



Year-end report January–December 2020



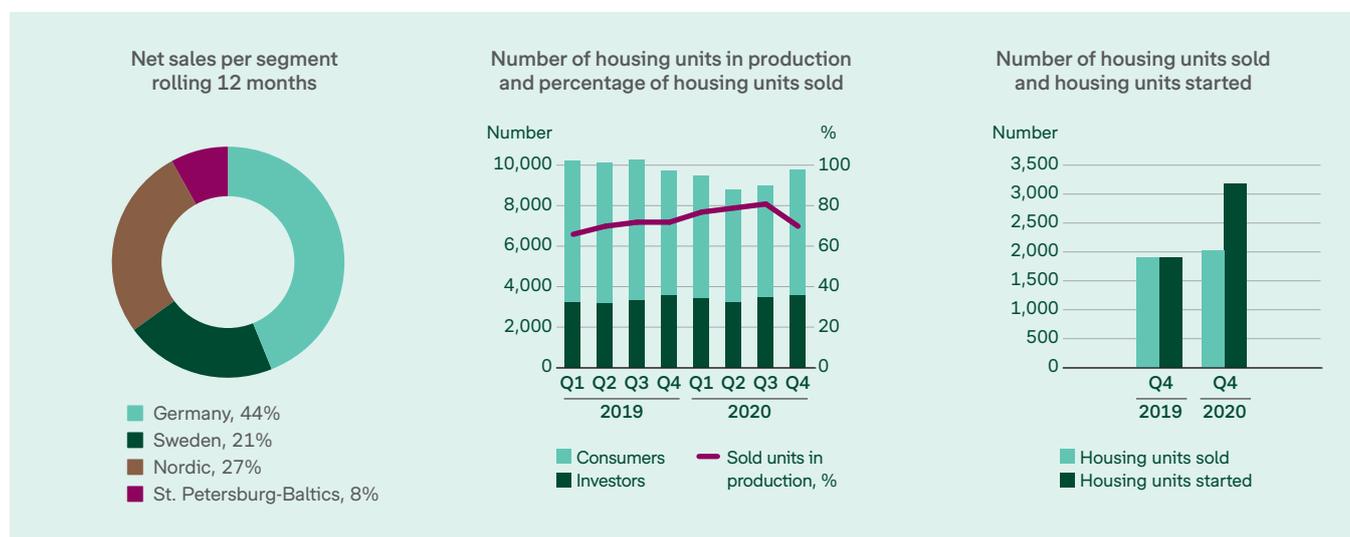
Strong operating profit and cash flow and more projects started

1 OCTOBER–31 DECEMBER 2020

- Net sales amounted to SEK 7,553 M (6,499)
- Operating profit¹⁾ totalled SEK 910 M (693)
- Operating margin¹⁾ was 12.0 per cent (10.7)
- Profit after financial items was SEK 873 M (504)
- Profit for the period after tax amounted to SEK 640 M (368)
- Cash flow before financing was SEK 1,918 M (969)
- Earnings per share²⁾ was SEK 5.97 (3.42)
- Return on capital employed¹⁾ was 7.9 per cent (8.1)
- Sales value of housing units sold in the quarter amounted to SEK 6,218 M (5,335)
- On 25 November, the Board of Directors appointed Peter Wallin as new President and CEO effective 1 February 2021

1 JANUARY–31 DECEMBER 2020

- Net sales amounted to SEK 16,997 M (15,474)
- Operating profit¹⁾ totalled SEK 1,121 M (1,202)
- Operating margin¹⁾ was 6.6 per cent (7.8)
- Profit after financial items was SEK 999 M (834)
- Profit for the period after tax amounted to SEK 733 M (615)
- Cash flow before financing was SEK 3,662 M (-138)
- Earnings per share²⁾ was SEK 6.82 (5.71)
- Return on capital employed¹⁾ was 7.9 per cent (8.1)
- Sales value of housing units sold in the period amounted to SEK 16,852 M (14,477)
- The Board of Directors proposes an ordinary dividend of SEK 3.25 (0.00) per share and an extra dividend of SEK 2.00 per share



	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	7,553	6,499	16,997	15,474
Operating profit ¹⁾	910	693	1,121	1,202
Operating margin, % ¹⁾	12.0	10.7	6.6	7.8
Profit after financial items	873	504	999	834
Profit for the period after tax	640	368	733	615
Earnings per share, SEK ²⁾	5.97	3.42	6.82	5.71
Cash flow before financing	1,918	969	3,662	-138
Net debt	3,311	6,873	3,311	6,873
Capital employed at end of period	12,641	14,933	12,641	14,933
Return on capital employed, % ¹⁾	7.9	8.1	7.9	8.1
Equity/assets ratio, %	34.6	32.1	34.6	32.1
Number of housing units sold in the period	2,026	1,905	5,568	5,162
Sales value of housing units sold in the period	6,218	5,335	16,852	14,477
Number of housing units started in the period	3,185	1,909	5,710	4,451
Number of housing units in production at end of period	9,769	9,732	9,769	9,732
Sales rate for ongoing production, %	70	72	70	72
Value of sold housing units, not yet recognised in profit, SEK Bn	20.4	21.1	20.4	21.1
Number of housing units recognised in profit in the period	2,620	2,220	5,814	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

The year's fourth and strongest quarter was distinguished by continued favourable demand in all markets and significantly more projects started. Operating profit was strengthened by a higher number of housing units delivered, mainly in Germany and St. Petersburg-Baltics. Actions in Finland have been completed according to schedule, which had a positive impact on project margins. Meanwhile, there is uncertainty surrounding the potential effects of extended lockdowns in several of our markets.

The housing market was continued strong despite the second wave of the pandemic. It is likely that the increase in demand was impacted by a greater emphasis on people's living situation as more people are spending more time at home. The areas of particular interest include size, functionality and well-being. This, combined with stable macroeconomic conditions, means that people are more inclined to invest in their home.

These factors have benefited Bonava, which closed out 2020 on a strong note. Net sales increased by 16 per cent during the quarter compared with the year-earlier period. Despite lockdowns and the prevailing restrictions resulting from the pandemic, we delivered more housing units while further increasing the pace of housing projects started. Interest in investing in affordable rental apartment projects was also substantial, and we completed investor transactions in Germany, Finland and Denmark during the quarter, for a total sales value of just over SEK 2 Bn.

Operating profit strengthened significantly due to more housing units being recognised in profit, mainly in Germany and St Petersburg-Baltics, combined with the completed restructuring of our Finnish operation. Given that the majority of housing units are delivered in the fourth quarter, and this seasonal variation was stronger than normal in 2020, cash flow for the quarter improved, putting Bonava in a strong position as it enters 2021.

STRONG DEVELOPMENT IN GERMANY

Bonava's largest market, Germany, demonstrated a continued positive trend with favourable demand and higher sales prices. Despite continued uncertainty concerning lockdowns, the economic outlook has improved in Germany. Net sales increased in the quarter, and we delivered more housing units at the same time as we started production on significantly more projects for consumers. Operating profit was negatively impacted by an increased provision related to a legal dispute concerning a project completed in 2000, when Bonava was active in construction contracting. The underlying operating margin improved during the quarter.

INCREASE IN PRODUCTION STARTS AND SITE ALLOCATIONS WON IN SWEDEN

Demand for housing units was healthy in Sweden. We started nearly twice as many housing units for consumers during the quarter. However, net sales and operating profit were lower compared with the fourth quarter of 2019 since a larger share of profit was derived from gains from the sale of land. Profitability was on a par with the preceding year excluding the sale of land. During the autumn, Bonava Sweden won several site allocations comprising some 700 housing units in the Stockholm area, thereby creating a solid basis for future housing development.

RECORD-HIGH PRODUCTION STARTS IN NORDIC AND TURNAROUND IN FINLAND

Favourable demand distinguished the Nordic markets of Finland, Denmark and Norway. We sold and started production of more housing units than in any quarter in the past. I am pleased to see that the restructuring of our Finnish operation, which commenced at the beginning of the year, has proceeded according to plan, thus having a positive impact on operating profit. Our organisation is now smaller and more focused on efficient production and control.

Bonava is continuing to strengthen its position in Oslo. Land was acquired at the end of the quarter on which we are planning to



JOACHIM HALLENGREN, PRESIDENT AND CEO

develop approximately 500 housing units over a period of six to eight years, a large portion of which will comprise small apartments. We also started production on three projects in Oslo during the quarter.

MORE HOUSING UNITS RECOGNISED IN PROFIT WITH HEALTHY MARGINS IN ST PETERSBURG-BALTICS

The markets in St. Petersburg and the Baltic region displayed a strong sales and earnings trend. Net sales increased by just over 150 per cent. The positive trend derived from a significant increase in the number of delivered housing units compared with the preceding year. It is also gratifying to note that there was an increase in the share of projects with higher profitability. As previously communicated, production commenced on several major projects in the fourth quarter, representing a tripling compared with the preceding year. During the quarter, we also started production on our first project in Lithuania's capital city Vilnius, which represents a logical broadening of Bonava's geographical footprint in the Baltic region. Here, we offer the same affordable and modern housing as in Riga and Tallinn, our other Baltic markets.

CONDITIONS FOR LONG-TERM VALUE GENERATION

Overall, the fourth quarter demonstrated a positive trend with favourable development in sales, strong operating profit and a high pace in project starts. It is currently difficult to assess the effects resulting from the second wave of the pandemic and the extended lockdowns. We primarily see an increased risk that some planned projects starts will be deferred during 2021. Despite the prevailing uncertainty, Bonava has a solid project portfolio that is constantly being refined, a strong financial position and cash flow that give us flexibility. In parallel, Bonava has a clear and ambitious sustainability agenda that lays the foundation for a sustainable business. Among other goals, we strive to achieve a balance where we, through increased resource efficiency, can deliver affordable homes and create happy neighbourhoods for the many without overusing global resources.

While there is still work to be done before Bonava can achieve its goal of long-term profitable growth, I am proud of the journey I have taken together with all of the committed employees at Bonava, and I am pleased to hand over the reins to my successor.

Joachim Hallengren,
President and CEO

Group performance

OCTOBER–DECEMBER 2020

Net sales

Net sales amounted to SEK 7,553 M (6,499). The higher level of net sales is primarily attributable to more housing units for consumers and investors being recognised in profit in Germany and for consumers in St. Petersburg-Baltics.

During the quarter, 1,878 (1,557) housing units for consumers were recognised in profit, with net sales of SEK 5,829 M (4,748). The average price per housing unit recognised in profit was in line with the year-earlier period, totalling SEK 3.1 M (3.0).

Net sales to investors totalled SEK 1,420 M (1,335), and the number of housing units delivered was 742 (663).

Exchange rate fluctuations had a negative effect of SEK 224 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit¹⁾ for the quarter was SEK 910 M (693) and the operating margin¹⁾ was 12.0 per cent (10.7). The higher operating profit for the quarter was due to more units being recognised in profit and the completed restructuring in Finland, which had a positive impact on project margins. Deliveries of projects in St. Petersburg-Baltics, with a higher-than-normal project margin, also contributed to the increase in operating profit.

¹⁾ Excluding items affecting comparability in the fourth quarter of 2019 of SEK -159 M pertaining to restructuring measures in Finland.

During the fourth quarter, Bonava made a reassessment based on new information concerning a legal dispute ongoing since 2010. The dispute concerns a completed construction contract from 2000, and the cost of SEK 67 M was charged to earnings in Germany during the quarter. The operating margin was negatively impacted by 0.9 of a percentage point.

Selling and administrative expenses were somewhat lower than in the preceding year. The temporarily lower full-year costs resulting from the COVID-19 restrictions were partially offset by low costs in the fourth quarter of the preceding year.

Exchange rate fluctuations had a negative impact of SEK 30 M on operating profit compared with the year-earlier quarter.

Net financial items, tax and profit for the quarter

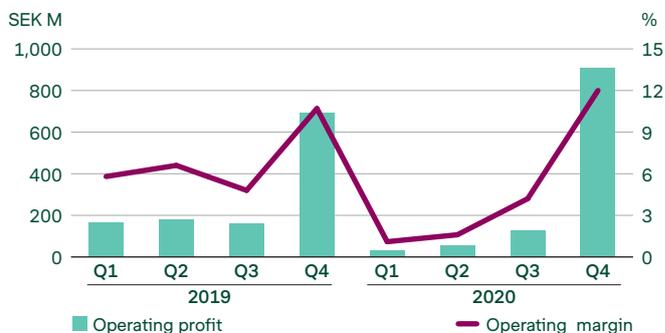
Net financial items were SEK -37 M (-31). Compared with the corresponding quarter in the preceding year, costs were higher mainly due to costs related to the raising of new long-term financing in the form of a green bond issued in September.

Profit after financial items amounted to SEK 873 M (504) for the quarter. Tax on profit for the quarter was SEK -233 M (-136), corresponding to a tax rate of 27 per cent (27). Profit for the period after tax totalled SEK 640 M (368).

Net sales and operating margin excluding items affecting comparability



Operating profit and operating margin excluding items affecting comparability



JANUARY-DECEMBER 2020*Net sales*

Net sales amounted to SEK 16,997 M (15,474). During the period, 4,295 (4,170) housing units for consumers were recognised in profit, with net sales of SEK 13,484 M (12,088). The average price per housing unit recognised in profit increased compared with the year-earlier period, totalling SEK 3.1 M (2.9). The increase was attributable to higher average prices in all segments. In Germany, average prices rose 14 per cent in local currencies.

During the period, 1,519 (1,341) housing units for investors were recognised in profit and net sales totalled SEK 3,085 M (2,650), with the increase largely attributable to Germany. Exchange rate fluctuations had a negative effect of SEK 293 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit¹⁾ was SEK 1,121 M (1,202) and the operating margin¹⁾ was 6.6 per cent (7.8). The operating margin¹⁾ was lower due to lower gross margins in Germany and Nordic in the first half of the year. The provision for the legal dispute from 2000 in Germany had a negative impact on operating profit of SEK 67 M and on the operating margin of 0.4 of a percentage point.

Selling and administrative expenses decreased by SEK 47 M compared with the year-earlier period due to the measures taken to reduce the cost base and temporary cost savings deriving from COVID-19 restrictions.

Exchange rate fluctuations had a negative impact of SEK 35 M on operating profit compared with the year-earlier period.

Net financial items, tax and profit for the period

Net financial items were SEK -122 M (-110). The higher costs for the period were attributable to the raising of new financing with a longer tenor in the form of a green bond issued in September. Profit after financial items totalled SEK 999 M (834) for the period.

Tax on profit for the period was SEK -267 M (-219), corresponding to a tax rate of 27 per cent (26). Profit for the period after tax amounted to SEK 733 M (615).

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales				
Germany	3,648	2,873	7,466	6,361
Sweden	768	1,272	3,528	3,861
Nordic	2,410	2,072	4,563	4,000
St. Petersburg-Baltics	726	282	1,439	1,252
Total	7,553	6,499	16,997	15,474

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating profit¹⁾				
Germany	551	457	752	829
Sweden	64	240	283	450
Nordic	236	42	97	-23
St. Petersburg-Baltics	152	33	236	194
Parent Company and adjustments	-93	-78	-247	-248
Total	910	693	1,121	1,202

¹⁾ Items affecting comparability pertain to both an SEK 100 M settlement of a legal dispute in the third quarter of 2019 and restructuring measures in Finland of SEK 159 M recognised in the fourth quarter of 2019.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 22,874 M (23,487). The decrease was primarily driven by the lower value of ongoing housing projects and completed housing units, which was partially offset by an increase in cash and cash equivalents.

Distribution of assets



NET DEBT

Net debt amounted to SEK 3,311 M (6,873) at the end of the period. Net debt at 30 September amounted to SEK 5,245 M. Seasonal variations usually result in net debt declining in the fourth quarter, and this trend was further strengthened in the fourth quarter of this year. Cash and cash equivalents at 31 December amounted to SEK 1,387 M (499).

The lower overall level of net debt is attributable to a number of factors in the various segments. In Germany, customer advances have financed operations to a greater extent. In Sweden, the worked-up value in ongoing production declined as a result of a lower price per unit at the same time as the number of units was in line with the preceding year. The planned actions yielded an effect in Nordic, which was also reflected in lower net debt, while in St. Petersburg-Baltics net debt was more in line with the preceding year.

Net debt



1) Excluding items affecting comparability in 2019 of SEK -100 M relating to a legal dispute and SEK -159 M pertaining to restructuring measures in Finland.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Capital employed amounted to SEK 12,641 M (14,933) at the end of the period. The change was attributable to lower capital employed in all segments: higher customer advances in Germany, lower accumulated value in housing units in ongoing production in Sweden and St. Petersburg-Baltics, and lower value in properties held for future development in Nordic. At 30 September 2020, capital employed amounted to SEK 13,472 M.

Return on capital employed¹⁾ was 7.9 per cent (8.1). The effect of lower capital employed was offset by lower average operating profit.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

As of 31 December 2020, the equity/assets ratio was 34.6 per cent (32.1). The debt/equity ratio was 0.4 (0.9).

CASH FLOW OCTOBER–DECEMBER 2020

Cash flow before financing was SEK 1,918 M (969). Higher earnings were offset to a certain extent by higher tax paid, SEK -95 M (43), which led to higher cash flow from operating activities before changes in working capital.

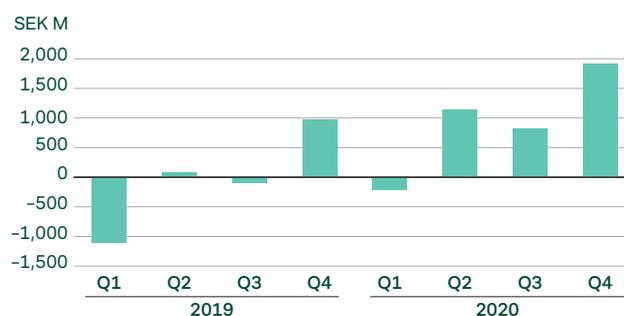
Cash flow from changes in working capital amounted to SEK 754 M (443). Sales of housing projects totalled SEK 6,175 M (5,510), an increase since the number of housing units recognised in profit was higher in all segments aside from Nordic. Investments in housing projects totalled SEK -4,327 M (-4,062), an increase in all business areas except Germany. Cash flow from other changes in working capital was somewhat lower than in the preceding year, SEK -1,094 M (-1,005), which was primarily attributable to a reduction in customer advances as more housing units were recognised in profit. This was offset to a certain extent by higher cash flow from both accounts receivable and accounts payable.

CASH FLOW JANUARY–DECEMBER 2020

Cash flow before financing was SEK 3,662 M (-138). Taxes paid, SEK -184 M (-337), were lower, mainly in Germany and Sweden. Adjustments for non-cash items were higher, the largest component of which comprised currency effects. This, combined with higher earnings, led to higher cash flow from operating activities before changes in working capital.

Cash flow from changes in working capital amounted to SEK 2,396 M (-393). Sales of housing projects totalled SEK 14,521 M (12,902) and increased as a result of more housing units recognised in profit in all business areas except Nordic. Investments in housing projects, SEK -14,179 M (-13,919), were higher in all business areas except Germany. The increase in other changes in working capital of SEK 2,054 M (624) was attributable to higher cash flow from customer advances in Germany and Sweden.

Cash flow before financing



Housing sales, housing starts and building rights

OCTOBER–DECEMBER 2020

Housing sales and housing starts

In the quarter, 1,206 housing units (1,193) were sold to consumers and 820 (712) to investors. Sales to consumers decreased in Sweden and Germany but increased in Nordic and St. Petersburg-Baltics. The average price of housing units sold to consumers was unchanged at SEK 3.2 M (3.2).

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

In the quarter, 2,365 housing units (1,000) were started for consumers and 820 (909) for investors. The number of starts for consumers increased in all segments, but above all in St. Petersburg-Baltics.

JANUARY–DECEMBER 2020

Housing sales and housing starts

In the period, 3,854 (3,918) housing units were sold to consumers and 1,714 (1,244) to investors. The average price of housing units sold to consumers increased to SEK 3.2 M (3.1), mainly attributable to a higher average price in Nordic.

During the period, 4,193 housing units (3,010) were started for consumers and 1,517 (1,441) for investors. The number of housing starts for consumers increased in Germany, which started 1,501 housing units (858), Sweden, which started 504 housing units (164), and St. Petersburg-Baltics, which started 1,535 housing units (1,301), while the number of housing units started decreased in Nordic, which started 653 housing units (687).

No. unless otherwise stated	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Housing units for consumers sold in the period	1,206	1,193	3,854	3,918
Housing units for investors sold in the period	820	712	1,714	1,244
Total housing units sold in the period	2,026	1,905	5,568	5,162
Sales value of housing units for consumers sold in the period, SEK M	3,843	3,872	12,479	12,080
Sales value of housing units for investors sold in the period, SEK M	2,375	1,464	4,373	2,397
Total sales value of housing units sold in the period, SEK M	6,218	5,335	16,852	14,477
Housing starts for consumers in the period	2,365	1,000	4,193	3,010
Housing starts for investors in the period	820	909	1,517	1,441
Total housing starts in the period	3,185	1,909	5,710	4,451
Housing units in ongoing production for consumers at end of period	6,218	6,179	6,218	6,179
Housing units in ongoing production for investors at end of period	3,551	3,553	3,551	3,553
Total number of housing units in ongoing production at end of period	9,769	9,732	9,769	9,732
Sales rate for ongoing production, %	70	72	70	72
Reservation rate for ongoing production, %	2	2	2	2
Total sold and reserved housing units in ongoing production, %	72	75	72	75

Housing units in production as of 31 December 2020

At the end of the period, there were 6,218 housing units (6,179) for consumers and 3,551 housing units (3,553) for investors in production. As of 31 December 2020, the sales rate was 53 per cent (59) for housing units for consumers and 100 per cent (94) for housing units for investors. At the end of the period, the completion rate was 49 per cent (48) for consumers and 38 per cent (33) for investors.

Building rights as of 31 December 2020

There were 31,800 (33,300) building rights, of which 19,500 (19,300) were recognised in the balance sheet.

Sold completed housing units not recognised in profit at end of period

The number of sold completed housing units not recognised in profit at the end of the period was 132 (237), of which 68 (142) were attributable to St. Petersburg-Baltics. At 30 September 2020, the number was 348, of which 285 were attributable to St. Petersburg-Baltics. Of the total number in St. Petersburg-Baltics, the majority were attributable to one project in St. Petersburg for which a final inspection could be carried out significantly earlier than planned. All of these housing units were for consumers.

During the fourth quarter, 209 housing units were delivered to consumers that had already been sold and completed on 30 September.

Unsold completed housing units at the end of the period

The number of unsold completed housing units at the end of the period was 441 (477). At 30 September, the figure was 467. All of these housing units were for consumers, with Nordic accounting for the decrease compared with the year-earlier period, offset to a degree by the other business areas.

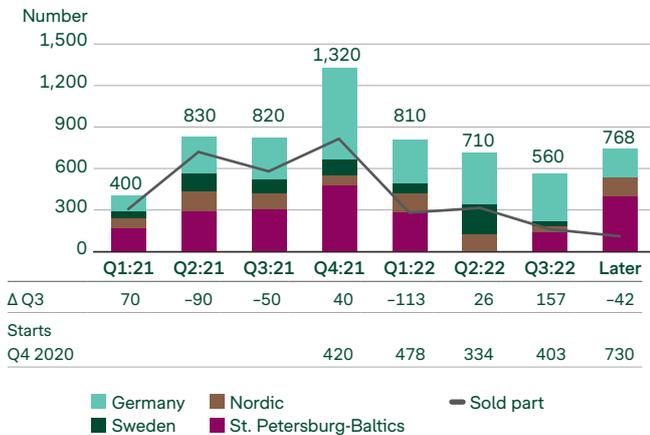
Number of housing units in production and percentage of housing units sold



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

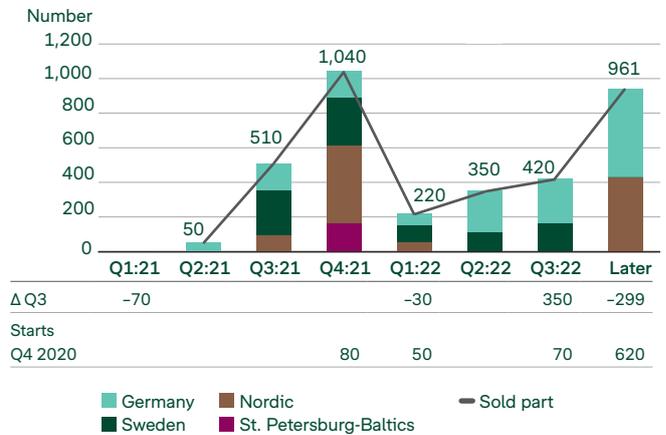
Estimated completions per quarter

Consumers



Δ Q3	70	-90	-50	40	-113	26	157	-42
Starts Q4 2020				420	478	334	403	730

Investors



Δ Q3	-70				-30		350	-299
Starts Q4 2020				80	50		70	620

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 2020.

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 interim report at 30 September 2020. 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. This risk of changes to the estimated time of completion has increased as a consequence of the uncertainty caused by the ongoing pandemic.

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

The value of housing units in production sold and completed housing units sold but not yet recognised in profit at 31 December 2020 was SEK 12.6 Bn (13.8) for consumers and SEK 7.9 Bn (7.3) for investors. The number of housing units in the graphs below are rounded off, as they are estimates of the time of completion.

Other

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risks, both operational and financial. Operational risks impact the Group'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 process 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 the Finance Policy.

Customer credit risk is 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.

Bonava has secured long-term financing, for example, in the form of the green bond issued in September. Refer to Note 3 for more information on the Group's financing frameworks.

The housing market continued to perform strongly despite the pandemic. Sales of completed housing units have been favourable and the value of Bonava's completed unsold housing units has decreased year on year. Bonava identified no impairment requirements in the fourth quarter.

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 the 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.

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

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period was 2,082 (2,033).

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 13 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 fourth quarter, production essentially proceeded as usual.

PROPOSED DIVIDEND

The Annual General Meeting will be held on 31 March 2021 and the notice will be published no later than 3 March.

The Board of Directors proposes an ordinary dividend of SEK 3.25 per share (0.00), and an extraordinary dividend of SEK 2.00 per share paid in two disbursements. The record date for the right to receive the first dividend of SEK 3.65 per share is proposed to be 6 April 2021. The record date for the right to receive the second dividend of SEK 1.60 per share is proposed to be 4 October 2021. On condition that the Meeting approves the dividend proposal, payment will be made on 9 April 2021 and 7 October 2021 respectively.

PROPOSED CHANGES TO THE BOARD OF DIRECTORS AHEAD OF THE ANNUAL GENERAL MEETING

On 2 December 2020, Bonava's Nomination Committee proposed the election of Mats Jönsson as the new Chairman of the Board at the Annual General Meeting on 31 March 2021, since the current Chairman Mikael Norman has declined re-election. Board member Samir Kamal has declined re-election and will step down from the Board in conjunction with the Annual General Meeting. The Nomination Committee proposes the re-election of Board members Viveca Ax:son Johnson, Åsa Hedenberg, Mats Jönsson, Angela Langemar Olsson and Frank Roseen, and the election of new Board member Per-Ingemar Persson. Mats Jönsson is proposed as Chairman of the Board. The Nomination Committee's complete proposals are presented in the notice convening the Annual General Meeting.

SIGNIFICANT EVENTS DURING THE PERIOD

On 25 November, the Board of Directors appointed Peter Wallin as new President and CEO effective 1 February 2021.

Riku Patokoski was appointed new Business Unit President of Bonava Finland on 2 December and will take office in March 2021, replacing Juuso Hietanen who will leave the company on 11 February 2021. In the meantime, Panu Sivula is serving as acting Business Unit President.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 17 January 2021, the company announced that operating profit for the fourth quarter and full-year 2020 is expected to be above market expectations. Net sales for the fourth quarter of 2020 are expected to amount to about SEK 7.5 Bn (6.5) and operating profit to SEK 860–910 M (693). For the full-year 2020, net sales are expected to amount to about SEK 17.0 Bn (15.5) and operating profit to SEK 1,075–1,125 M (1,202). Figures for 2019 exclude items affecting comparability.

SEASONAL EFFECTS

Bonava recognises revenue and earnings from housing sales when sold 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.

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 errors may occur.

THE SHARE AND SHAREHOLDERS

Bonava has two share classes, Class A and Class B. The closing price on 30 December 2020 was SEK 79.00 per Class A share and SEK 78.70 per Class B share, corresponding to market capitalisation of SEK 8.4 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided among 108,435,822 shares and 211,090,686 votes. At 30 December 2020, Bonava had 11,406,096 Class A shares and 97,029,726 Class B shares. Each Class A share carries ten votes and each Class B share one vote.

Bonava had 31,089 (30,158) shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. At 30 December 2020, the ten largest shareholders controlled 54.4 per cent of the capital and 65.1 per cent of the votes.

THE TEN LARGEST SHAREHOLDERS AT 30 DECEMBER 2020

	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Nordstjernan AB	8,500,000	18,077,265	24.5	48.8
Swedbank Robur Fonder	128,119	8,696,087	8.1	4.7
Lannebo Fonder		6,811,054	6.3	3.2
Didner & Gerge Fonder		2,965,299	2.7	1.4
The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	3,343	2,902,579	2.7	1.4
Carnegie Fonder		2,406,404	2.2	1.1
Vanguard	75,545	2,182,621	2.1	1.4
Unionen		2,200,000	2.0	1.0
Dimensional Fund Advisors	4,055	2,108,873	1.9	1.0
Norges Bank	4,239	1,890,949	1.7	0.9
Total, ten largest shareholders	8,715,296	50,241,131	54.4	65.1
Other	2,690,800	46,788,595	45.6	34.9
Total	11,406,096	97,029,726	100.0	100.0
Shares owned by Bonava		1,245,355	1.1	0.6

Current projects in the quarter

During the fourth quarter, Bonava started production of 3,185 housing units (1,909).

As of the fourth quarter of 2020, all production starts are presented on www.bonava.com/en/investor-relations/housing-starts

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 housing and multi-family housing.

Johannes Kepler Quartier

Project start: Q4, 2020

Location: Lübeck, Germany

Housing category: Multi-family housing

Number of units: 155 rental apartments for investors

Affordable rental apartments close to a natural area are being constructed near to the old town district of Lübeck. The neighbourhood will have a strong sustainability profile and feature green roofs, an underground system for refuse collection, wildflower meadows and an insect hotel, and will be heated using solar panels installed on the roofs and a combined power and heating plant.



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.

Smedjan

Project start: Q4, 2020

Location: Mölnlycke (Gothenburg), Sweden

Housing category: Multi-family housing

Number of units: 74 housing units for consumers

The Smedjan neighbourhood in Mölnlycke outside Gothenburg is characterised by a romantic industrial style. The residential area is being constructed adjacent to a natural area featuring forest and lakes, and is walking distance to Mölnlycke Centrum. It also offers common areas such as an outdoor kitchen, allotment gardens and a bicycle workshop.



Nordic

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 both multi-family housing and single-family housing.

Sitadelli 1&2

Project start: Q4, 2020

Location: Helsinki, Finland

Housing category: Multi-family housing

Number of units: Sitadelli 1: 110 housing units, Sitadelli 2: 138 housing units, for investors

The Sitadelli neighbourhood is being constructed in six phases and will commence with two affordable rental projects in the Vuosaari district, in the east of Helsinki. A short walk to the sea and beach as well as nature paths enables a broad range of outdoor activities. Bonava is planning to build a total of approximately 500 housing units.



Nordic

Kongsløkken

Project start: Q4, 2020

Location: Oslo, Norway

Housing category: Multi-family housing

Number of units: 127 apartments for consumer

The Kongsløkken residential area is located in Ensjø, two kilometres from Oslo Central Station, and close to schools, preschools, shopping and various sports facilities. The shared garden and roof terrace, with a view over Oslo Fjord and the city centre, will create natural gathering places for the residents.



St. Petersburg-Baltics

St. Petersburg-Baltics encompasses operations in St. Petersburg, Russia as well as Estonia, Latvia and Lithuania. The offering is primarily targeted at multi-family housing for consumers.

Vakaru Lenas

Project start: Q4, 2020

Location: Vilnius, Lithuania

Housing category: Multi-family housing

Number of units: 70 of a total of 140 apartments for consumers

Bonava's first project in Lithuania, Vakaru Lenas, is located about seven kilometres from central Vilnius. In the first stage, 70 affordable apartments will be produced in the area, where Bonava is creating a neighbourhood with favourable conditions for social interaction and green recreational areas. The target group is younger families.



Germany

MARKET, HOUSING UNITS SOLD AND STARTED

The German housing market continued to demonstrate a positive performance. Demand was high from both consumers and investors. Sales prices and rental levels increased, but at a somewhat slower rate. Expanded restrictions as a result of the pandemic had a slight impact during the quarter, mainly resulting from longer processing times for building permits and delays to project starts.

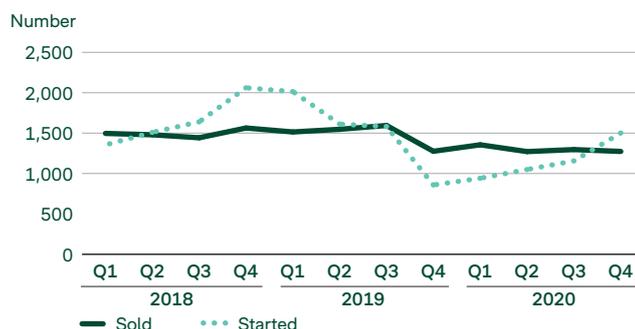
The sales rate for ongoing production declined to 76 per cent (81) due to delayed starts combined with larger projects in ongoing production.

The number of sold housing units for consumers and investors decreased compared with the year-earlier period.

During the quarter, a rental housing project was sold in Lübeck, with the first phase expected to be completed in the third quarter of 2022.

The number of starts for consumers continued to increase – a full 683 units were started in the fourth quarter compared with 338 in the year-earlier period. The number of starts for investors was somewhat lower year on year.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



NET SALES AND PROFIT

October–December 2020

Net sales amounted to SEK 3,648 M (2,873). The increase is attributable to a combination of higher average prices and more housing units for both consumers and investors being recognised in profit compared with the year-earlier quarter.

Operating margin was 15.1 per cent (15.9). The provision for the legal dispute from 2000 had a negative impact on operating profit of SEK 67 M and on the operating margin of 1.8 percentage points. The operating margin in the quarter was supported by higher project margins and more units delivered.

January–December 2020

Net sales amounted to SEK 7,466 M (6,361). The increase is attributable to a combination of higher average prices for both consumers and investors and more housing units delivered.

The operating margin was 10.1 per cent (13.0). The provision for the legal dispute from 2000 had a negative impact on operating profit of SEK 67 M and on the operating margin of 0.9 of a percentage point. As previously communicated, the operating margin was lower in the first half of the year due to lower project margins on a number of delivered projects.

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	3,648	2,873	7,466	6,361
Gross profit	623	519	1,036	1,121
Gross margin, %	17.1	18.1	13.9	17.6
Selling and administrative expenses	-72	-62	-284	-292
Operating profit before items affecting comparability ¹⁾	551	457	752	829
Operating margin before items affecting comparability, % ¹⁾	15.1	15.9	10.1	13.0
Capital employed at end of period	4,128	4,814	4,128	4,814
of which, carrying amount of properties held for future development	2,751	2,371	2,751	2,371
Return on capital employed, %	16.7	17.6	16.7	17.6
Number of housing units sold in the period	624	767	1,605	1,883
Sales value of housing units sold in the period	2,476	2,550	6,765	6,773
Number of housing starts in the period	939	742	1,805	1,494
Number of housing units in ongoing production at end of period	4,041	4,278	4,041	4,278
Sales rate for ongoing production, %	76	81	76	81
Number of housing units recognised in profit in the period	979	850	2,030	1,843

¹⁾ No items affecting comparability have been recognised.

Sweden

MARKET, HOUSING UNITS SOLD AND STARTED

Demand for housing units remained favourable in the Swedish housing market, with rising prices being noted. Housing units sold to consumers totalled 167 (216) in the fourth quarter and for full year the number of housing units sold was in line with the preceding year. The sales rate for ongoing production for consumers increased to 65 per cent (54).

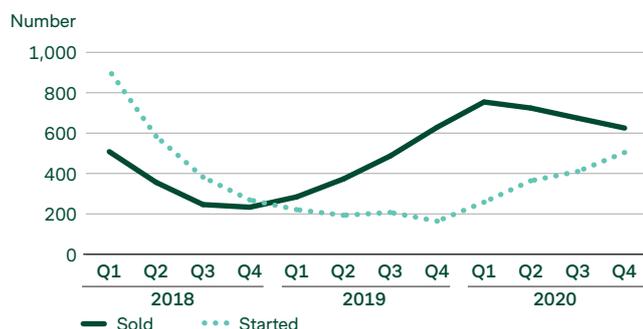
During the fourth quarter, an agreement was concluded concerning the sale of 175 rental apartments in Umeå, contingent upon

investment support being granted. Housing units sold to investors increased for the full year compared with the preceding year.

During the fourth quarter, production of 193 housing units (99) for consumers was started and for the full year the number of starts rose to 504 (164). For the full year, there was a slight increase in the number of housing units started for investors, 374 (331).

During the quarter, Bonava won several site allocations in the Stockholm area comprising a total of approximately 700 housing units.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



NET SALES AND PROFIT

October–December 2020

Net sales amounted to SEK 769 M (1,272). The lower net sales was attributable to fewer housing units for consumers being recognised in profit and lower land sales compared with the year-earlier period.

Operating profit totalled SEK 64 M (240) and the operating margin was 8.3 per cent (18.9). Excluding land sales, operating profit amounted to SEK 45 M (59). Fewer housing units for consumers recognised in profit was offset by improved project margins in projects delivered to investors and lower administrative expenses compared with the year-earlier period. The operating margin excluding land sales amounted to SEK 6.2 per cent (6.8).

January–December 2020

Net sales amounted to SEK 3,528 M (3,861). The decline was attributable to lower land sales but was offset somewhat by a slight increase in the number of housing units delivered compared with the year-earlier period.

Operating profit totalled SEK 283 M (450) and the operating margin was 8.0 per cent (11.7). Excluding land sales, profit was SEK 264 M (211). The higher operating profit was primarily due to the delivery of more housing units to investors at a higher margin and lower selling and administrative expenses. The operating margin excluding land sales amounted to SEK 7.6 per cent (6.2).

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	769	1,272	3,528	3,861
Gross profit	92	275	411	601
Gross margin, %	11.9	21.6	11.7	15.6
Selling and administrative expenses	-28	-35	-128	-151
Operating profit before items affecting comparability ¹⁾	64	240	283	450
Operating margin before items affecting comparability, % ¹⁾	8.3	18.9	8.0	11.7
Capital employed at end of period	3,020	4,200	3,020	4,200
of which, carrying amount of properties held for future development	1,575	1,408	1,575	1,408
Return on capital employed, %	7.7	9.3	7.7	9.3
Number of housing units sold in the period	167	378	1,168	791
Sales value of housing units sold in the period	675	1,388	3,513	3,186
Number of housing starts in the period	193	430	878	495
Number of housing units in ongoing production at end of period	1,638	1,668	1,638	1,668
Sales rate for ongoing production, %	85	66	85	66
Number of housing units recognised in profit in the period	202	183	897	845

¹⁾ No items affecting comparability have been recognised.

Nordic

Finland, Denmark and Norway

MARKET, HOUSING UNITS SOLD AND STARTED

A favourable level of demand distinguished all of the Nordic markets. Prices in Copenhagen and Oslo continued to rise while a stable level was noted in Finland and Bergen. The housing offering decreased during the year due to lower construction activity in the Finnish and Danish housing markets.

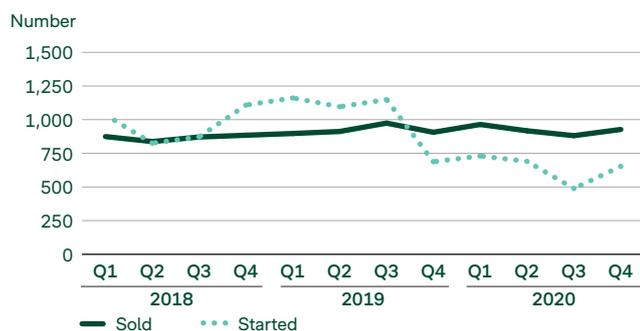
Bonava sold a total of 878 housing units (362) during the fourth quarter, which was more than any other quarter. The rate of sales of unsold completed housing units remained high during the quarter. At the end of 2020, there were 134 (232) unsold completed housing units, of which 57 were completed during the fourth quarter.

During the quarter, a total of five rental housing projects were sold to investors, of which three in Helsinki and Turku and two in Copenhagen. The first sub-projects are expected to be completed at the end of 2021 and 2022.

The number of housing starts increased in the fourth quarter. Bonava started production on a total of 950 housing units (315), of which the number of housing starts for consumers amounted to 386 (221).

Land was acquired in Oslo during the quarter where Bonava is planning to develop and construct approximately 500 housing units over a period of six to eight years.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



NET SALES AND PROFIT

October–December 2020

Net sales amounted to SEK 2,410 M (2,072). The number of housing units delivered to consumers and investors was somewhat lower, although higher average prices to consumers and land sales, mainly in Finland, made a positive contribution compared with the year-earlier period.

Operating profit¹⁾ for the quarter was SEK 236 M (42). Excluding land sales, operating profit¹⁾ amounted to SEK 222 M (42). The higher operating profit was mainly the result of the completed restructuring in Finland, which positively impacted project margins, and of more units being recognised in profit in Denmark and Norway. The operating margin¹⁾ excluding land sales amounted to 10.3 per cent (2.0).

January–December 2020

Net sales amounted to SEK 4,563 M (4,000). The higher net sales is the result of land sales. The number of housing units delivered to consumers amounted to 1,019 (1,015) and to investors to 601 (631).

Operating profit¹⁾ totalled SEK 97 M (–23). Excluding land sales, operating profit¹⁾ amounted to SEK 87 M (–22). The higher operating profit was mainly the result of the completed restructuring in Finland, which positively impacted project margins. The operating margin¹⁾ excluding land sales amounted to 2.0 per cent (–5.6).

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	2,410	2,072	4,563	4,000
Gross profit	275	91	274	149
Gross margin, %	11.4	4.4	6.0	3.7
Selling and administrative expenses	–39	–49	–177	–172
Operating profit before items affecting comparability ¹⁾	236	42	97	–23
Operating margin before items affecting comparability, % ¹⁾	9.8	2.0	2.1	–0.6
Capital employed at end of period	3,427	4,152	3,427	4,152
of which, carrying amount of properties held for future development	2,060	2,503	2,060	2,503
Return on capital employed, %	2.2	–0.7	2.2	–0.7
Number of housing units sold in the period	878	362	1,766	1,300
Sales value of housing units sold in the period	2,708	935	5,448	3,121
Number of housing starts in the period	950	315	1,492	1,081
Number of housing units in ongoing production at end of period	1,855	1,869	1,855	1,869
Sales rate for ongoing production, %	81	72	81	72
Number of housing units recognised in profit in the period	804	911	1,620	1,646

¹⁾ Items affecting comparability of SEK 159 M pertaining to restructuring measures in Finland were recognised in the fourth quarter of 2019.

St. Petersburg-Baltics

St. Petersburg, Estonia, Latvia and Lithuania

MARKET, HOUSING UNITS SOLD AND HOUSING STARTS

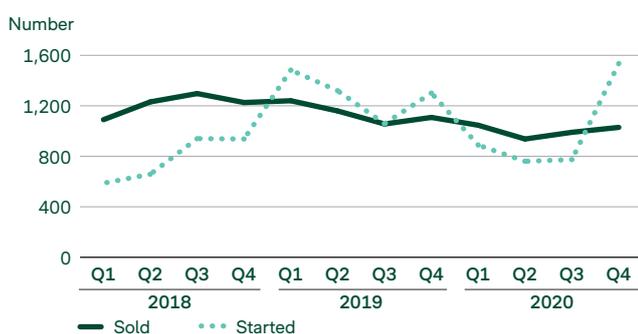
The housing market in St. Petersburg displayed a strong trend during the quarter at the same time as the rouble weakened. A continued recovery was noted in the market in the Baltics following the decline in the second quarter.

Sales of housing units were favourable during the quarter. Housing units sold to consumers amounted to 357 (318) during the quarter, with Latvia and our first sales in Lithuania accounting for the increase compared with the preceding year. During the quarter,

1,103 (342) housing units for consumers were started, of which 140 were from our first project in Lithuania. The market in Lithuania represents a logical broadening of Bonava's geographical footprint in the Baltic region, with good demand for modern and affordable housing.

New Russian legislation stipulates that a residential developer must finance housing projects via a local bank. During the quarter, a first loan agreement was signed with Raiffeisen Bank for RUB 1.8 Bn (approx. SEK 200 M).

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



NET SALES AND PROFIT

October–December 2020

Net sales increased to SEK 726 M (282). The increase was due to more housing units for consumers being recognised in profit, 635 (276).

Operating profit amounted to SEK 152 M (33). The operating margin was 21.0 per cent (11.5). The increase is the result of a greater number of housing units transferred and a favourable project mix. Deliveries of projects in St. Petersburg-Baltics, with a higher-than-normal project margin, also contributed to the increase in operating profit.

January–December 2020

Net sales amounted to SEK 1,439 M (1,252). The increase is due to a greater number of housing units delivered in the Baltics and to a higher average price per housing unit delivered in St. Petersburg. In total, 1,267 housing units were delivered to consumers compared with 1,177 in the year-earlier period.

Operating profit amounted to SEK 236 M (194). The year-on-year increase is attributable to the delivery of more housing units at higher project margins. The operating margin was 16.4 per cent (15.5).

	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Net sales	726	282	1,439	1,252
Gross profit	168	48	300	253
Gross margin, %	23.1	16.9	20.8	20.2
Selling and administrative expenses	-15	-15	-63	-59
Operating profit before items affecting comparability ¹⁾	152	33	236	194
Operating margin before items affecting comparability, % ¹⁾	21.0	11.5	16.4	15.5
Capital employed at end of period	1,126	1,367	1,126	1,367
of which, carrying amount of properties held for future development	611	762	611	762
Return on capital employed, %	19.1	15.8	19.1	15.8
Number of housing units sold in the period	357	398	1,029	1,188
Sales value of housing units sold in the period	360	463	1,127	1,397
Number of housing starts in the period	1,103	422	1,535	1,381
Number of housing units in ongoing production at end of period	2,235	1,917	2,235	1,917
Sales rate for ongoing production, %	41	57	41	57
Number of housing units recognised in profit in the period	635	276	1,267	1,177

¹⁾ No items affecting comparability have been recognised.

Consolidated income statement

	Note	2020	2019	2020	2019
	1	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	2	7,553	6,499	16,997	15,474
Production costs		-6,406	-5,569	-15,018	-13,368
Gross profit		1,148	930	1,979	2,107
Selling and administrative expenses		-238	-236	-857	-905
Operating profit before items affecting comparability	2	910	693	1,121	1,202
Items affecting comparability	1		-159		-259
Operating profit after items affecting comparability	2	910	534	1,121	943
Financial income		3	6	16	16
Financial expenses		-40	-37	-138	-125
Net financial items		-37	-31	-122	-110
Profit after financial items	2	873	504	999	834
Tax on profit for the period		-233	-136	-267	-219
Profit for the period¹⁾		640	368	733	615
Per share data before and after dilution					
Profit for the period after items affecting comparability, SEK		5.97	3.42	6.82	5.71
Cash flow from operating activities, SEK		18.08	13.32	35.30	3.55
Shareholders' equity, SEK		73.87	70.02	73.87	70.02
No. of shares at end of period, million ²⁾		107.2	107.6	107.2	107.6

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

²⁾ The total number of shares repurchased as of 31 December 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 delivery of the housing unit or project. Bonava thereby satisfies the undertaking to transfer the housing unit or project upon delivery 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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit for the period		640	368	733	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		-127	-61	-330	139
Other comprehensive income for the period		-127	-61	-330	139
Comprehensive income for the period¹⁾		513	307	403	754

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

Condensed consolidated balance sheet

	Note 1, 4, 5	2020 31 Dec	2019 31 Dec
ASSETS			
Fixed assets		847	904
Current assets			
Properties held for future development		6,998	7,149
Ongoing housing projects		10,785	11,761
Completed housing units		1,706	2,013
Current receivables		1,151	1,161
Cash and cash equivalents	3	1,387	499
Total current assets		22,037	22,583
TOTAL ASSETS		22,874	23,487
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to Parent Company shareholders		7,918	7,536
Non-controlling interest		4	5
Total shareholders' equity		7,923	7,540
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	3	3,063	1,378
Other non-current liabilities		227	334
Long-term receivables		805	712
Total non-current liabilities		4,095	2,424
Current liabilities			
Current interest-bearing liabilities	3	1,655	6,015
Other current liabilities		9,202	7,508
Total current liabilities		10,857	13,523
Total liabilities		14,952	15,947
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		22,874	23,487

Condensed changes in shareholders' equity, Group

	Shareholders' equity attributable to Parent Company share- holders	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	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

Condensed consolidated cash flow statement

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
OPERATING ACTIVITIES				
Profit after financial items	873	504	999	834
Adjustments for items not included in cash flow	409	440	579	275
Tax paid	-95	43	-184	-337
Cash flow from operating activities before change in working capital	1,186	986	1,394	772
Cash flow from change in working capital				
Sales of housing projects	6,175	5,510	14,521	12,902
Investments in housing projects	-4,327	-4,062	-14,179	-13,919
Other changes in working capital	-1,094	-1,005	2,054	624
Cash flow from change in working capital	754	443	2,396	-393
Cash flow from operating activities	1,941	1,429	3,790	379
INVESTMENT ACTIVITIES				
Cash flow from investment activities	-22	-460	-128	-517
CASH FLOW BEFORE FINANCING	1,918	969	3,662	-138
FINANCING ACTIVITIES				
Dividend paid		-280		-560
Purchase of treasury shares			-19	
Increase in interest-bearing financial liabilities	446		2,669	3,140
Decrease in interest-bearing financial liabilities	-1,742	-408	-5,328	-2,376
Change in interest-bearing receivables	-3	5	1	82
Cash flow from financing activities	-1,299	-683	-2,676	286
CASH FLOW DURING THE PERIOD	620	286	986	148
Cash and cash equivalents at start of period	800	207	499	325
Exchange rate difference in cash and cash equivalents	-32	7	-98	26
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,387	499	1,387	499

Notes for the Group

NOTE 1 Accounting policies

This Year-end 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 Year-end Report covers pages 1–30 and pages 1–15 are thereby an integrated part of this financial report. The accounting policies applied in the preparation of this Year-end 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.

Bonava recognises state support in accordance with IAS 20. In 2020, Bonava received limited state support, which is recognised as a cost reduction when there is a reasonable amount of certainty that Bonava will meet the conditions associated with the grants.

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

NOTE 2 Reporting of operating segments

Oct–Dec 2020	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	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						
Operating profit/loss after items affecting comparability	551	64	236	152	-93	910
Net financial items						-37
Profit after financial items						873
Capital employed	4,128	3,020	3,427	1,126	940	12,641
Oct–Dec 2019	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	2,182	873	1,413	279		4,748
Net sales, investors	680		655			1,335
Net sales, land	7	400	2			408
Other revenue	4		1	3		8
Operating profit/loss before items affecting comparability	457	240	42	33	-78	693
Items affecting comparability ¹⁾			-159			-159
Operating profit/loss after items affecting comparability	457	240	-117	33	-78	534
Net financial items						-31
Profit after financial items						504
Capital employed	4,814	4,200	4,152	1,367	399	14,933

¹⁾ The items recognised as affecting comparability pertain to restructuring measures in Finland of SEK 159 M in the fourth quarter of 2019.

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						
Operating profit/loss after items affecting comparability	752	283	97	236	-247	1,121
Net financial items						-122
Profit after financial items						999
Capital employed	4,128	3,020	3,427	1,126	940	12,641
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 an SEK 100 M settlement of a legal dispute in the third quarter of 2019 and restructuring measures in Finland of SEK 159 M recognised in the fourth quarter of 2019.

NOTE 3 Specification of net debt

	2020 31 Dec	2019 31 Dec
Non-current interest-bearing receivables	2	2
Current interest-bearing receivables	17	19
Cash and cash equivalents	1,387	499
Interest-bearing receivables	1,407	520
Non-current interest-bearing liabilities	3,063	1,378
Current interest-bearing liabilities	1,655	6,015
Interest-bearing liabilities¹⁾	4,718	7,393
Net debt	3,311	6,873
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies²⁾</i>		
Cash and cash equivalents	20	17
Interest-bearing liabilities in external project financing	1,270	2,364
Interest-bearing liabilities, project financing ³⁾	91	891
Net debt in tenant-owner associations and housing companies	1,341	3,238
<i>of which, other operations⁴⁾</i>		
Cash and cash equivalents	1,367	482
Interest-bearing receivables	19	21
Interest-bearing lease liabilities, IFRS 16	223	257
Interest-bearing liabilities, other operations	3,134	3,880
Net debt, other operations	1,971	3,635

¹⁾ Of which green loans SEK 1,298 M. The green asset base pledged consisted of assets in Sweden and Denmark that are or will be Nordic Swan eco-labelled. Comparative figures for 2019 are unavailable, since the framework did not exist in 2019.

²⁾ 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.

³⁾ Relates to financing via Parent Company credit facilities directly attributable to Swedish tenant-owner associations.

⁴⁾ 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, Finnish housing companies and one project in St. Petersburg of SEK 1.2 Bn.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<364 days	1,520		1,520
Loans	2021	904	904	
Loans	2022	779	779	
RCF/commercial paper	2023	3,000	0	3,000
Bond	2024	1,000	1,000	
Loans	2025-27	402	402	
Total		7,605	3,085	4,520

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, financial instruments 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 997 M (0).

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

	2020 31 Dec	2019 31 Dec
Derivatives	55	47
Total assets	55	47
Derivatives	1	11
Total liabilities	1	11

Bonava has no financial instruments in level 3.

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, fair value is considered equal to carrying amount.

NOTE 5 Pledged assets, surety and guarantee obligations

	2020 31 Dec	2019 31 Dec
Pledged assets		
<i>For own liabilities:</i>		
Property mortgages ¹⁾	869	1,715
Restricted bank funds	7	1
Other pledged assets	6	4
Total pledged assets	882	1,720
Surety and guarantee obligations		
<i>Own contingent liabilities:</i>		
Deposits and concession fees ²⁾	3,913	3,361
Other guarantee obligations		111
Total surety and guarantee obligations	3,913	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-DECEMBER 2020

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 281 M (266). Profit after financial items totalled SEK 431 M (679).

INCOME STATEMENT	Note 1	2020 Jan-Dec	2019 Jan-Dec
Net sales		281	266
Selling and administrative expenses		-505	-501
Operating loss		-225	-235
Profit from participations in Group companies		568	793
Financial income		178	170
Financial expenses		-90	-50
Profit after financial items		431	679
Appropriations		161	227
Profit before tax		591	905
Tax on profit for the period		-1	-21
Profit for the period		590	884

BALANCE SHEET	Note 1, 2	2020 Jan-Dec	2019 31 Dec
Assets			
Fixed assets		2,742	2,411
Current assets		8,492	9,471
Total assets		11,234	11,882
Shareholders' equity and liabilities			
Shareholders' equity		7,709	7,139
Untaxed reserves			32
Provisions		6	4
Non-current liabilities		2,176	844
Current liabilities		1,343	3,863
Total shareholders' equity and liabilities		11,234	11,882

Parent Company Notes

NOTE 1 Accounting policies

The company has prepared its Year-end 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 Year-end 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 page 57. The Annual Report is available at www.bonava.com.

NOTE 2 Pledged assets and contingent liabilities

	Utilised amount	
	2020 31 Dec	2019 31 Dec
Deposits and concession fees	3,918	3,971
Construction loans, tenant-owner associations	811	1,470
Counter guarantee to external guarantors	9,616	8,648
Other guarantee obligations	5,092	4,988
Other pledged assets	6	3
Total	19,443	19,079

Sector-related key figures for the Group

No. unless otherwise stated	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Building rights at end of period	31,800	33,300	31,800	33,300
Of which, off-balance sheet building rights	12,300	14,000	12,300	14,000
Housing development for consumers				
Housing units sold in the period	1,206	1,193	3,854	3,918
Sales value of housing units sold in the period, SEK M	3,843	3,872	12,479	12,080
Housing starts in the period	2,365	1,000	4,193	3,010
Housing units in ongoing production at end of period	6,218	6,179	6,218	6,179
Sales rate for ongoing production, %	53	59	53	59
Reservation rate for ongoing production, %	3	4	3	4
Completion rate for ongoing production, %	49	48	49	48
Completed housing units not recognised in profit at end of period	573	714	573	714
Housing units for sale (ongoing and completed) at end of period	3,340	3,001	3,340	3,001
Housing units recognised in profit in the period	1,878	1,557	4,295	4,170
Value of sold housing units, not yet recognised in profit, SEK Bn	12.6	13.8	12.6	13.8
Housing development for investors				
Housing units sold in the period	820	712	1,714	1,244
Sales value of housing units sold in the period, SEK M	2,375	1,464	4,373	2,397
Housing starts in the period	820	909	1,517	1,441
Housing units in ongoing production at end of period	3,551	3,553	3,551	3,553
Sales rate for ongoing production, %	100	94	100	94
Completion rate for ongoing production, %	38	33	38	33
Housing units recognised in profit in the period	742	663	1,519	1,341
Value of sold housing units, not yet recognised in profit, SEK Bn	7.9	7.3	7.9	7.3
Number of housing units in production for consumers				
Housing units in ongoing production, at start of period	5,489	6,994	6,179	7,259
Housing starts resumed ¹⁾				76
Housing starts in the period	2,365	1,000	4,193	3,010
Housing units recognised in profit in the period	-1,878	-1,557	-4,295	-4,170
Decrease (+)/increase (-) in completed housing units not recognised in profit at end of period	242	-258	141	4
Housing units in ongoing production for consumers at end of period	6,218	6,179	6,218	6,179
Number of housing units in production for investors				
Housing units in ongoing production, at start of period	3,473	3,307	3,553	3,453
Housing starts in the period	820	909	1,517	1,441
Housing units recognised in profit in the period	-742	-663	-1,519	-1,341
Housing units in ongoing production for investors at end of period	3,551	3,553	3,551	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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Building rights				
Number of building rights at end of period	8,400	8,900	8,400	8,900
of which, off-balance sheet building rights	2,600	3,400	2,600	3,400
Housing development for consumers				
Net sales, SEK M	2,754	2,182	5,843	5,063
Housing units sold in the period	368	391	1,273	1,275
Sales value of housing units sold in the period, SEK M	1,636	1,659	5,699	5,363
Housing starts in the period	683	338	1,501	858
Housing units in ongoing production at end of period	2,595	2,456	2,595	2,456
Sales rate for ongoing production, %	62	69	62	69
Housing units recognised in profit in the period	612	554	1,350	1,325
Housing development for investors				
Net sales, SEK M	885	680	1,604	1,158
Housing units sold in the period	256	376	332	608
Sales value of housing units sold in the period, SEK M	840	891	1,066	1,410
Housing starts in the period	256	404	304	636
Housing units in ongoing production at end of period	1,446	1,822	1,446	1,822
Sales rate for ongoing production, %	100	98	100	98
Housing units recognised in profit in the period	367	296	680	518
Average no. of employees during the financial year			905	877

Sweden, no. unless otherwise stated	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Building rights				
Number of building rights at end of period	7,600	7,300	7,600	7,300
of which, off-balance sheet building rights	2,700	2,900	2,700	2,900
Housing development for consumers				
Net sales, SEK M	604	873	3,086	2,949
Housing units sold in the period	167	216	625	629
Sales value of housing units sold in the period, SEK M	678	1,087	2,565	2,886
Housing starts in the period	193	99	504	164
Housing units in ongoing production at end of period	724	890	724	890
Sales rate for ongoing production, %	65	54	65	54
Housing units recognised in profit in the period	128	183	659	653
Housing development for investors				
Net sales, SEK M	119		374	434
Housing units sold in the period		162	543	162
Sales value of housing units sold in the period, SEK M	-4	301	948	300
Housing starts in the period		331	374	331
Housing units in ongoing production at end of period	914	778	914	778
Sales rate for ongoing production, %	100	78	100	78
Housing units recognised in profit in the period	74		238	192
Average no. of employees during the financial year ¹⁾			188	206

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

Sector-related key figures for the segments

Nordic (Finland, Denmark and Norway), no. unless otherwise stated	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Building rights				
Number of building rights at end of period	9,100	10,600	9,100	10,600
of which, off-balance sheet building rights	4,900	6,300	4,900	6,300
Housing development for consumers				
Net sales, SEK M	1,746	1,413	3,125	2,844
Housing units sold in the period	314	268	927	906
Sales value of housing units sold in the period, SEK M	1,169	737	3,092	2,508
Housing starts in the period	386	221	653	687
Housing units in ongoing production at end of period	828	1,080	828	1,080
Sales rate for ongoing production, %	58	52	58	52
Housing units recognised in profit in the period	503	544	1,019	1,015
Housing development for investors				
Net sales, SEK M	417	655	1,106	1,057
Housing units sold in the period	564	94	839	394
Sales value of housing units sold in the period, SEK M	1,538	198	2,355	613
Housing starts in the period	564	94	839	394
Housing units in ongoing production at end of period	1,027	789	1,027	789
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit in the period	301	367	601	631
Average no. of employees during the financial year ¹⁾			374	409

¹⁾ The average number of employees for January–December 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	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Building rights				
Number of building rights at end of period	6,700	6,500	6,700	6,500
of which, off-balance sheet building rights	2,100	1,400	2,100	1,400
Housing development for consumers				
Net sales, SEK M	724	279	1,429	1,232
Housing units sold in the period	357	318	1,029	1,108
Sales value of housing units sold in the period, SEK M	360	389	1,123	1,324
Housing starts in the period	1,103	342	1,535	1,301
Housing units in ongoing production at end of period	2,071	1,753	2,071	1,753
Sales rate for ongoing production, %	37	53	37	53
Housing units recognised in profit in the period	635	276	1,267	1,177
Housing development for investors				
Net sales, SEK M				
Housing units sold in the period		80		80
Sales value of housing units sold in the period, SEK M		73	4	73
Housing starts in the period		80		80
Housing units in ongoing production at end of period	164	164	164	164
Sales rate for ongoing production, %	100	100	100	100
Housing units recognised in profit in the period				
Average no. of employees during the financial year			524	473

Key performance indicators at end of period

	2020 31 Dec	2019 31 Dec
Return on capital employed, % ^{1) 2)}	7.9	8.1
Interest coverage ratio, multiple ¹⁾	8.3	7.7
Equity/assets ratio, %	34.6	32.1
Interest-bearing liabilities/total assets, %	20.6	31.5
Net debt	3,311	6,873
Debt/equity ratio, times	0.4	0.9
Capital employed at end of period	12,641	14,933
Capital employed, average	13,953	14,579
Capital turnover rate, multiple ¹⁾	1.2	1.1
Share of risk-bearing capital, %	35.2	32.7
Ordinary dividend, SEK per share ³⁾	3.25	
Extraordinary dividend, SEK per share ³⁾	2.00	
Paid dividend, SEK per share		5.20
Average interest rate at end of period, % ⁴⁾	2.18	1.12
Average fixed-rate term, years ⁴⁾	0.1	0.1
Average interest rate at end of period, % ⁵⁾	1.50	1.23
Average fixed-rate term, years ⁵⁾	0.9	0.3

1) Calculated on rolling 12-month basis.

2) Before items affecting comparability.

3) Dividend proposed by the Board of Directors.

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

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

SIGNATURES

Stockholm, Sweden, 29 January 2021

For the Board of Directors of Bonava AB (publ)

Joachim Hallengren
President and CEO

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

FINANCIAL CALENDAR

- Annual General Meeting 2021, 31 March 2021
- Q1 Interim report Jan–Mar, 29 April 2021
- Q2 Interim report, Jan–Jun, 20 July 2021
- Q3 Interim report, Jan–Sep, 28 October 2021
- Q4 Year-end Report, Jan–Dec 2021, 1 February 2022

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Bonava AB, corporate registration number 556928-0380, is a registered limited company with its registered office in Stockholm, Sweden. The address of the head office is Bonava AB, Lindhagensgatan 72, Stockholm, Sweden.

PRESENTATION 29 JANUARY

Joachim Hallengren, President and CEO, and Lars Granlöf, CFO, will present the Year-end Report for 2020 at 10:00 a.m. on 29 January 2021, via a webcast teleconference.

Follow the webcast live at:
[bonava.com/audiocast Q4 2020](https://bonava.com/audiocast/Q4%2020)

To participate in the telephone conference and ask questions, please call one of the following telephone numbers a few minute prior to the start of the presentation and state the code: 73694087#

SE: +46 856 642 651
DE: +49 691 380 34 30
UK: +44 333 300 08 04
US: +16 319 131 422

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

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 person set out above on 29 January 2021, at 7:30 a.m. CET.

ABOUT BONAVA

Bonava develops and sells homes across 23 regions in nine countries. The selected geographical markets are Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia, Latvia and Lithuania. The common denominator in our establishments is our focus on major city regions with pronounced growth and with stable local labour markets, which generates demand for new housing over time. Bonava develops 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. This is how Bonava creates new and vibrant neighbourhoods.