During the year, further projects were started in Lithuania and the first housing units are expected to be handed over in 2022.

	2021 Oct-Dec	2020 Oct-Dec	Δ%	2021 Jan-Dec	2020 Jan-Dec	Δ%
Net sales	718	726	-1	1,502	1,439	4
Gross profit	145	168	-13	306	300	2
Gross margin, %	20.2	23.1		20.3	20.8	
Selling and administrative expenses	-21	-15		-69	-63	
Operating profit/loss	124	152	-18	237	236	
Operating margin, %	17.3	21.0		15.8	16.4	
Capital employed	1,562	1,126	39	1,562	1,126	39
of which, carrying amount of properties held for future development	788	611	29	788	611	29
Return on capital employed, %	18.5	19.1		18.5	19.1	
Number of housing units sold	323	357	-10	1,527	1,029	48
Sales value of housing units sold	409	360	13	1,729	1,127	53
Number of housing units started	542	1,103	-51	1,093	1,535	-29
Number of housing units in ongoing production	1,998	2,235	-11	1,998	2,235	-11
Sales rate for ongoing production, %	51	41		51	41	
Number of housing units completed, not recognised in profit	155	210	-26	155	210	-26
Number of housing units for sale (ongoing production and completed)	826	1,453	-30	826	1,453	-30
Number of housing units recognised in profit	666	635	5	1,387	1,267	9

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

Current projects in the quarter

During the fourth quarter, Bonava started production of 2,060 housing units (3,185).
All production starts are reported at <https://www.bonava.com/en/investor-relations/housing-starts>

Germany

Fellbachquartier

Location: Region Rhein/Neckar-Stuttgart

Housing category: Multi-family housing

Number of units: 60 apartments for consumers

The residential area has a prime location, close to the centre and because it is only 170 metres from Fellbach rail station, there are excellent transport possibilities. This apartments offer a relaxing environment and, at the heart of the neighbourhood, there is a green inner courtyard that will be a perfect meeting place for neighbours.



Sweden

Olles länga, Öjersjö, Partille

Location: Partille

Housing category: Single-family homes

Number of units: 21 housing units with ownership rights to consumer

In Öjersjö, 15 minutes from Gothenburg, Bonava is creating the Olles länga neighbourhood, comprising housing units with ownership rights in the form of row houses. The project is located close to nature and services. A large, new food store is being constructed in the area. The neighbourhood is child-friendly and a play area is to be constructed. Bonava is building a total of 100 housing units in the area.



Nordic – Finland

Espoon Tuulikello 2

Location: Tapiola, Espoo

Housing category: Multi-family housing

Number of units: 66 apartments for consumers

With access to a shared sauna, club room and workshop in the inner courtyard, Tuulikello offers an attractive neighbourhood for its residents. Tuulikello has a fantastic location in the park-like Taipola residential area, with proximity to public transport, services, schools, culture and several sports facilities.



Nordic – Norway

Kleppekollen (I, II & III)

Location: Askøy, Bergen

Housing category: Multi-family housing

Number of units: 66 apartments for consumers

The Kleppekollen area will feature playgrounds, barbecue areas and activity areas, where the residents can meet and socialise. In total, Bonava is planning to create 103 Nordic Swan ecolabelled housing units in the area, distributed across several stages.



St. Petersburg-Baltics – Latvia

Ropažu Street 16 (I & II)

Location: Teika, Riga

Housing category: Multi-family housing

Number of units: 120 apartments for consumers

In a central location in Riga, Bonava is constructing the Ropažu Street 16 residential block, where the construction of 120 apartments has begun. The neighbourhood will feature several playgrounds as well as outdoor gyms, picnic tables and covered bicycle parking spaces.



Other information

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risks, both operational and financial. The strategic review did not result in any material impact on Bonava's significant risks and uncertainties.

Bonava has a Risk Committee that is responsible for organising, coordinating, and carrying out risk management. The Risk Committee regularly reports to the Audit Committee and Executive Management Group. For further information on material risks and risk management, see pages 55–58 of Bonava's Annual and Sustainability Report for 2020, which is available at bonava.com.

COVID-19 UPDATE

The Board of Directors and management of Bonava continue to closely monitor the progress of the pandemic, planning for various scenarios and responding to recommendations from government authorities. Bonava also has a contingency group that actively works together with management.

The continuing pandemic has impacted Bonava's risk exposure over the past year and will continue to affect the company's operation even though the effects have lessened in pace with pandemic management being incorporated into procedures and working methods. During the fourth quarter, restrictions were reintroduced in some of Bonava's markets. With the health and safety of employees, customers and projects as the highest priority, Bonava's active risk-mitigation activities are focused on ensuring business continuity. During the quarter, production essentially proceeded as usual.

Regarding financial risks, the previous assessment of elevated risk pertaining to liquidity, financing and valuation has been reduced to pre-pandemic levels. However, the impact on financial position and payment capacity continues to be routinely monitored and assessed.

The housing market continued to perform strongly despite the pandemic. Sales of completed housing units remained favourable and the number of completed unsold housing units continued to decrease year-on-year. Bonava identified no impairment requirements in the quarter as a consequence of increased uncertainty owing to the pandemic.

Since Bonava's accounting policies entail that income is only recognised when the completed housing units are delivered to the customers, even the most minor disruptions in the logistics and production chain in a project can lead to the earnings effects being recognised in a later period than planned. This risk remains high as a consequence of the uncertainty resulting from the ongoing pandemic, even though earnings for the quarter were not notably impacted by disruptions as a result of the pandemic.

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period was 2,136 (2,050).

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, which runs through 2027. Owing to this option, the German company is being consolidated in its entirety. According to a profit sharing agreement, NCC AB will abstain from dividends and will instead receive annual compensation of EUR 1.3 million, which will be expensed on an ongoing basis.

THE BONAVA SHARE AND LARGEST SHAREHOLDERS

Bonava has two share classes, Class A and Class B. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on the balance sheet date, divided between 108,435,822 shares and 210,180,660 votes. As of 31 December 2021, Bonava had 11,304,982 Class A shares and 97,130,840 Class B shares. The number of B shares held by the company was 1,245,355, corresponding to 1.1 per cent of the capital and 0.6 per cent of the votes.

At the end of the quarter, the number of shareholders was 30,738 (31,089). Bonava's largest shareholder was Nordstjernan AB, with 24.5 per cent of the capital and 49.0 per cent of the votes, followed by the Fourth Swedish National Pension Fund with 7.8 per cent of the capital and 4.6 per cent of the votes and Swedbank Robur Fonder with 5.9 per cent of the capital and 3.1 per cent of the votes. The ten largest shareholders controlled a total of 53.6 per cent of the capital and 65.0 per cent of the votes. More information on the Bonava share and owners is available at bonava.com/en/investor-relations.

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.

SIGNIFICANT EVENTS DURING THE PERIOD

The sale of the building rights portfolio in Denmark was completed at a purchase price of SEK 545 M. The divestment generated a positive earnings effect before tax of SEK 226 M, which was recognised as an item affecting comparability in the fourth quarter.

The strategic review resulted in costs of SEK 188 M, which was recognised as an item affecting comparability in the quarter.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 31 January, Bonava announced a number of changes to the Executive Management Group.

Alexandra Laurén will take up the position as Business Unit President for Bonava Sweden and member of the Executive Management Group in August 2022. Fredrik Hemborg will leave Bonava and his role as Business Unit President for Bonava Sweden in spring 2022.

Hedvig Wallander, Group Head of Legal of Bonava, will join the Executive Management Group, and Sofia Rudbeck will leave Bonava and her role as SVP Marketing, Sales and Communication in spring 2022. The role of SVP of Operations in the Executive Management Group has been discontinued. Responsibility for this area has been shared between various other members of the Executive Management Group.

AMOUNTS AND DATES

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

Stockholm den 3 February 2022
Bonava AB (publ)

Peter Wallin
President and CEO

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

Consolidated income statement

	Note 1	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net sales	2	6,649	7,553	15,491	16,997
Production cost		-5,727	-6,406	-13,373	-15,018
Gross profit		921	1,148	2,117	1,979
Selling and administrative expenses		-262	-238	-882	-857
Operating profit before items affecting comparability	2	660	910	1,236	1,121
Items affecting comparability	6	38		-80	
Operating profit after items affecting comparability		698	910	1,156	1,121
Financial income		4	3	17	16
Financial expenses		-39	-40	-153	-138
Net financial items		-35	-37	-136	-122
Profit before tax	2	663	873	1,020	999
Tax on profit for the period		-122	-233	-212	-267
Profit for the period¹⁾		541	640	808	733
Per share data before and after dilution					
Profit for the period after items affecting comparability, SEK		5.04	5.97	7.54	6.82
Cash flow from operating activities, SEK		8.10	18.08	6.71	35.30
Shareholders' equity, SEK		77.60	73.87	77.60	73.87
No. of shares at the end of period, million ²⁾		107.2	107.2	107.2	107.2

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

²⁾ The total number of shares repurchased as of 31 December was 1,245,355 (1,245,355).

Consolidated statement of comprehensive income

	Note 1	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Profit for the period		541	640	808	733
<i>Items that have or may be reclassified to profit for the period</i>					
Translation differences during the period in translation of foreign operations		41	-127	150	-330
Other comprehensive income for the period		41	-127	150	-330
Comprehensive income/loss for the period¹⁾		582	513	958	403

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

Condensed consolidated balance sheet

	Note 1, 4, 5	2021 31 Dec	2020 31 Dec
ASSETS			
Fixed assets		877	847
Current assets			
Properties held for future development		6,959	6,998
Ongoing housing projects		12,546	10,785
Completed housing units		706	1,706
Current receivables		1,556	1,151
Cash and cash equivalents	3	1,066	1,387
Total current assets		22,834	22,027
TOTAL ASSETS		23,711	22,874
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to Parent Company shareholders		8,318	7,918
Non-controlling interest		5	4
Total shareholders' equity		8,322	7,923
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	3	2,396	3,063
Other non-current liabilities		462	227
Non-current provisions		898	805
Total non-current liabilities		3,755	4,095
Current liabilities			
Current interest-bearing liabilities	3	2,076	1,655
Other current liabilities		9,557	9,202
Total current liabilities		11,633	10,857
Total liabilities		15,389	14,952
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,711	22,874

Condensed consolidated changes in shareholders' equity

	Shareholders' equity attributable to Parent Company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 1 January 2020	7,536	5	7,540
Comprehensive income for the period	403		403
Purchase of treasury shares	-19		-19
Performance-based incentive programme	-1		-1
Closing shareholders' equity, 31 December 2020	7,918	4	7,923
Comprehensive income for the period	958		958
Dividend ¹⁾	-563		-563
Performance-based incentive programme	4		4
Closing shareholders' equity, 31 December 2021	8,318	5	8,322

¹⁾ On 31 March 2021, the Annual General Meeting of Bonava AB resolved on a total dividend to shareholders of SEK 563 M, to be paid in two instalments: SEK 391 M, which was paid in April, and SEK 172 M which was paid in October.

Condensed consolidated cash flow statement

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
OPERATING ACTIVITIES				
Profit before tax	663	873	1,020	999
Adjustments for items not included in cash flow	119	409	236	579
Tax paid	-1	-95	-265	-184
Cash flow from operating activities before change in working capital	781	1,186	991	1,394
Cash flow from change in working capital				
Sales of housing projects	5,750	6,175	12,910	14,521
Investments in housing projects	-4,477	-4,327	-13,270	-14,179
Other changes in working capital	-1,187	-1,094	88	2,054
Cash flow from changes in working capital	87	754	-272	2,396
Cash flow from operating activities	868	1,941	719	3,790
INVESTMENT ACTIVITIES				
Cash flow from investment activities	-60	-22	-88	-128
CASH FLOW BEFORE FINANCING	808	1,918	631	3,662
FINANCING ACTIVITIES				
Dividend	-172		-563	
Purchase of treasury shares				-19
Increase in interest-bearing liabilities	505	446	2,085	2,669
Decrease in interest-bearing liabilities	-976	-1,742	-2,439	-5,328
Change in interest-bearing receivables	-71	-3	-70	1
Cash flow from financing activities	-713	-1,299	-987	-2,676
CASH FLOW DURING THE PERIOD	95	620	-356	986
Cash and cash equivalents at start of period	972	800	1,387	499
Exchange rate differences in cash and cash equivalents		-32	35	-98
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,066	1,387	1,066	1,387

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 1–27, and pages 1–14 are 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 2020 Annual Report, pages 64–68. The Annual Report is available at [bonava.com](https://www.bonava.com).

No changes to IFRS or IFRIC interpretations are expected to have any material impact on Bonava. From 1 April 2021, Bonava has reintroduced the line item "items affecting comparability" to the income statement. The items recognised as items affecting comparability pertain to costs in the second quarter related to the wind down of operations in Denmark of SEK 117 M, the capital gain on the sale of Bonava's building rights portfolio in Copenhagen in the fourth quarter for SEK 226 M, and costs in Sweden, Nordic and the Parent Company as well as due to the strategic review of SEK 188 M. Refer to Note 6 for more information.

NOTE 2 Reporting of operating segments

					Parent company and adjustments	
Oct-Dec 2021	Germany	Sweden	Nordic	St. Petersburg-Baltics		Total
Net sales, consumers	2,985	406	669	564		4,624
Net sales, investors	124	534	1,107	147		1,911
Net sales, land		60	40	5		105
Other revenue			6	3		10
Operating profit/loss before items affecting comparability	482	67	68	124	-82	660
Items affecting comparability		-44	140		-58	38
Operating profit/loss after items affecting comparability	482	23	208	124	-139	698
Net financial items						-35
Profit before tax						663
Capital employed	4,393	3,135	3,518	1,562	185	12,794

					Parent company and adjustments	
Oct-Dec 2020	Germany	Sweden	Nordic	St. Petersburg-Baltics		Total
Net sales, consumers	2,754	604	1,746	724		5,829
Net sales, investors	885	119	417			1,420
Net sales, land	9	46	246			300
Other revenue			2	2		4
Operating profit/loss before items affecting comparability	551	64	236	152	-93	910
Items affecting comparability						0
Operating profit/loss after items affecting comparability	551	64	236	152	-93	910
Net financial items						-37
Profit before tax						873
Capital employed	4,128	3,020	3,427	1,126	940	12,641

					Parent company and adjustments	
Jan-Dec 2021	Germany	Sweden	Nordic	St. Petersburg-Baltics		Total
Net sales, consumers	6,331	2,149	1,904	1,341		11,725
Net sales, investors	876	965	1,306	147		3,293
Net sales, land	68	212	161	5		446
Other revenue		1	14	10		26
Operating profit/loss before items affecting comparability	914	292	16	237	-223	1,236
Items affecting comparability		-44	23		-58	-80
Operating profit/loss after items affecting comparability	914	247	39	237	-280	1,156
Net financial items						-136
Profit before tax						1,020
Capital employed	4,393	3,135	3,518	1,562	185	12,794

Jan-Dec 2020	Germany	Sweden	Nordic	St. Petersburg- Baltics	Parent company and adjustments	Total
Net sales, consumers	5,843	3,086	3,125	1,429		13,484
Net sales, investors	1,604	374	1,106			3,085
Net sales, land	17	67	326			411
Other revenue	1	1	6	10		18
Operating profit/loss before items affecting comparability	752	283	97	236	-247	1,121
Items affecting comparability						0
Operating profit/loss after items affecting comparability	752	283	97	236	-247	1,121
Net financial items						-122
Profit before tax						999
Capital employed	4,128	3,020	3,427	1,126	940	12,641

NOTE 3 Specification of net debt

	2021 31 Dec	2020 31 Dec
Non-current interest-bearing receivables	2	2
Current interest-bearing receivables	90	17
Cash and cash equivalents	1,066	1,387
Interest-bearing receivables	1,159	1,407
Non-current interest-bearing liabilities	2,396	3,063
Current interest-bearing liabilities	2,076	1,655
Interest bearing liabilities¹⁾	4,472	4,718
Net debt	3,313	3,311

¹⁾ Of which SEK 1,816 M (1,301) in green loans. The green asset base pledged consisted of assets in Sweden, Norway and Denmark that are or will be Nordic Swan ecolabelled.

Tenant-owner associations and housing companies

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, Bonava's net debt increases.

Share of net debt pertaining to tenant-owner associations and housing companies

	2021 31 Dec	2020 31 Dec
Cash and cash equivalents	37	20
Gross debt	1,789	1,361
Net debt in tenant-owner associations and housing companies	1,752	1,341

The Group's financing framework

The table below specifies the Group's financing facilities. In addition, there are unutilised contractual credit frames for projects in Swedish tenant-owner associations, Finnish housing companies and St. Petersburg of approximately SEK 2.1 Bn.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<364 days	626		626
Loan	2022	822	822	
RCF/commercial paper	2023	3,000		3,000
Bond	2024	1,200	1,200	
Loan	2025	205	205	
Loan	2026-27	512	512	
Total		6,365	2,739	3,626

NOTE 4 Fair value of financial instruments

In the table below, disclosures are made concerning how fair value is 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.

At level 1, Bonava has one outstanding bond loan valued at SEK 1,200 M (997).

Level 2 derivative instruments comprise currency swaps where the measurement at fair value of currency-forward contracts is based on published forward rates in an active market.

Bonava has no financial instruments in level 3.

	2021 31 Dec	2020 31 Dec
Derivatives	5	55
Total assets	5	55
Derivatives	46	1
Total liabilities	46	1

The fair value of non-current and current interest-bearing liabilities differs only marginally from the carrying amount and is therefore not recognised separately in this interim report. For financial instruments recognised at amortised cost, accounts receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities, the fair value is considered equal to the carrying amount.

NOTE 5 Pledged assets and contingent liabilities

	2021 31 Dec	2020 31 Dec
Pledged assets		
<i>For own liabilities</i>		
Property mortgages	1,491	869
Restricted bank funds	15	7
Other pledged assets	10	6
Total pledged assets	1,516	882
Surety and guarantee obligations		
<i>Own contingent liabilities</i>		
Counter guarantee to external guarantors ¹⁾	3,416	3,913
Other guarantees and contingent liabilities		
Total surety and guarantee obligations	3,416	3,913

¹⁾ Counter guarantees pertain to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB. Deposit guarantees are valid until one year after the final acquisition cost of the tenant-owner association's building has been established.

NOTE 6 Items affecting comparability

Items affecting comparability pertain to costs of SEK 117 M in the second quarter related to the wind down of operations in Denmark. The costs pertain primarily to provisions for guarantee commitments, costs related to the termination of personnel and the continuing organisation. In accordance with the planned wind down of Denmark, Bonava's building rights portfolio in Copenhagen was also divested in the fourth quarter at a cash purchase price of SEK 545 M. The transaction generated a positive earnings effect before tax of SEK 226 M, which was recognised as an item affecting comparability.

Bonava has conducted a strategic review that resulted in costs in Sweden, Nordic and the Parent Company and adjustments of SEK 188 M that were recognised as items affecting comparability. The costs are primarily attributable to the impairment of assets, both project-related assets and intangible assets, and sunk costs, which on account of the revised strategy cannot be justified, as well as provisions for organisational changes.

The table below shows where in the Group the items affecting comparability would have been recognised had they not been classified as items affecting comparability.

			Parent Company and adjustments	
Oct-Dec 2021	Sweden	Nordic		Total
Items affecting comparability	-44	140	-58	38

			Parent Company and adjustments	
Jan-Dec 2021	Sweden	Nordic		Total
Items affecting comparability	-44	23	-58	-80

The Parent Company in brief

JANUARY–DECEMBER 2021

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 280 M (281). Profit after financial items was SEK 393 M (431).

	Note 1	2021 Jan–Dec	2020 Jan–Dec
INCOME STATEMENT			
Net sales		280	281
Selling and administrative expenses		-530	-505
Operating profit		-249	-225
Profit from participations in Group companies		551	568
Financial income		181	178
Financial expenses		-91	-90
Profit after financial items		393	431
Appropriations		-144	161
Profit before tax		249	591
Tax on profit for the period		68	-1
Profit for the period		316	590
BALANCE SHEET			
	Note 1, 2	2021 31 Dec	2020 31 Dec
Assets			
Fixed assets		2,694	2,742
Current assets		8,214	8,492
Total assets		10,908	11,234
Shareholders' equity and liabilities			
Shareholders' equity		7,467	7,709
Untaxed reserves			
Provisions		10	6
Non-current liabilities		1,918	2,176
Current liabilities		1,513	1,343
Total shareholders' equity and liabilities		10,908	11,234

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 2020 Annual Report, pages 64–68 and 93. The Annual Report is available at [bonava.com](https://www.bonava.com).

NOTE 2 Pledged assets and contingent liabilities

	2021 31 Dec	2020 31 Dec
Counter guarantee to external guarantors	13,290	13,534
Guarantees for project-specific financing	1,201	811
Guarantees for Group companies	4,654	5,092
Other pledged assets	10	6
Total	19,155	19,443

Share of pledged assets and contingent liabilities on behalf of tenant-owner associations and housing companies

	2021 31 Dec	2020 31 Dec
Counter guarantee to external guarantors ¹⁾	4,196	4,741
Guarantees for project-specific financing	940	925
Total	5,136	5,666

¹⁾ Counter guarantees pertain to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB. Deposit guarantees are valid until one year after the final acquisition cost of the tenant-owner association's building has been established. The comparison figures have been adjusted and also include guarantees issued directly by Bonava AB for the purpose of constituting collateral for amounts paid to the tenant-owner associations formed by Bonava Sverige AB.

Sector-related key figures for the Group

No. unless otherwise stated	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Building rights	35,300	31,800	35,300	31,800
Of which, off-balance sheet building rights	16,900	12,300	16,900	12,300
Housing development for consumers				
Housing units sold	1,140	1,206	4,267	3,854
Sales value of housing units sold, SEK M	3,737	3,843	13,058	12,479
Housing starts	1,428	2,365	3,732	4,193
Housing units in ongoing production	6,563	6,218	6,563	6,218
Sales rate for ongoing production, %	59	53	59	53
Reservation rate for ongoing production, %	3	3	3	3
Completion rate for ongoing production, %	44	49	44	49
Completed housing units not recognised in profit	247	573	247	573
Housing units for sale (ongoing and completed)	2,804	3,340	2,804	3,340
Housing units recognised in profit	1,457	1,878	3,712	4,295
Value of sold housing units, not yet recognised in profit, SEK M	14,548	12,558	14,548	12,558
Housing development for investors				
Housing units sold	437	820	1,028	1,714
Sales value of housing units sold, SEK M	1,782	2,375	2,870	4,373
Housing starts	632	820	1,223	1,517
Housing units in ongoing production	3,204	3,551	3,204	3,551
Sales rate for ongoing production, %	94	100	94	100
Completion rate for ongoing production, %	41	38	41	38
Housing units recognised in profit	895	742	1,566	1,519
Value of sold housing units, not yet recognised in profit, SEK M	7,157	7,861	7,157	7,861

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Number of housing units in production for consumers				
Housing units in ongoing production at start of period	6,459	5,489	6,218	6,179
Change in opening value			-1	
Housing starts	1,428	2,365	3,732	4,193
Housing units recognised in profit	-1,457	-1,878	-3,712	-4,295
Decrease (+)/increase (-) in completed housing units not recognised in profit	133	242	326	141
Housing units in ongoing production for consumers at end of period	6,563	6,218	6,563	6,218
Number of housing units in production for investors				
Housing units in ongoing production at start of period	3,467	3,473	3,551	3,553
Change in opening value ¹⁾			-4	
Housing starts	632	820	1,223	1,517
Housing units recognised in profit	-895	-742	-1,566	-1,519
Housing units in ongoing production for investors at end of period	3,204	3,551	3,204	3,551

¹⁾ Change initiated by investors.

Sector-related key figures for the segments

Germany	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights				
Building rights	9,700	8,400	9,700	8,400
of which, off-balance sheet building rights	4,500	2,600	4,500	2,600
Housing development for consumers				
Net sales, SEK M	2,985	2,754	6,331	5,843
Housing units sold	407	368	1,263	1,273
Sales value of housing units sold, SEK M	1,822	1,636	5,770	5,699
Housing starts	589	683	1,344	1,501
Housing units in ongoing production	2,521	2,595	2,521	2,595
Sales rate for ongoing production, %	57	62	57	62
Completed housing units not recognised in profit	22	53	22	53
Housing units for sale (ongoing and completed)	1,108	1,027	1,108	1,027
Housing units recognised in profit	685	612	1,449	1,350
Housing development for investors				
Net sales, SEK M	124	885	876	1,604
Housing units sold	80	256	146	332
Sales value of housing units sold, SEK M	288	840	474	1,066
Housing starts	80	256	146	304
Housing units in ongoing production	1,228	1,446	1,228	1,446
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit	48	367	364	680
Average no. of employees during the financial year			911	905

Sweden	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<i>no. unless otherwise stated</i>				
Building rights				
Building rights	8,200	7,600	8,200	7,600
of which, off-balance sheet building rights	3,800	2,700	3,800	2,700
Housing development for consumers				
Net sales, SEK M	406	604	2,149	3,086
Housing units sold	181	167	693	625
Sales value of housing units sold, SEK M	791	678	2,846	2,565
Housing starts	244	193	711	504
Housing units in ongoing production	1,055	724	1,055	724
Sales rate for ongoing production, %	64	65	64	65
Completed housing units not recognised in profit	24	159	24	159
Housing units for sale (ongoing and completed)	398	380	398	380
Housing units recognised in profit	105	128	515	659
Housing development for investors				
Net sales, SEK M	534	119	965	374
Housing units sold	83		420	543
Sales value of housing units sold, SEK M	137	-4	795	948
Housing starts	83		420	374
Housing units in ongoing production	794	914	794	914
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit	279	74	540	238
Average no. of employees during the financial year ¹⁾			223	188

¹⁾ The average number of employees for the preceding year was affected by short-time working during the second quarter.

	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Nordic (Finland, Denmark and Norway)				
<i>no. unless otherwise stated</i>				
Building rights				
Building rights	7,100	9,100	7,100	9,100
of which, off-balance sheet building rights	3,900	4,900	3,900	4,900
Housing development for consumers				
Net sales, SEK M	669	1,746	1,904	3,125
Housing units sold	229	314	784	927
Sales value of housing units sold, SEK M	713	1,169	2,713	3,092
Housing starts	248	386	779	653
Housing units in ongoing production	1,184	828	1,184	828
Sales rate for ongoing production, %	63	58	63	58
Completed housing units not recognised in profit	46	151	46	151
Housing units for sale (ongoing and completed)	472	480	472	480
Housing units recognised in profit	165	503	525	1,019
Housing development for investors				
Net sales, SEK M	1,107	417	1,306	1,106
Housing units sold	274	564	462	839
Sales value of housing units sold, SEK M	1,360	1,538	1,601	2,355
Housing starts	274	564	462	839
Housing units in ongoing production	987	1,027	987	1,027
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit	404	301	498	601
Average no. of employees during the financial year ¹⁾			369	374
¹⁾ The average number of employees for the preceding year was affected by short-time working in Finland and Norway during the second quarter.				
	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
St. Petersburg-Baltics (St. Petersburg, Estonia, Latvia and Lithuania)				
<i>no. unless otherwise stated</i>				
Building rights				
Building rights	10,300	6,700	10,300	6,700
of which, off-balance sheet building rights	4,700	2,100	4,700	2,100
Housing development for consumers				
Net sales, SEK M	564	724	1,341	1,429
Housing units sold	323	357	1,527	1,029
Sales value of housing units sold, SEK M	411	360	1,729	1,123
Housing starts	347	1,103	898	1,535
Housing units in ongoing production	1,803	2,071	1,803	2,071
Sales rate for ongoing production, %	57	37	57	37
Completed housing units not recognised in profit	155	210	155	210
Housing units for sale (ongoing and completed)	826	1,453	826	1,453
Housing units recognised in profit	502	635	1,223	1,267
Housing development for investors				
Net sales, SEK M	147		147	
Housing units sold				
Sales value of housing units sold, SEK M				4
Housing starts	195		195	
Housing units in ongoing production	195	164	195	164
Sales rate for ongoing production, %		100		100
Housing units recognised in profit	164		164	
Average no. of employees during the financial year			545	524

Key performance indicators at end of period

	2021 31 Dec	2020 31 Dec
Return on capital employed, % ^{1,2)}	9.6	7.9
Interest coverage ratio, multiple ¹⁾	7.7	8.3
Equity/assets ratio, %	35.1	34.6
Interest-bearing liabilities/total assets, %	18.9	20.6
Net debt	3,313	3,311
Debt/equity ratio, multiple	0.4	0.4
Capital employed	12,794	12,640
Capital employed, average	12,677	13,953
Capital turnover rate, multiple ¹⁾	1.2	1.2
Share of risk-bearing capital, %	35.6	35.2
Ordinary dividend, SEK per share	3.50	3.25
Extraordinary dividend, SEK per share		2.00
Average interest rate at period-end, % ³⁾	2.38	2.18
Average fixed-rate term, years ³⁾	0.2	0.1
Average interest rate at period-end, % ⁴⁾	1.65	1.50
Average fixed-rate term, years ⁴⁾	0.2	0.3

¹⁾ Calculated on rolling 12-month basis.

²⁾ Before 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.

EXCHANGE RATES

Text	Average rate		Rate on balance sheet date	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
DKK	1.36	1.41	1.38	1.35
EUR	10.15	10.49	10.26	10.05
NOK	1.00	0.98	1.03	0.95
RUB	0.12	0.13	0.12	0.11

FURTHER INFORMATION ON KEY RATIOS

Key performance indicators per quarter and full-year are available at bonava.com/en/investor-relations.
There are also definitions of key performance indicators and reporting of Bonava's alternative key performance indicators.

Bonava in brief

OUR MISSION

"We create happy neighbourhoods for the many"

OPERATIONS

Bonava is a leading residential developer in Northern Europe. With our 2,100 employees, Bonava has operations in Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia, Latvia, and Lithuania. Germany is our largest market

Bonava focuses on 22 major city regions with pronounced growth and stable local labour markets, which generates demand for new housing over time. We develop buildable land into affordable and sustainable neighbourhoods, where the housing units are adapted to customers' wants and needs as well as the unique circumstances of each location. Bonava provides multi-family and single-family housing units, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. Bonava thus creates new and vibrant neighbourhoods.

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



9

COUNTRIES

22

REGIONS

2,100

EMPLOYEES

17

SEK BN
NET SALES 2020

FINANCIAL CALENDAR

- Annual and Sustainability Report 2021, 11 March 2022
- Annual General Meeting 2022, 1 April 2022
- Q1 Interim report, Jan-Mar, 28 April 2022
- Q2 Interim report, Jan-Jun, 21 July 2022
- Q3 Interim report, Jan-Sep, 27 October 2022
- Q4 Year-end Report, Jan-Dec 2022, 2 February 2023

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PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out above on 3 February 2022, at 7:00 a.m.

WEBCAST PRESENTATION 3 FEBRUARY

Peter Wallin, President and CEO, and Lars Granlöf, CFO, will present the report on 3 February 2022 at 9:00 a.m. CEST.

Follow the webcast live at:

https://bonava.videosync.fi/2022-02-03-q4_2021

To participate in the telephone conference, please call one of the following telephone numbers a few minutes prior to the start of the presentation:

SE: +46 856642651, DE: +49 6913803430,
UK: +44 3333000804 or US: +1 6319131422
Enter code: 73694087#

The presentation material will be available for download from bonava.com ahead of the presentation.