



Interim report January–September 2021



Stable positive performance and new financial targets

1 JULY–30 SEPTEMBER 2021

- Net sales amounted to SEK 3,618 M (2,958), an increase of 26 per cent adjusted for currency effects
- The gross margin was 13.6 per cent (10.8)
- Operating profit totalled SEK 293 M (125) and the operating margin was 8.1 per cent (4.2)
- Earnings per share²⁾ was SEK 1.85 (0.68)
- The equity/assets ratio was 31.7 per cent (29.4)
- The number of housing units sold was 1,353 (1,438)
- The number of production starts was 1,036 (1,243)

EVENTS AFTER THE END OF THE QUARTER

- The remaining land bank in Copenhagen was sold for a cash consideration of SEK 545 M, and resulted in a positive effect on earnings before tax of SEK 226 M in the fourth quarter of 2021
- New financial and non-financial targets established, and an effect on earnings of SEK –150 to –200 M is recognised as items affecting comparability in the fourth quarter as a result of the strategic review (for more information, refer to page 13)

1 JANUARY–30 SEPTEMBER 2021

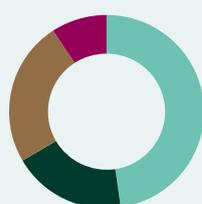
- Net sales amounted to SEK 8,842 M (9,444), a decrease of 3 per cent adjusted for currency effects
- The gross margin was 13.5 per cent (8.8)
- Operating profit before items affecting comparability totalled SEK 576 M (211) and the operating margin was 6.5 per cent (2.2)
- Operating profit after items affecting comparability totalled SEK 459 M (211) and the operating margin was 5.2 per cent (2.2)
- Earnings per share²⁾ was SEK 2.49 (0.86)
- The equity/assets ratio was 31.7 per cent (29.4)
- The number of housing units sold was 3,718 (3,542)
- The number of production starts was 2,895 (2,525)

	2021 Jul-Sep	2020 Jul-Sep	Δ%	2021 Jan-Sep	2020 Jan-Sep	Δ%	Oct 2020 - Sep 2021	2020 Jan-Dec
Net sales	3,618	2,958	22	8,842	9,444	-6	16,396	16,997
Gross profit	490	318	54	1,196	831	44	2,344	1,979
Gross margin, %	13.6	10.8		13.5	8.8		14.3	11.6
Operating profit before items affecting comparability ¹⁾	293	125	135	576	211	172	1,486	1,121
Operating margin before items affecting comparability, % ¹⁾	8.1	4.2		6.5	2.2		9.1	6.6
Operating profit after items affecting comparability	293	125	135	459	211	117	1,368	1,121
Operating margin after items affecting comparability, %	8.1	4.2		5.2	2.2		8.3	6.6
Profit before tax	265	99	168	358	126	184	1,231	999
Earnings per share, SEK ²⁾	1.85	0.68	172	2.49	0.86	190	8.45	6.82
Net debt	3,976	5,245	-24	3,976	5,245	-24	3,976	3,311
Return on capital employed, % ¹⁾	11.5	6.1		11.5	6.1		11.5	7.9
Equity/assets ratio, %	31.7	29.4		31.7	29.4		31.7	34.6
Number of building rights	35,400	32,900	8	35,400	32,900	8	35,400	31,800
Number of housing units sold	1,353	1,438	-6	3,718	3,542	5	5,744	5,568
Sales value of housing units sold	3,898	4,347	-10	10,409	10,634	-2	16,627	16,852
Number of housing units started	1,036	1,243	-17	2,895	2,525	15	6,080	5,710
Number of housing units in production	9,926	8,962	11	9,926	8,962	11	9,926	9,769
Sales rate for ongoing production, %	76	81		76	81		76	70
Number of housing units recognised in profit	1,218	931	31	2,926	3,194	-8	5,546	5,814

¹⁾ Items affecting comparability pertain to costs of SEK 117 M in the second quarter related to the wind down of operations in Denmark.

²⁾ Before and after dilution. For more information about the Group's key figures and definitions, refer to page 22 and <https://www.bonava.com/en/investor-relations/financial-information>

Net sales per segment
rolling 12 months



■ Germany, 48%
■ Sweden, 19%
■ Nordic, 24%
■ St. Petersburg-Baltics, 9%

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

The quarter was characterised by continued healthy demand and improved profitability. With raised and clarified targets, and an updated strategy including increased investments in building rights, we are steering our operations towards profitable growth and sustainable value creation throughout the Group.

Healthy market conditions

The robust economic recovery, with favourable market conditions, resulted in healthy demand in all of Bonava's markets. There was significant interest in our new projects for sale, both homes to consumers and rental housing projects to investors. In all, price trends in our market were also healthy. Even though the rate of increase slowed somewhat in some markets, it stabilised at a high level.

The number of housing starts was in line with plans, and we look forward to a high level of activity in housing starts in the coming quarter. Processing times for issuing necessary permits remain challenging, which represents the greatest risk to achieving our goals for housing starts. If the necessary decisions are delayed, this will entail only a postponement in 2022.

Steadily increased profitability

The quarter displayed a stable trend toward increased efficiency and profitability. Net sales were higher and operating profit improved substantially, since the number of housing units to investors recognised in profit increased. At the same time, the number of housing units in St. Petersburg and the Baltics recognised in profit was lower, since a larger number of completed housing units will be delivered in the coming two quarters. This is an effect of the completed contract method, which we use as an accounting policy, and that can have major impacts in individual quarters.

The gross margin strengthened as a result of an improved project and market mix despite operations in St. Petersburg, normally with higher margins relative to the other markets, having little impact in the quarter. We also continued to show good control of our overheads, which supported an improvement in operating profit.

We have continued to manage rising prices, shortages of input goods and challenges in the supply chain without any major impact on our ongoing projects. Higher sales prices exceeded the cost increases, which in general strengthened the margin in ongoing projects. The rate of price increases for input goods and services has tapered off at a high level, and we can start new projects while retaining margin requirements.

Stable development in Germany

The demand for new production in homes, like the price trend, remained healthy in our German market. The operation exhibited a stable development, with higher net sales and improved operating profit.

The gross margin was strengthened as an effect of a more favourable project and regional mix. In all, conditions are favourable for continued positive development in our largest market, where the fourth quarter is normally the strongest, seasonally speaking.

A strong quarter in Sweden

Healthy demand also characterised the Swedish market, where prices continued to rise but at a slower pace. This was reflected in both net sales and operating profit, which strengthened substantially as a result of an increase in the number of housing units delivered during the quarter. Interest in rental housing projects was significant, especially from international investors. In the fourth quarter, a large share of housing units delivered and recognised in profit will consist of investor projects, which will result in a mix effect with a lower gross margin compared to the third quarter.

We are carefully monitoring the situation of a potential halt to production of cement on Gotland, which would have major and unforeseeable consequences for the entire Swedish construction industry and its logistics chain. At the same time, we are working actively to identify actions and alternative solutions to prevent risk as much as possible and to safeguard the number of project starts.

Low volume in Nordic and sale of Danish assets

The markets in Finland and Norway continued to perform well. Finland had a strong sales performance, and one rental housing transaction was completed in Helsinki. In Norway only a small number of housing units was delivered, which impacted the development of the segment together with the wind down of the Danish operation. The gross margin and operating profit were strengthened as a result of improved governance and efficiency in Finland, where gradual improvements are expected over several years.

In Norway, our focus is on ensuring deliveries of housing units in the coming quarters, and on starting new projects when the conditions are right.



"Through ambitious goals and by taking sustainability into consideration throughout our value chain, we are steering our business toward increased value creation."

With the sale of the remaining land bank in Copenhagen, which was communicated after the end of the quarter and will be included in earnings for the fourth quarter, we have taken an important step in the wind down of our Danish operation. Interest in our land bank was significant, which was proof of the efforts of our organisation around value creation.

Fewer housing units delivered in St Petersburg-Baltics

The markets in St. Petersburg and the Baltics continued to perform well, with high demand and rising prices. Significantly fewer completed housing units were recognised in profit during the quarter, which had a negative impact on net sales and earnings. A large number of housing units sold were completed during the quarter, with delivery in the coming two quarters.

New targets and updated strategy for sustainable growth

The strategic analysis that was initiated as a result of my taking office as President and CEO has now been completed. With new, ambitious objectives and by taking sustainability into consideration throughout our value chain, we are steering our business towards increased value creation. It is also clear that our purpose of creating and offering sustainable, happy neighbourhoods for the many provides us with the right conditions for creating value for our customers, employees, shareholders and society at large.

We intend to more than double profit before tax over five years to SEK 2.2 Bn for 2026, linked primarily to improved profitability but also through increased volume. We need to increase our investments in building rights in order to succeed in this ambition, since we currently are underinvested. The improvement to earnings will be achieved through a clearer business focus and a more integrated, balanced working method among our local organisations and the Group's support functions. Increased investments in building rights in the regions that offer the best conditions, greater efficiency in production and a sharper offering will enable our success.

In the last five years, Bonava has established a position as a leading sustainable residential developer. The next stage of our journey – gaining further leverage in the solid efforts our organisation has made – continues. Our operations are characterised by long lead times, and it will require time and purposeful efforts before we get there, but I am convinced that the conditions for our success are right.

Peter Wallin
President and CEO

Outlook: Production starts 2021

For full-year 2021, it is estimated that the number of production starts will increase approximately 5 per cent compared with 5,364 housing starts in 2020, adjusted for starts in Denmark. 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; refer to Note 1. No items affecting comparability were recognised during the quarter.

JULY–SEPTEMBER 2021

Net sales

Net sales amounted to SEK 3,618 M (2,958). The increase in net sales is attributable to more housing units for investors being recognised in profit.

During the quarter, 687 housing units for consumers (818) were recognised in profit, and net sales totalled SEK 2,389 M (2,687). The average price per housing unit recognised in profit was slightly higher than the preceding year, totalling SEK 3.5 M (3.3).

Net sales to investors totalled SEK 1,088 M (249), and the number of housing units recognised in profit was 531 (113).

Exchange rate fluctuations had a negative effect of SEK -102 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit was SEK 293 M (125). No items affecting comparability were recognised during the quarter. Excluding land sales, operating profit amounted to SEK 258 M (135) and the operating margin was 7.4 per cent (4.6). The increased operating

margin is attributable to strengthened gross margins in all segments except St Petersburg-Baltics, where the number of housing units recognised in profit was lower compared to the year-earlier period owing to a major project that had been completed but not recognised in profit at the end of the quarter.

Exchange rate fluctuations had a negative impact of SEK -8 M on operating profit compared with the year-earlier period.

Net financial items, tax and profit for the quarter

Net financial items were SEK -29 M (-26). Costs were higher as a result of 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.

Profit after financial items for the quarter was SEK 198 M (73). Tax on profit for the quarter was SEK 67 M (26), corresponding to a tax rate of 25 per cent (26).



Group performance (cont.)

JANUARY–SEPTEMBER 2021

Net sales

Net sales amounted to SEK 8,842 M (9,444). The lower level of net sales is attributable to the fewer housing units for both consumers and investors being recognised in profit.

During the period, 2,255 (2,417) housing units for consumers were recognised in profit, with net sales of SEK 7,102 M (7,655). The average price per housing unit recognised in profit was in line with the preceding year, totalling SEK 3.1 M (3.2).

Net sales to investors totalled SEK 1,382 M (1,664), and the number of housing units delivered was 671 (777).

Exchange rate fluctuations had a negative effect of SEK -314 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit for the period before items affecting comparability was SEK 576 M (211) and the operating margin was 6.5 per cent (2.2).

Operating profit after items affecting comparability amounted to SEK 459 M (211) and the margin was 5.2 per cent (2.2). The item affecting comparability pertains to costs of SEK 117 M related to the wind down of Bonava's Danish operations in the second quarter.

Excluding land sales and before items affecting comparability, operating profit totalled SEK 493 M (222) and the operating margin was 5.8 per cent (2.4). The higher operating margin is attributable to the project mix and strengthened gross margins in all segments.

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

Net financial items, tax and profit for the quarter

Net financial items were SEK -101 M (-85). Costs were higher due to the raising of new long-term financing in September 2020 and as a result of SEK 9 M pertaining to remuneration to NCC (refer to Legal structure on page 13) being charged to net financial items during the period.

Profit after financial items for the period was SEK 267 M (93). Tax on profit for the period was SEK 91 M (34), corresponding to a tax rate of 25 per cent (27).

	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	Oct 2020 – Sep 2021	2020 Jan–Dec
Net sales								
Germany	1,959	1,503	30	4,166	3,818	9	7,815	7,466
Sweden	845	527	60	2,327	2,759	-16	3,096	3,528
Nordic	666	679	-2	1,564	2,153	-27	3,974	4,563
St. Petersburg-Baltics	148	248	-40	784	713	10	1,510	1,439
Total	3,618	2,958	22	8,842	9,444	-6	16,396	16,997
	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	Oct 2020 – Sep 2021	2020 Jan–Dec
Operating profit before items affecting comparability¹⁾								
Germany	229	134	71	432	201	115	983	752
Sweden	106	36	197	224	220	2	288	283
Nordic	-13	-27		-51	-139		185	97
St. Petersburg-Baltics	10	31	-70	112	84	34	265	236
Parent Company and adjustments	-38	-49		-141	-154		-234	-247
Total	293	125	135	576	211	172	1,486	1,121

¹⁾ Items affecting comparability pertain to costs of SEK 117 M in the second quarter related to the wind down of operations in Denmark.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 24,404 M (25,165). The decrease is primarily attributable to a reduced volume of properties held for future development and completed housing units. At 30 June 2021, assets totalled SEK 23,878 M.

NET DEBT

Net debt amounted to SEK 3,976 M (5,245) at the end of the quarter. Net debt at 30 June 2021 totalled SEK 4,105 M. The decrease compared to the year-earlier period is attributable primarily to Sweden and Nordic, where the number of completed unsold housing units decreased as a result of strong sales. In Nordic, the number of building rights also decreased and the volume of land held for future development has fallen, which contributed to the reduced need for borrowing.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

CAPITAL EMPLOYED

Capital employed amounted to SEK 12,704 M (13,472) at the end of the quarter. The change is attributable to lower levels of capital employed in Sweden, where strong sales reduced the number of completed housing units. In other segments, capital employed increased slightly. At 30 June 2021, capital employed amounted to SEK 12,514 M.

Return on capital employed before items affecting comparability was 11.5 per cent (6.1). The increase is due to both lower levels of capital employed and greater profitability on a rolling 12-month basis.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

At 30 September, the equity/assets ratio was 31.7 per cent (29.4). The debt/equity ratio was 0.5 (0.7).

CASH FLOW, JULY–SEPTEMBER 2021

Cash flow before financing was SEK 159 M (817). Cash flow before changes in working capital amounted to SEK 221 M (62) on account of higher earnings.

Sales of housing projects totalled SEK 2,948 M (2,550), an increase in all segments except Nordic.

Investments in housing projects increased in all business areas and amounted to SEK -3,094 M (-2,475). Cash flow from other changes in working capital was SEK 89 M (725). The decrease was attributable primarily to lower cash flow from customer advances in all business areas except St Petersburg-Baltics.

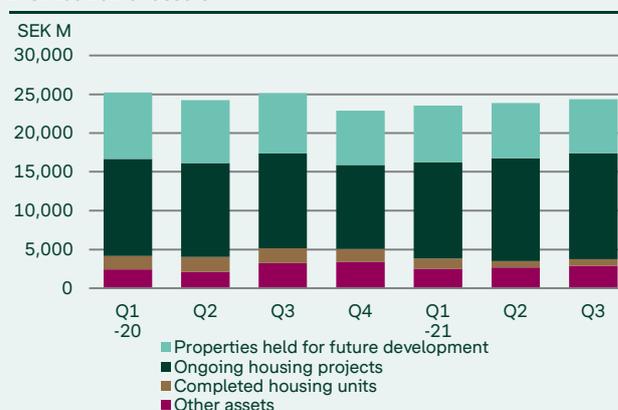
CASH FLOW, JANUARY–SEPTEMBER 2021

Cash flow before financing was SEK -177 M (1,744). Higher earnings were offset by higher taxes paid in Germany, deferred from the preceding year. Cash flow before changes in working capital was essentially unchanged, totalling SEK 210 M (208).

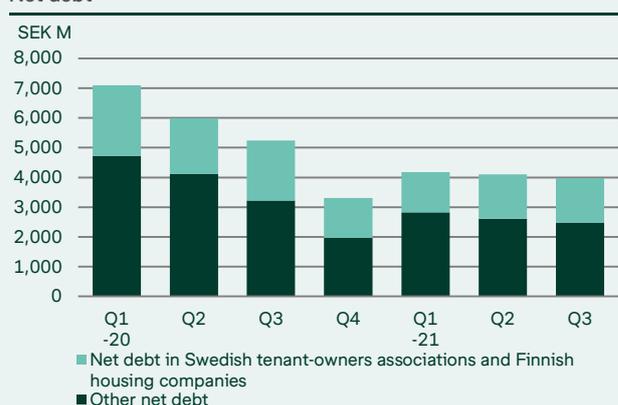
Sales of housing projects decreased to SEK 7,159 M (8,345), primarily in Sweden, Nordic and St Petersburg-Baltics.

Investments in housing projects totalled SEK -8,793 M (-9,852), a decrease primarily in Germany. Cash flow from other changes in working capital was SEK 1,275 M (3,148), which was primarily due to lower cash flows from customer advances in Germany and Sweden.

Distribution of assets



Net debt



Cash flow before financing



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 254 (348). A large share of the housing units pertain to a project in St. Petersburg, where the scope of the project (214 housing units total) means that the procedure for occupancy is expected to run over two quarters. The housing units are thus expected to be recognised in profit in the fourth quarter of 2021 and the first quarter of 2022. At 30 June 2021, the total was 53, the increase in the third quarter is attributable to the completion 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 126 (467). As of 30 June 2021, this total was 189. During the quarter, 16 housing units were added (completed without being sold) and 79 previously completed housing units have been sold and recognised in profit. Strong sales and high demand have resulted in

the number of unsold completed housing units decreasing across all segments.

COMPLETED HOUSING UNITS DURING THE QUARTER

At the end of the preceding quarter, Bonava estimated that approximately 890 consumer housing units would be completed in the second quarter. A total of 825 housing units were completed during the quarter, slightly fewer in Germany and Nordic, while housing units in Sweden and St Petersburg-Baltics were completed in accordance with plans.

In the quarter, 531 housing units for investors were completed in Germany, Sweden and Nordic, which was in line with Bonava's estimate at the end of the preceding quarter.

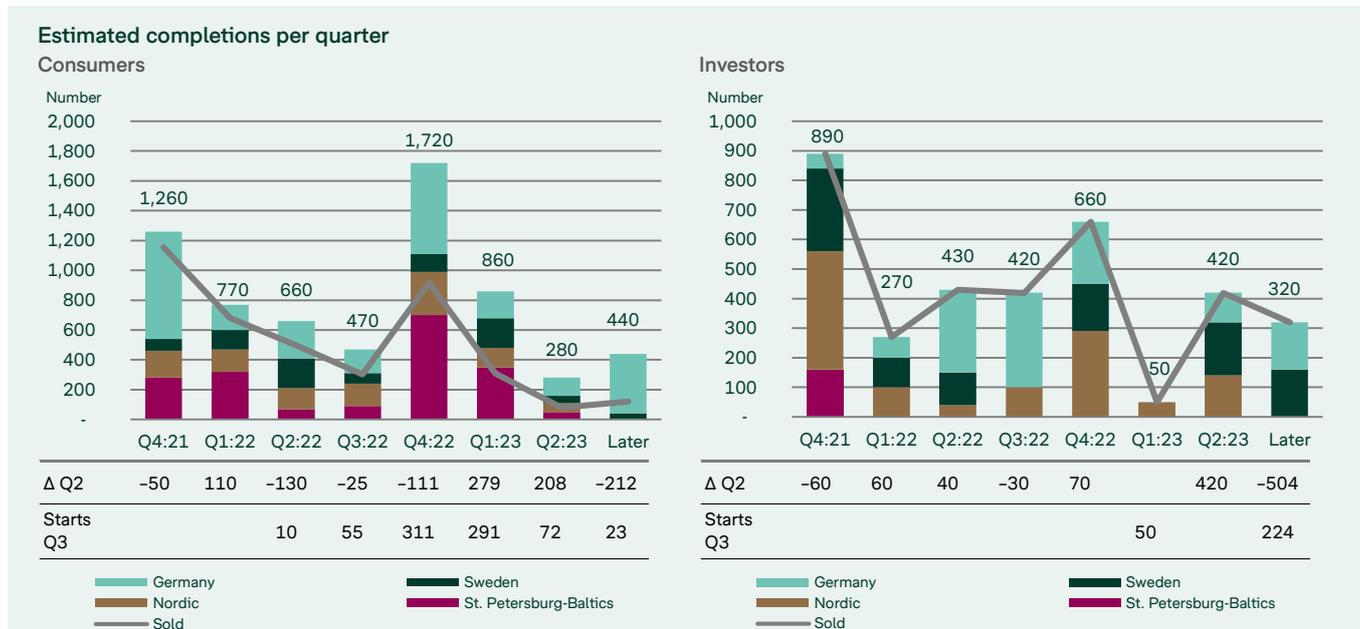
HOUSING UNITS RECOGNISED IN PROFIT DURING THE QUARTER

The number of housing units for consumers recognised in profit during the quarter was 687 (818). The majority of these were completed and delivered to customers during the quarter, but an additional 79 previously completed housing units were sold and recognised in profit during the quarter.

During the quarter, 531 housing units (113) for investors in Germany, Sweden and Nordic 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 15,205 M (14,629) for consumers and SEK 7,824 M (7,311) for investors.



The diagrams illustrate the estimated completion dates for housing units for consumers and investors, respectively. The number of housing units has been rounded off since they are estimates of the point in time of completion. The curves illustrate the percentage of units sold at 30 September 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, Rhen-Ruhr, Cologne/Bonn, Rhen-Main and Rhen-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 demand for housing units, like the price trend, remained strong. Processing times for issuing permits is deemed to still have an impact on both delivery of housing units and starts.

The number of housing units sold to consumers totalled 310 (403). The quarter of the previous year was strengthened in part by delays in the first half of the year due to the pandemic. The sales rate for ongoing production totalled 76 per cent (83). The number of housing starts for consumer totalled 219 (479). Starts for the year were more

evenly allocated during the first three quarters of the year in contrast to the preceding year, where the pandemic resulted in delays. A project for investors with 62 housing units was sold and started in Hamburg during the quarter.

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



NET SALES AND PROFIT

July–September 2021

Net sales amounted to SEK 1,959 M (1,503). The increase was due to more housing units for investors being recognised in profit, 268 (0).

Operating profit was SEK 229 M (134) and the operating margin was 11.7 per cent (8.9). Excluding land sales, operating profit amounted to SEK 216 M (147) and the operating margin was 11.4 per cent (9.7). The higher operating margin was attributable to both more housing units delivered and a higher gross margin for consumers. The gross margin was strengthened both by a favourable regional and product mix compared with the preceding year, and by gradually improved profitability in the project portfolio.

January–September 2021

Net sales totalled SEK 4,166 M (3,818), an increase attributable to more housing units for consumers being recognised in profit at a higher average price. Operating profit was SEK 432 M (201) and the operating margin was 10.4 per cent (5.3). Excluding land sales, operating profit amounted to SEK 417 M (208) and the operating margin was 10.2 per cent (5.5). The higher operating margin is attributable to a more favourable regional and project mix, as well as increased cost control.

	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	2020 Jan–Dec
Net sales	1,959	1,503	30	4,166	3,818	9	7,466
Gross profit	303	197	53	644	413	56	1,036
Gross margin, %	15.5	13.1		15.5	10.8		13.9
Selling and administrative expenses	-74	-63		-213	-212		-284
Operating profit/loss	229	134	71	432	201	115	752
Operating margin, %	11.7	8.9		10.4	5.3		10.1
Capital employed	4,102	4,042	1	4,102	4,042	1	4,128
of which, carrying amount of properties held for future development	2,811	2,773	1	2,811	2,773	1	2,751
Return on capital employed, %	22.9	14.1		22.9	14.1		16.7
Number of housing units sold	372	451	-18	922	981	-6	1,605
Sales value of housing units sold	1,668	1,947	-14	4,134	4,289	-4	6,765
Number of housing units started	281	527	-47	821	866	-5	1,805
Number of housing units in ongoing production	3,808	4,088	-7	3,808	4,088	-7	4,041
Sales rate for ongoing production, %	76	83		76	83		76
Number of housing units completed, not recognised in profit	27	46	-41	27	46	-41	53
Number of housing units for sale (ongoing production and completed)	926	712	30	926	712	30	1,027
Number of housing units recognised in profit	568	344	65	1,080	1,051	3	2,030

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

Healthy demand characterised the Swedish market, where prices continued to rise but at a slower pace.

The number of housing units sold increased compared with the preceding year, driven primarily by the number of housing units sold to investors, which increased to 337 (162). The sales of housing units to consumers totalled 149 (144), and sales of previously completed housing units remained strong. The sales rate for ongoing production totalled 84 per cent (86).

The number of production starts was slightly higher, totalling 289 (260), of which one rental housing project with 162 housing units was sold and started in central Västerås.

The building rights portfolio expanded during the quarter, with building rights in attractive locations close to Stockholm and central Linköping, including approximately 350 building rights for Nordic Swan ecolabelled single-family homes.



NET SALES AND PROFIT

July–September 2021

Net sales totalled SEK 845 M (527), driven by more deliveries of housing units to consumers compared with the year-earlier quarter and by a project delivered to investors.

Operating profit was SEK 106 M (36) and the operating margin was 12.6 per cent (6.8). Excluding land sales, operating profit amounted to SEK 94 M (34) and the operating margin was 11.4 per cent (6.6). The higher operating margin is attributable to more deliveries of housing units and higher gross margins on housing units delivered. Lower selling and administrative expenses in the quarter also had a positive impact.

January–September 2021

Net sales amounted to SEK 2,327 M (2,759), a decrease attributable to fewer housing units for consumers being recognised in profit even though more housing units delivered to investors had a positive impact.

Operating profit was SEK 224 M (220) and the operating margin was 9.6 per cent (8.0). Excluding land sales, operating profit amounted to SEK 180 M (219) and the operating margin was 8.3 per cent (8.0).

	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	2020 Jan–Dec
Net sales	845	527	60	2,327	2,759	-16	3,528
Gross profit	133	69	93	317	320	-1	411
Gross margin, %	15.7	13.0		13.6	11.6		11.7
Selling and administrative expenses	-26	-33		-92	-100		-128
Operating profit/loss	106	36	197	224	220	2	283
Operating margin, %	12.6	6.8		9.6	8.0		8.0
Capital employed	2,990	3,418	-13	2,990	3,418	-13	3,020
of which, carrying amount of properties held for future development	1,423	1,685	-16	1,423	1,685	-16	1,575
Return on capital employed, %	9.0	11.7		9.0	11.7		7.7
Number of housing units sold	486	306	59	849	1,001	-15	1,168
Sales value of housing units sold	1,261	874	44	2,712	2,838	-4	3,513
Number of housing units started	289	260	11	804	685	17	878
Number of housing units in ongoing production	1,880	1,656	14	1,880	1,656	14	1,638
Sales rate for ongoing production, %	84	86		84	86		85
Number of housing units completed, not recognised in profit	50	150	-67	50	150	-67	159
Number of housing units for sale (ongoing production and completed)	335	354	-5	335	354	-5	380
Number of housing units recognised in profit	315	109	189	671	695	-3	897

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

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 buildings with rental apartments to investors.

MARKET, HOUSING UNITS SOLD AND STARTED

The housing markets in Finland and Norway remained favourable, with increasing prices. Finland had a healthy sales performance, while our offering of housing units for sale in Norway was limited.

The number of housing units sold to consumers decreased to 138 (235). The sales rate for ongoing production decreased to 81 per cent (84).

The number of housing starts for consumers totalled 131 (49). A rental housing project comprising 50 apartments in Helsinki was sold and production was started during the quarter.

The wind down of the Danish operation continued in accordance with plan, and the remaining land bank in Copenhagen was sold after the quarter, which will result in a positive effect of SEK 226 M on earnings in the fourth quarter of 2021. For more information, refer to page 13.



NET SALES AND PROFIT

July–September 2021

Net sales amounted to SEK 666 M (679). The decrease is attributable to fewer housing units for consumers and investors being recognised in profit.

Operating profit totalled SEK -13 M (-27), and the operating margin was -1.9 per cent (-4.0). No items affecting comparability have been recognised during the quarter. Excluding land sales, the operating loss totalled SEK -23

(-27), and the operating margin was -3.7 per cent (-4.0). Low volumes in all countries, in combination with higher overheads as a result of the build up of the Norwegian operation continued to burden the operating margin even though the gross margin in Finland gradually improved.

January–September 2021

Net sales totalled SEK 1,564 M (2,153), a decrease attributable to fewer housing units for both consumers and investors being recognised in profit.

Operating loss before items affecting comparability amounted to SEK -51 M

(-139) and the operating margin was -3.3 per cent (-6.5). The item affecting comparability pertained to costs of SEK 117 M related to the wind down of Bonava's Danish operations. Adjusted for land sales as well, operating loss was SEK -75 M (-135) and the operating margin was -5.2 per cent (-6.5). The gross margin improved with low volumes and costs as a result of the build up of the Norwegian operation continuing to be charged to the operating margin.

	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	2020 Jan–Dec
Net sales	666	679	-2	1,564	2,153	-27	4,563
Gross profit	34	18	93	96	-1		274
Gross margin, %	5.2	2.6		6.1	-0.1		6.0
Selling and administrative expenses	-47	-45		-147	-138		-177
Operating profit/loss before items affecting comparability	-13	-27	-53	-51	-139	-63	97
Operating margin before items affecting comparability, %	-1.9	-4.0		-3.3	-6.5		2.1
Items affecting comparability ¹⁾				-117			
Operating profit/loss after items affecting comparability	-13	-27	-52	-169	-139	21	97
Operating margin after items affecting comparability, %	-1.9	-4.0		-10.8	-6.5		2.1
Capital employed	4,460	4,355	2	4,460	4,355	2	3,427
of which, carrying amount of properties held for future development	2,027	2,648	-23	2,027	2,648	-23	2,060
Return on capital employed, % ¹⁾	4.6	-5.8		4.6	-5.8		2.2
Number of housing units sold	188	389	-52	743	888	-16	1,766
Sales value of housing units sold	576	1,228	-53	2,242	2,740	-18	5,448
Number of housing units started	181	203	-11	719	542	33	1,492
Number of housing units in ongoing production	2,223	1,714	30	2,223	1,714	30	1,855
Sales rate for ongoing production, %	81	84		81	84		81
Number of housing units completed, not recognised in profit	41	146	-72	41	146	-72	151
Number of housing units for sale (ongoing production and completed)	453	407	11	453	407	11	480
Number of housing units recognised in profit	194	239	-19	454	816	-44	1,620

¹⁾ Items affecting comparability pertain to costs of SEK 117 M in the second quarter related to the wind down of operations in Denmark.

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 and rising prices. Sales performance in all markets was stable.

Housing units sold to consumers totalled 307 (292). The sales rate for ongoing production totalled 62 per cent (65). The number of housing starts for consumers totalled 285 (253).

The building rights portfolio was expanded in Estonia and Lithuania as well as St. Petersburg, where the current plan is to construct approximately 950 new housing units.



NET SALES AND PROFIT

July–September 2021

Net sales totalled SEK 148 M (248), a decrease attributable to fewer housing units for consumers – 141 (239) – being recognised in profit. A major project was completed toward the end of the quarter and the number of sold completed housing units that had not been recognised in profit at the end of the quarter thus totalled 221. At the end of the second quarter, the number was 10. A large share of the 221 housing units pertain to a project in St. Petersburg, where the scope of the project (214 housing units total) means that the procedure for occupancy is expected to run over two quarters.

Operating profit totalled SEK 10 M (31), and the operating margin was 6.4 per cent (12.6). The lower operating margin in the quarter is attributable to lower volumes: the gross margin for consumers remained at stable levels.

January–June 2021

Net sales totalled SEK 784 M (713), an increase attributable to more housing units for consumers – 721 (632) – being recognised in profit.

Operating profit was SEK 112 M (84) and the operating margin was 14.3 per cent (11.7). The improved operating margin is attributable to a higher gross margin in combination with increased volumes.

	2021 Jul–Sep	2020 Jul–Sep	Δ%	2021 Jan–Sep	2020 Jan–Sep	Δ%	2020 Jan–Dec
Net sales	148	248	-40	784	713	10	1,439
Gross profit	26	47	-44	160	132	21	300
Gross margin, %	17.6	18.8		20.4	18.5		20.8
Selling and administrative expenses	-17	-15		-48	-48		-63
Operating profit/loss	10	31	-70	112	84	34	236
Operating margin, %	6.4	12.6		14.3	11.7		16.4
Capital employed	1,426	1,226	16	1,426	1,226	16	1,126
of which, carrying amount of properties held for future development	727	726	0	727	726	0	611
Return on capital employed, %	21.6	9.4		21.6	9.4		19.1
Number of housing units sold	307	292	5	1,204	672	79	1,029
Sales value of housing units sold	393	298	32	1,321	767	72	1,127
Number of housing units started	285	253	13	551	432	28	1,535
Number of housing units in ongoing production	2,015	1,504	34	2,015	1,504	34	2,235
Sales rate for ongoing production, %	62	65		62	65		41
Number of housing units completed, not recognised in profit	262	473	-45	262	473	-45	210
Number of housing units for sale (ongoing production and completed)	800	707	13	800	707	13	1,453
Number of housing units recognised in profit	141	239	-41	721	632	14	1,267

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 third quarter, Bonava started production of 1,036 housing units (1,243).
All production starts are reported at <https://www.bonava.com/en/investor-relations/housing-starts>

Germany

Parkstadt Karlshorst (WA2)

Project start: Q3, 2021

Location: Region Berlin

Housing category: Multi-family housing

Number of units: 90 apartments for consumers

The new Parkstadt Karlshorst neighbourhood, 13 kilometres from central Berlin, encompasses a total of approximately 1,000 rental and tenant-owned apartments and also houses a large preschool, elementary school, local shopping centre and a total of 18,000 square metres of green space. The residential district will be constructed in stages over several years and will offer a broad target group – based on income and age – a comfortable environment for living and working close to nature.



Sweden

Fläderstråket II, Kareby

Project start: Q3, 2021

Location: Kareby, Kungälv

Housing category: Single-family homes

Number of units: 31 owner-occupied housing units for consumers

The Kareby Äng block is a new residential area under construction just outside Gothenburg, located close to the forest, sea and lakes. It will be inspired by a rural idyll and have a modern village feel, featuring playgrounds, barbecue areas, and a shared premises for events where residents can meet and socialise. Bonava is planning to create a total of 170 Nordic Swan ecolabelled housing units in the area, in several stages, comprising both owner-occupied and tenant-owner units.



Nordic – Finland

Tampereen Rosmariini

Project start: Q3, 2021

Location: Kaleva, Tampere

Housing category: Multi-family housing

Number of units: 70 apartments for consumers

With access to a sauna and a terrace on the uppermost floor, an inner courtyard with outdoor grills, play areas and gym facilities as well as a common space for remote working, Rosmariini offers an attractive neighbourhood for its residents. The residential district is in a prime location 2.5 kilometres from central Tampere, food shops, preschools and schools as well as several sports halls.



St Petersburg-Baltics – Estonia

Aiandi 9, Uus-Mustamäe

Project start: Q3, 2021

Location: Mustamäe District, Tallinn

Housing category: Multi-family housing

Number of units: 99 apartments for consumers

Bonava's largest residential project in Estonia is being constructed in the well-known Mustamäe residential district in Tallinn. The neighbourhood offers a comfortable living environment in close proximity to schools, preschools, shopping centres, leisure facilities and public transportation with modern, energy-efficient housing units for singles, couples and families. In the heart of the neighbourhood, there is a 7,000-square metre park with spaces for leisure and outdoor exercise, a fruit orchard and various spaces for social interaction.



Other information

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risks, both operational and financial. 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 the 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](https://www.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. These plans are decided and gradually implemented depending on developments, with a long-term focus in mind.

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 third quarter, restrictions were eliminated in some of Bonava's markets while the spread of contagion remains a challenge in some of our other 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 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 value of Bonava's 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 impacted by disruptions as a result of the pandemic.

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period was 2,116 (2,050).

CHANGES IN THE EXECUTIVE MANAGEMENT GROUP

On 25 August, Jonas Granström was appointed Acting BU President of Bonava Norway and member of the Executive Management Group, replacing Kristina Olsen, who left the company on 30 September 2021. On 15 September, Anna Wenner was appointed new HR Director and member of the Executive Management Group, to take office in February 2022.

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. At 30 September 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 30,873 (33,075). 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 Swedbank Robur Fonder with 5.7 per cent of the capital

and 3.0 per cent of the votes and Lannebo Fonder (as of 1 October 2021) with 4.9 per cent of the capital and 2.5 per cent of the votes. The ten largest shareholders controlled a total of 54.2 per cent of the capital and 65.3 per cent of the votes. More information on the Bonava share and owners is available at [bonava.com/en/investor-relations](https://www.bonava.com/en/investor-relations).

After the quarter, the Fourth Swedish National Pension Fund passed the 5 per cent limit; its holdings on 18 October totalled 6.1 per cent of the capital and 3.7 of the votes, which means that it is Bonava's second-largest owner.

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 7.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Divestment of assets in Denmark

On 1 October, agreements were signed to divest the remaining land bank in Copenhagen to Ikano Bolig A/S for a cash purchase price of SEK 545 M. The divestment will have a positive effect on pre-tax profit, including transaction costs, of SEK 226 M during the fourth quarter of 2021. Bonava will complete and deliver four ongoing construction projects to end customers according to plan. It is expected that the transaction will be finalised during the fourth quarter of 2021. The Danish operations are expected to be fully wound down in 2023, while warranty commitments will remain valid through 2032.

Revised financial objectives and financial effects after strategic review

On 28 October, the decision of the Board on revised objectives and an updated strategy for Bonava to promote long-term value creation was announced. Beginning in 2022, the operation will be governed on the basis of six objectives, two of which are financial. The goal is to more than double profit before tax to SEK 2.2 Bn by 2026. As an effect of the updated strategy, items affecting comparability of approximately SEK -150 to -200 M will be recognised in the fourth quarter. These items consist primarily of impairments of land value as a result of the revised strategy as well as wasted expenditure related to projects that did not materialise.

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 goal 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.

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, 28 October 2021
Bonava AB (publ)

Peter Wallin
President and CEO

Consolidated income statement

	Note	2021	2020	2021	2020	Oct 2020	2020
	1	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	- Sep 2021	Jan-Dec
Net sales	2	3,618	2,958	8,842	9,444	16,396	16,997
Production cost		-3,127	-2,640	-7,646	-8,612	-14,052	-15,018
Gross profit		490	318	1,196	831	2,344	1,979
Selling and administrative expenses		-197	-193	-620	-619	-858	-857
Operating profit before items affecting comparability	2	293	125	576	211	1,486	1,121
Items affecting comparability				-117		-117	
Operating profit after items affecting comparability		293	125	459	211	1,368	1,121
Financial income		6	5	14	12	17	16
Financial expenses		-35	-31	-114	-98	-154	-138
Net financial items		-29	-26	-101	-85	-137	-122
Profit after financial items	2	265	99	358	126	1,231	999
Tax on profit for the period		-67	-26	-91	-34	-324	-267
Profit for the period¹⁾		198	72	267	93	907	733
Per share data before and after dilution							
Profit for the period before items affecting comparability, SEK		1.85	0.68	3.35	0.86	9.31	6.82
Profit for the period after items affecting comparability, SEK		1.85	0.68	2.49	0.86	8.45	6.82
Cash flow from operating activities, SEK		1.52	8.04	-1.39	17.22	16.69	35.30
Shareholders' equity, SEK		72.15	69.09	72.15	69.09	72.15	73.87
No. of shares at the end of period, million ²⁾		107.2	107.2	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 30 September was 1,245,355 (1,245,355).

Consolidated statement of comprehensive income

	Note	2021	2020	2021	2020	Oct 2020	2020
	1	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	- Sep 2021	Jan-Dec
Profit for the period		198	73	267	93	907	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		35	-85	108	-203	-19	-330
Other comprehensive income for the period		35	-85	108	-203	-19	-330
Comprehensive income/loss for the period¹⁾		233	-12	375	-110	888	403

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

Condensed consolidated balance sheet

	Note 1, 4, 5	2021 30 Sep	2020 30 Sep	2020 31 Dec
ASSETS				
Fixed assets		828	949	847
Current assets				
Properties held for future development ¹⁾		6,987	7,822	6,998
Ongoing housing projects		13,643	12,238	10,785
Completed housing units		878	1,885	1,706
Current receivables		1,096	1,472	1,151
Cash and cash equivalents	3	972	800	1,387
Total current assets		23,576	24,217	22,027
TOTAL ASSETS		24,404	25,165	22,874
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to Parent Company shareholders		7,734	7,406	7,918
Non-controlling interest		4	5	4
Total shareholders' equity		7,738	7,411	7,923
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	3	2,307	3,540	3,063
Other non-current liabilities		289	268	227
Non-current provisions		848	659	805
Total non-current liabilities		3,443	4,466	4,095
Current liabilities				
Current interest-bearing liabilities	3	2,659	2,521	1,655
Other current liabilities		10,564	10,767	9,202
Total current liabilities		13,223	13,288	10,857
Total liabilities		16,666	17,754	14,952
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,404	25,165	22,874

¹⁾ Of which SEK 312 M pertains to properties divested after the end of the quarter as a stage in the wind down of the Danish operation.

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	375		375
Dividend ¹⁾	-563		-563
Performance-based incentive programme	4		4
Closing shareholders' equity, 30 September 2021	7,734	4	7,738

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. The instalment that was unpaid as of 30 September was recognised as a short-term interest-free liability.

Condensed consolidated cash flow statement

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	Oct 2020 - Sep 2021	2020 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	265	99	358	126	1,231	999
Adjustments for items not included in cash flow	11	23	117	170	526	579
Tax paid	-55	-60	-265	-89	-360	-184
Cash flow from operating activities before change in working capital	221	62	210	208	1,397	1,394
Cash flow from change in working capital						
Sales of housing projects	2,948	2,550	7,159	8,345	13,335	14,521
Investments in housing projects	-3,094	-2,475	-8,793	-9,852	-13,120	-14,179
Other changes in working capital	89	725	1,275	3,148	181	2,054
Cash flow from changes in working capital	-58	801	-359	1,642	396	2,396
Cash flow from operating activities	163	862	-149	1,849	1,793	3,790
INVESTMENT ACTIVITIES						
Cash flow from investment activities	-4	-45	-29	-105	-52	-128
CASH FLOW BEFORE FINANCING	159	817	-177	1,744	1,741	3,662
FINANCING ACTIVITIES						
Dividend			-391		-391	
Purchase of treasury shares				-19		-19
Increase in interest-bearing liabilities	771	1,349	1,580	2,223	2,026	2,669
Decrease in interest-bearing liabilities	-858	-1,585	-1,463	-3,586	-3,205	-5,328
Change in interest-bearing receivables	8		1	4	-2	1
Cash flow from financing activities	-79	-236	-274	-1,377	-1,572	-2,676
CASH FLOW DURING THE PERIOD	80	581	-451	367	169	986
Cash and cash equivalents at start of period	879	252	1,387	499	800	499
Exchange rate differences in cash and cash equivalents	13	-34	35	-65	2	-98
CASH AND CASH EQUIVALENTS AT END OF PERIOD	972	800	972	800	972	1,385

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 1–13 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.

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 affecting comparability pertain to costs relating to the wind down of operations in Denmark. The total cost of MSEK 117 was charged to earnings during the second quarter and was recognised as an item affecting comparability under Nordic. For more information, refer to Significant events during the quarter.

NOTE 2 Reporting of operating segments

Jul-Sep 2021	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent company and adjustments	Total
Net sales, consumers	1,258	573	412	146		2,389
Net sales, investors	640	248	199			1,088
Net sales, land	61	23	51			134
Other revenue			5	2		7
Operating profit/loss before items affecting comparability	229	106	-13	10	-38	293
Items affecting comparability						
Operating profit/loss after items affecting comparability	229	106	-13	10	-38	293
Net financial items						-29
Profit after financial items						265
Capital employed	4,102	2,990	4,460	1,426	-274	12,704

Jul-Sep 2020	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent company and adjustments	Total
Net sales, consumers	1,506	509	425	246		2,687
Net sales, investors	-4		253			249
Net sales, land		17	-1			17
Other revenue	1		1	2		5
Operating profit/loss before items affecting comparability	134	36	-27	31	-49	125
Items affecting comparability						
Operating profit/loss after items affecting comparability	134	36	-27	31	-49	125
Net financial items						-26
Profit after financial items						99
Capital employed	4,042	3,418	4,355	1,226	432	13,473

Jan-Sep 2021	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent company and adjustments	Total
Net sales, consumers	3,346	1,743	1,236	777		7,102
Net sales, investors	752	431	199			1,382
Net sales, land	68	152	121			342
Other revenue		1	8	7		16
Operating profit/loss before items affecting comparability	432	224	-51	112	-141	576
Items affecting comparability			-117			-117
Operating profit/loss after items affecting comparability	432	224	-169	112	-141	459
Net financial items						-101
Profit after financial items						358
Capital employed	4,102	2,990	4,460	1,426	-274	12,704

Jan-Sep 2020	Germany	Sweden	Nordic	St. Petersburg- Baltics	Parent company and adjustments	Total
Net sales, consumers	3,089	2,482	1,379	705		7,655
Net sales, investors	719	256	689			1,664
Net sales, land	9	21	81			110
Other revenue	1	1	4	8		14
Operating profit/loss before items affecting comparability	201	220	-139	84	-154	211
Items affecting comparability						
Operating profit/loss after items affecting comparability	201	220	-139	84	-154	211
Net financial items						-85
Profit after financial items						126
Capital employed	4,042	3,418	4,355	1,226	432	13,473
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

NOTE 3 Specification of net debt

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Non-current interest-bearing receivables	2	2	2
Current interest-bearing receivables	16	15	17
Cash and cash equivalents	972	800	1,387
Interest-bearing receivables	990	817	1,407
Non-current interest-bearing liabilities	2,307	3,540	3,063
Current interest-bearing liabilities	2,659	2,521	1,655
Interest bearing liabilities¹⁾	4,966	6,062	4,718
Net debt	3,976	5,245	3,311

¹⁾ Of which SEK 1,811 M (1,316) in green loans. The green asset base pledged consisted of assets in Sweden 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 30 Sep	2020 30 Sep	2020 31 Dec
Cash and cash equivalents	112	37	20
Gross debt	1,606	2,021	1,361
Net debt in tenant-owner associations and housing companies	1,494	1,984	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 2.0 Bn.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<364 days	624		624
Loan	2021	611	611	
Loan	2022	805	805	
RCF/commercial paper	2023	3,000		3,000
Bond	2024	1,200	1,200	
Loan	2025-27	712	712	
Total		6,952	3,328	3,624

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 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 1,203 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.

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Derivatives	4	11	55
Total assets	4	11	55
Derivatives	4	34	1
Total liabilities	4	34	1

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, the fair value is considered equal to the carrying amount.

NOTE 5 Pledged assets and contingent liabilities

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Pledged assets			
<i>For own liabilities</i>			
Property mortgages	1,280	1,227	869
Restricted bank funds		8	7
Other pledged assets	6	4	6
Total pledged assets	1,286	1,240	882
Surety and guarantee obligations			
<i>Own contingent liabilities</i>			
Counter guarantee to external guarantors ¹⁾	2,579	2,845	3,913
Other guarantees and contingent liabilities		29	
Total surety and guarantee obligations	2,579	2,874	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.

The Parent Company in brief

JANUARY–SEPTEMBER 2021

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 217 M (205). Profit after financial items was SEK 26 M (76).

	Note 1	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
INCOME STATEMENT				
Net sales		217	205	281
Selling and administrative expenses		-336	-343	-505
Operating loss		-119	-139	-225
Profit from participations in Group companies		78	139	568
Financial income		136	141	178
Financial expenses		-68	-65	-90
Profit after financial items		26	76	431
Appropriations			3	161
Profit before tax		26	79	591
Tax on profit for the period		8	13	-1
Profit for the period		34	92	590
BALANCE SHEET				
	Note 1, 2	2021 30 Sep	2020 30 Sep	2020 31 Dec
Assets				
Fixed assets		2,681	2,618	2,742
Current assets		8,233	8,848	8,492
Total assets		10,914	11,467	11,234
Shareholders' equity and liabilities				
Shareholders' equity		7,185	7,210	7,709
Untaxed reserves			29	
Provisions		6	4	6
Non-current liabilities		1,913	2,844	2,176
Current liabilities		1,811	1,379	1,343
Total shareholders' equity and liabilities		10,914	11,467	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.

NOTE 2 Pledged assets and contingent liabilities

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Counter guarantee to external guarantors	12,963	13,993	13,534
Guarantees for project-specific financing	1,140	994	811
Guarantees for Group companies	4,672	5,308	5,092
Other pledged assets	6	4	6
Total	18,781	20,300	19,443

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

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Counter guarantee to external guarantors ¹⁾	3,818	4,725	4,741
Guarantees for project-specific financing	1,052	994	811
Total	4,870	5,719	5,552

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 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Building rights	35,400	32,900	35,400	32,900	31,800
Of which, off-balance sheet building rights	16,100	11,300	16,100	11,300	12,300
Housing development for consumers					
Housing units sold	904	1,074	3,127	2,648	3,854
Sales value of housing units sold, SEK M	2,925	3,534	9,321	8,636	12,479
Housing starts	762	879	2,304	1,828	4,193
Housing units in ongoing production	6,459	5,489	6,459	5,489	6,218
Sales rate for ongoing production, %	63	69	63	69	53
Reservation rate for ongoing production, %	4	4	4	4	3
Completion rate for ongoing production, %	48	56	48	56	49
Completed housing units not recognised in profit	380	815	380	815	573
Housing units for sale (ongoing and completed)	2,514	2,180	2,514	2,180	3,340
Housing units recognised in profit	687	818	2,255	2,417	4,295
Value of sold housing units, not yet recognised in profit, SEK M	15,205	14,629	15,205	14,629	12,558
Housing development for investors					
Housing units sold	449	364	591	894	1,714
Sales value of housing units sold, SEK M	973	812	1,088	1,998	4,373
Housing starts	274	364	591	697	1,517
Housing units in ongoing production	3,467	3,473	3,467	3,473	3,551
Sales rate for ongoing production, %	100	100	100	100	100
Completion rate for ongoing production, %	49	43	49	43	38
Housing units recognised in profit	531	113	671	777	1,519
Value of sold housing units, not yet recognised in profit, SEK M	7,824	7,311	7,824	7,311	7,861
Number of housing units in production for consumers					
Housing units in ongoing production at start of period	6,523	5,588	6,218	6,179	6,179
Change in opening value	-1		-1		
Housing starts	762	879	2,304	1,828	4,193
Housing units recognised in profit	-687	-818	-2,255	-2,417	-4,295
Decrease (+)/increase (-) in completed housing units not recognised in profit	-138	-160	193	-101	141
Housing units in ongoing production for consumers at end of period	6,459	5,489	6,459	5,489	6,218
Number of housing units in production for investors					
Housing units in ongoing production at start of period	3,724	3,222	3,551	3,553	3,553
Change in opening value ¹⁾			-4		
Housing starts	274	364	591	697	1,517
Housing units recognised in profit	-531	-113	-671	-777	-1,519
Housing units in ongoing production for investors at end of period	3,467	3,473	3,467	3,473	3,551

¹⁾ Change initiated by investors.

Sector-related key figures for the segments

Germany	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
<i>no. unless otherwise stated</i>					
Building rights					
Building rights	8,400	8,800	8,400	8,800	8,400
of which, off-balance sheet building rights	2,600	2,700	2,600	2,700	2,600
Housing development for consumers					
Net sales, SEK M	1,258	1,502	3,346	3,089	5,843
Housing units sold	310	403	856	905	1,273
Sales value of housing units sold, SEK M	1,483	1,815	3,948	4,063	5,699
Housing starts	219	479	755	818	1,501
Housing units in ongoing production	2,612	2,531	2,612	2,531	2,595
Sales rate for ongoing production, %	65	73	65	73	62
Completed housing units not recognised in profit	27	46	27	46	53
Housing units for sale (ongoing and completed)	926	712	926	712	1,027
Housing units recognised in profit	300	344	764	738	1,350
Housing development for investors					
Net sales, SEK M	640		752	719	1,604
Housing units sold	62	48	66	76	332
Sales value of housing units sold, SEK M	186	131	186	226	1,066
Housing starts	62	48	66	48	304
Housing units in ongoing production	1,196	1,557	1,196	1,557	1,446
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	268		316	313	680
Average no. of employees during the financial year			910	896	905

Sweden	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
<i>no. unless otherwise stated</i>					
Building rights					
Building rights	8,500	7,200	8,500	7,200	7,600
of which, off-balance sheet building rights	3,800	2,700	3,800	2,700	2,700
Housing development for consumers					
Net sales, SEK M	573	509	1,743	2,482	3,086
Housing units sold	149	144	512	458	625
Sales value of housing units sold, SEK M	598	566	2,055	1,887	2,565
Housing starts	127	98	467	311	504
Housing units in ongoing production	890	668	890	668	724
Sales rate for ongoing production, %	65	64	65	64	65
Completed housing units not recognised in profit	50	150	50	150	159
Housing units for sale (ongoing and completed)	335	354	335	354	380
Housing units recognised in profit	146	109	410	531	659
Housing development for investors					
Net sales, SEK M	248		431	256	374
Housing units sold	337	162	337	543	543
Sales value of housing units sold, SEK M	664	308	658	951	948
Housing starts	162	162	337	374	374
Housing units in ongoing production	990	988	990	988	914
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	169		261	164	238
Average no. of employees during the financial year ¹⁾			220	185	188

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

	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Nordic (Finland, Denmark and Norway)					
<i>no. unless otherwise stated</i>					
Building rights					
Building rights	8,100	9,900	8,100	9,900	9,100
of which, off-balance sheet building rights	4,500	4,900	4,500	4,900	4,900
Housing development for consumers					
Net sales, SEK M	412	425	1,236	1,379	3,125
Housing units sold	138	235	555	613	927
Sales value of housing units sold, SEK M	452	855	2,000	1,923	3,092
Housing starts	131	49	531	267	653
Housing units in ongoing production	1,106	950	1,106	950	828
Sales rate for ongoing production, %	62	71	62	71	58
Completed housing units not recognised in profit	41	146	41	146	151
Housing units for sale (ongoing and completed)	453	407	453	407	480
Housing units recognised in profit	100	126	360	516	1,019
Housing development for investors					
Net sales, SEK M	199	253	199	689	1,106
Housing units sold	50	154	188	275	839
Sales value of housing units sold, SEK M	124	373	241	817	2,355
Housing starts	50	154	188	275	839
Housing units in ongoing production	1,117	764	1,117	764	1,027
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	94	113	94	300	601
Average no. of employees during the financial year ¹⁾			370	374	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 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
St. Petersburg-Baltics (St. Petersburg, Estonia, Latvia and Lithuania)					
<i>no. unless otherwise stated</i>					
Building rights					
Building rights	10,400	7,000	10,400	7,000	6,700
of which, off-balance sheet building rights	5,200	1,000	5,200	1,000	2,100
Housing development for consumers					
Net sales, SEK M	146	246	777	705	1,429
Housing units sold	307	292	1,204	672	1,029
Sales value of housing units sold, SEK M	393	298	1,318	763	1,123
Housing starts	285	253	551	432	1,535
Housing units in ongoing production	1,851	1,340	1,851	1,340	2,071
Sales rate for ongoing production, %	59	61	59	61	37
Completed housing units not recognised in profit	262	473	262	473	210
Housing units for sale (ongoing and completed)	800	707	800	707	1,453
Housing units recognised in profit	141	239	721	632	1,267
Housing development for investors					
Net sales, SEK M					
Housing units sold					
Sales value of housing units sold, SEK M			3	4	4
Housing starts					
Housing units in ongoing production	164	164	164	164	164
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit					
Average no. of employees during the financial year			527	507	524

Key performance indicators at end of period

	2021 30 Sep	2020 30 Sep	2020 31 Dec
Return on capital employed, % ^{1,2)}	11.5	6.1	7.9
Interest coverage ratio, multiple ¹⁾	9.0	5.7	8.3
Equity/assets ratio, %	31.7	29.4	34.6
Interest-bearing liabilities/total assets, %	20.3	24.1	20.6
Net debt	3,976	5,245	3,311
Debt/equity ratio, multiple	0.5	0.7	0.4
Capital employed	12,704	13,472	12,641
Capital employed, average	12,766	14,385	13,953
Capital turnover rate, multiple ¹⁾	1.3	1.1	1.2
Share of risk-bearing capital, %	32.2	30.0	35.2
Ordinary dividend, SEK per share			3.25
Extraordinary dividend, SEK per share			2.00
Average interest rate at period-end, % ³⁾	2.20	2.15	2.18
Average fixed-rate term, years ³⁾	0.2	0.1	0.1
Average interest rate at period-end, % ⁴⁾	1.62	1.23	1.50
Average fixed-rate term, years ⁴⁾	0.2	0.3	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		
	30 Sep 2021	30 Sep 2020	31 Dec 2020	30 Sep 2021	30 Sep 2020	31 Dec 2020
DKK	1.37	1.42	1.41	1.37	1.42	1.35
EUR	10.15	10.56	10.49	10.19	10.55	10.05
NOK	0.99	0.99	0.98	1.00	0.95	0.95
RUB	0.11	0.13	0.13	0.12	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.

Auditors' review report

To the board of directors of Bonava AB (publ), Corp. Reg. No. 556928-0380

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) for Bonava AB (publ) as per 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

SCOPE OF THE REVIEW

We have conducted our review in accordance with the Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 28 October 2021
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson

Authorised Public Accountant
Auditor in Charge

Linda Andersson

Authorised Public Accountant

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

- Q4 Year-end Report, Jan–Dec 2021, 3 February 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 person set out above on 28 October 2021 at 7:15 a.m. CEST.

WEBCAST PRESENTATION 28 OCTOBER

Peter Wallin, President and CEO, and Lars Granlöf, CFO, will present the report on 28 October 2021 at 11:00 a.m. CEST.

Follow the webcast live at:
bonava.com/audiocast_Q3_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.