

Press release, 28 October 2021

Bonava presents outcome of strategic review and revised financial targets

Following Bonava's strategic review, the Board has adopted revised targets and an updated strategy to promote long-term value creation. From 2022, the business will be managed on the basis of six targets, two of which are financial. One of the targets is to more than double earnings before tax to SEK 2.2 Bn in 2026. As an effect of the updated strategy, costs of SEK –150 to –200 million will be recognised as items affecting comparability in the fourth quarter of 2021.

During the year, Bonava has conducted a thorough analysis of its operations and business environment to identify the prerequisites for increased efficiency and profitability. In light of the now completed review, the Board has decided to clarify and revise the Group's objectives, which include both its purpose and strategic focus areas as well as internal and external financial and non-financial objectives.

The Group is currently active in eight geographic markets comprising a total of 22 regions, following its decision to wind down the Danish operations. Going forward, the company's ambition is to increase its presence and strengthen its position in regions that offer the best conditions for long-term value creation. This entails an increased need to invest in more building rights where the scope for growth is the greatest. The capital will be distributed to each region based on each business unit's prerequisites and profitability, as well as where the investments provide the greatest return in relation to risk and shareholder value. Investments in building rights must be linked to increased resource efficiency through repetitive production and a clearer commercial focus.

"The updated strategy aims to ensure a more business-driven approach based on the conditions of the local market. For example, this may involve retaining selected tenancy projects under own management over a certain period of time, which is considered to be an attractive broadening of the business model," says Peter Wallin, President and CEO, Bonava.

Bonava's value creation is made visible through new, clarified objectives that steer the business towards a result in absolute terms and towards increased integration of sustainability throughout the value chain.

"Over the past five years, Bonava has established a position as a leading sustainable housing developer. With clearer goals, we are embarking on the next stage of our journey to further leverage the solid work done in our organisation. Our purpose – to create and offer sustainable, happy neighbourhoods for more people – provides us with the appropriate platform to create value for our customers, employees, shareholders and society at large," says Peter Wallin.

Financial effects in the fourth quarter of 2021

As a consequence of the updated strategy, items affecting comparability of SEK –150 to –200 million will be reported in the fourth quarter of 2021. These items affecting comparability mainly consist of land value impairments as a result of the revised strategy and sunk costs related to projects that have not materialised.

Bonava's targets and dividend policy as of 2022

- **Profitability:** Earnings before tax of SEK 2.2 Bn in 2026 (an increase of 120 per cent from 2020)
- **Growth:** 8,000 homes sold in 2026 (an increase of 44 per cent from 2020)
- **Health and safety:** Our target is a healthy and safe workplace for everyone
- **Customer satisfaction:** Net Promoter Score (NPS) > 50
- **Climate action:** By 2030, Bonava will reduce both direct and indirect emissions of greenhouse gases by 50 per cent, compared with the base year of 2018
- **Employee engagement:** Employee engagement will be in line with the top 10 per cent of the best performing companies

In addition to the revised targets, the target remains that the minimum equity/assets ratio should be 30 per cent. Bonava's dividend policy is to distribute at least 40 per cent of the Group's profit after tax to shareholders over a business cycle.



Q3 presentation today at 11:00 a.m. (CEST) and Capital Markets Day on 14 December

President and CEO Peter Wallin and CFO Lars Granl f will comment on the press release at the webcast presentation of the results for the third quarter, which will be held at 11:00 a.m. today. Follow the webcast presentation live at: [bonava.com/audiocast Q3 2021](https://bonava.com/audiocast/Q3%202021)

Peter Wallin and other key members of Bonava's management will present Bonava's business, revised targets and updated strategy in more detail at a webcast digital Capital Markets Day on Tuesday, 14 December 2021. An invitation with more details will be published later.

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Bonava is a leading residential developer in Northern Europe that creates homes and neighbourhoods where people have the highest quality of life. The company is the first residential developer in Europe to receive approval from the Science Based Targets initiative for its climate targets. With its 2,100 co-workers, Bonava develops residential housing in Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia, Latvia and Lithuania, with net sales of approximately SEK 17 Bn in 2020. Bonava's shares and green bond are listed on Nasdaq Stockholm.

For more information about us, visit: www.bonava.com