



Interim report January–June 2021



Improved profitability and more starts

1 APRIL–30 JUNE 2021

- Net sales amounted to SEK 3,379 M (3,537)
- As part of the ongoing strategic review, a decision was made to wind down Bonava's Danish operations; the cost of SEK 117 M is reported as an item affecting comparability in the Nordic segment
- The gross margin was 13.8 per cent (7.2)
- Operating profit before items affecting comparability totalled SEK 257 M (56) and the operating margin was 7.6 per cent (1.6)
- Operating profit after items affecting comparability totalled SEK 140 M (56) and the operating margin was 4.1 per cent (1.6)
- Earnings per share²⁾ was SEK 0.71 (0.17)
- The equity/assets ratio was 31.4 per cent (30.6)
- The number of housing units sold was 1,246 (975)
- The number of production starts was 1,341 (751)
- A strengthened capital structure and expanded green financing of SEK 500 M, of which a green bond loan of SEK 200 M and refinancing of loans of EUR 30 M

1 JANUARY–30 JUNE 2021

- Net sales amounted to SEK 5,224 M (6,486)
- The gross margin was 13.5 per cent (7.9)
- Operating profit before items affecting comparability totalled SEK 282 M (87) and the operating margin was 5.4 per cent (1.3)
- Operating profit after items affecting comparability totalled SEK 165 M (87) and the operating margin was 3.2 per cent (1.3)
- Earnings per share²⁾ was SEK 0.65 (0.18)
- The equity/assets ratio was 31.4 per cent (30.6)
- The number of housing units sold was 2,365 (2,104)
- The number of production starts was 1,859 (1,282)

	2021 Apr-Jun	2020 Apr-Jun	Δ%	2021 Jan-Jun	2020 Jan-Jun	Δ%	Jul 2020– Jun 2021	2020 Jan-Dec
Net sales	3,379	3,537	-4	5,224	6,486	-19	15,736	16,997
Gross profit	467	253	85	706	513	38	2,172	1,979
Gross margin, %	13.8	7.2	—	13.5	7.9	—	13.8	11.6
Operating profit before items affecting comparability ¹⁾	257	56	359	282	87	226	1,317	1,121
Operating margin before items affecting comparability ¹⁾ , %	7.6	1.6	—	5.4	1.3	—	8.4	6.6
Operating profit after items affecting comparability	140	56	150	165	87	90	1,200	1,121
Operating margin after items affecting comparability, %	4.1	1.6	—	3.2	1.3	—	7.6	6.6
Profit before tax	101	25	299	93	27	240	1,065	999
Earnings per share, SEK ²⁾	0.71	0.17	818	0.65	0.18	733	7.29	6.82
Net debt	4,105	5,987	-31	4,105	5,987	-31	4,105	3,311
Return on capital employed ¹⁾ , %	10.0	6.2	—	10.0	6.2	—	10.0	7.9
Equity/assets ratio, %	31.4	30.6	—	31.4	30.6	—	31.4	34.6
Number of building rights	33,800	33,200	2	33,800	33,200	2	33,800	31,800
Number of housing units sold	1,246	975	28	2,365	2,104	12	5,829	5,568
Sales value of housing units sold	3,363	3,010	12	6,511	6,288	4	17,075	16,852
Number of housing units started	1,341	751	79	1,859	1,282	45	6,287	5,710
Number of housing units in production	10,247	8,810	16	10,247	8,810	16	10,247	9,769
Sales rate for ongoing production, %	74	79	—	74	79	—	74	70
Number of housing units recognised in profit	1,043	1,316	-21	1,708	2,263	-25	5,259	5,814

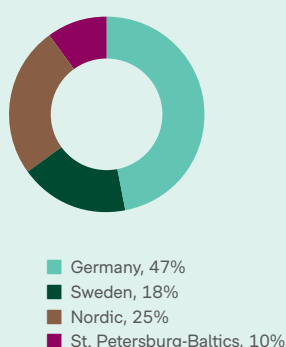
¹⁾ Costs of SEK 117 M related to the wind down of operations in Denmark were reported as an item affecting comparability.

²⁾ Before and after dilution.

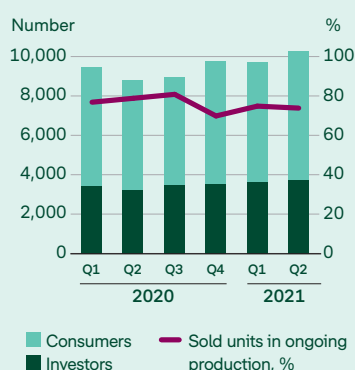
For further information on sector-related key figures for the Group, refer to page 22.

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

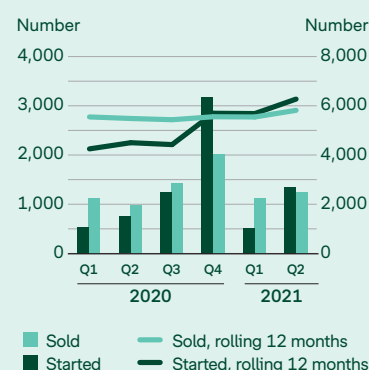
Net sales per segment
rolling 12 months



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 housing market remained strong with healthy demand for newly produced homes.

Together with more projects started, this lays the foundation for growth. A favourable project and market mix had a positive impact on the gross margin for the quarter, which is why earnings strengthened significantly despite lower net sales. The wind down of the Danish operations was a first step in the ongoing strategic review aimed at achieving increased profitability in the Group.

More production starts in a strong market

Demand for newly produced housing units remained high in all of Bonava's markets. Favourable market conditions with healthy economic growth, low unemployment and low interest rate levels have laid the foundation for a positive view of the future among consumers and companies. The trend of prioritising personal housing situations is holding fast. Combined, these drivers are strong, which also affected the sales performance of our consumer business while interest from investors was significant, with several new transactions.

It is gratifying to have been able to start production on more new housing units during the quarter in order to offer a greater supply in our markets. Our ambition to increase the number of starts for full-year 2021 by approximately five per cent compared with 2020, adjusted for Denmark, stands firm. These starts assume that the procedures for granting permits run normally, where we are primarily dependent on being able to start projects in Germany.

Gradually improved profitability

Operating profit improved considerably, even including the provision of SEK 117 M for the wind down of the Danish operations and despite fewer housing units delivered. The comparison period was heavily influenced by the effects of the pandemic and a number of low-margin projects in Germany. The gross margin for the quarter strengthened as a result of a more favourable project and market mix, of which there was a greater share of consumer projects. Our objective is to improve profitability through cost control and more efficient governance and production, which is gradually being reflected in our figures.

Rising prices for construction materials and a shortage of input goods has had a limited impact on our projects to date. We are working actively to optimise orders and the flows to our construction sites, both through strategic purchases centrally for more markets and through close dialogue with local suppliers. The margin requirements for new projects were achievable since cost increases were offset by higher sales prices. We are focused fully on the developments, since a sustained shortage of materials and price increases could impact project margins, and result in delays in deliveries and production starts.

Doubling of starts, and strengthened gross margin in Germany

In Germany, consumer demand was high with continued price increases even though the rate of increase has slowed somewhat. Interest in housing outside the cities increased. Compared with the year-earlier period, both project and regional mixes were more favourable and the gross margin for the quarter strengthened considerably. With the projects in our pipeline, healthy geographic exposure and a stable organisation, the conditions for profitable growth in our largest market are good. Our success in starting twice as many housing units is also gratifying.

More deliveries to consumers and new building rights in Sweden

Strong demand and rising prices also characterised the Swedish market, where we are now seeing signals of a slowed rate of increase but still at a high level. Earnings were strengthened primarily as a result of an improved gross margin and an increase in the share of housing units delivered to consumers. We noted healthy interest from both Swedish and international investors, with two conditional transactions in Umeå and Sollentuna, and a transaction in central Västerås after the end of the quarter. We have also replenished our building rights portfolio in attractive locations close to Stockholm and relatively short lead times to production start, including over 100 building rights for single-family homes, a market segment where demand greatly exceeds supply. The situation that has arisen, involving a potential halt to production of cement on Gotland, could have major implications for the entire Swedish construction industry.

Wind down in Denmark and more projects in Finland and Norway

The housing markets in Finland and Norway were strong, displaying a healthy sales performance with rising prices. In May, the decision was made to wind down Bonava's operations in Denmark. This was an initial step in our strategic review aimed at achieving increased



"There is a great deal of activity across the organisation to ensure deliveries and starts according to plan, while we are working purposefully to achieve more efficient and profitable operations."

profitability and balanced growth in the Group. The process of divesting the remaining land bank in Copenhagen has been initiated, and interest is significant.

In Finland, the work on streamlining our organisation, project governance and production continued. These activities will continue for several years. We began several new projects for consumers, where we also sold and began production on a rental housing project in Turkey.

Several highly profitable deliveries in St Petersburg-Baltics

The trend in the markets in St. Petersburg and the Baltic region was strong, with high demand and rising prices. Our operations have a strong market position, and conditions remain positive. A larger number of housing unit deliveries in the Baltics, and more projects with strong margins, made a positive contribution to net sales and earnings. We have also expanded our project portfolio with new building rights in the Baltics.

High level of ambition for creating long-term profitability

The second quarter showed that we have gained a firmer grasp on our business. Even if there is uncertainty concerning the continued pandemic, the underlying drivers for the housing market are strong. We have refinanced and increased our Green Financing Framework by SEK 500 M, which provides us with greater scope for action and a more balanced capital structure. This is further proof of the integrated approach and long-term perspective in our work on developing and financing sustainable homes for our customers. We have also refined our project portfolio for the future.

There is a great deal of activity across the organisation to ensure deliveries and starts according to plan, while we are working purposefully to achieve more efficient and profitable operations. Bonava celebrated five years in June, and we are now continuing with the next stage in the company's development. All with the ambition of creating more happy neighbourhoods and long-term value. Though there is much work to do, Bonava has a strong foundation for building further and I look forward with confidence to the continuing journey.

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.

Group performance

From 1 April 2021, Bonava has reintroduced the line item "items affecting comparability" to the Income Statement, refer to Note 1 and to Significant events during the quarter.

APRIL–JUNE 2021

Net sales

Net sales amounted to SEK 3,379 M (3,537). The lower net sales were attributable to fewer housing units for investors being recognised in profit.

In the quarter, 903 (767) housing units for consumers were recognised in profit, generating net sales of SEK 2,956 M (2,346). The average price per housing unit recognised in profit was slightly higher than in the year-earlier period, totalling SEK 3.3 M (3.1).

Net sales to investors totalled SEK 294 M (1,122), and the number of housing units delivered was 140 (549).

Exchange rate fluctuations had a negative effect of SEK -148 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit for the quarter before items affecting comparability was SEK 257 M (56) and the operating margin was 7.6 per cent (1.6).

Operating profit after items affecting comparability amounted to SEK 140 M (56). The item affecting comparability pertains to costs of SEK 117 M related to the wind down of Bonava's Danish operations. For more information, refer to Significant events during the quarter.

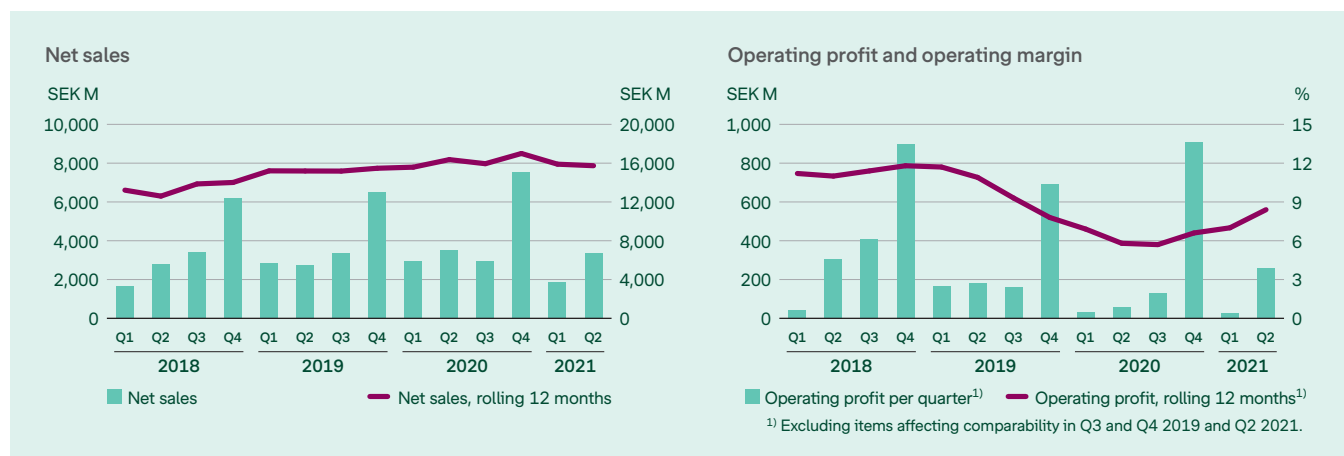
Excluding land sales and before items affecting comparability, operating profit totalled SEK 225 M (58) and the operating margin was 6.9 per cent (1.7). The higher operating margin is attributable to a greater share of housing units for consumers recognised in profit in combination with strengthened gross margins in all segments.

Exchange rate fluctuations had a negative impact of SEK -13 M on operating profit compared with the year-earlier quarter.

Net financial items, tax and profit for the quarter

Net financial items were SEK -39 M (-30). Costs were higher due to the raising of new long-term financing in September 2020 and 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 amounted to SEK 101 M (25) for the quarter. Tax on profit for the quarter was SEK 25 M (7), corresponding to a tax rate of 26 per cent (28).



JANUARY–JUNE 2021*Net sales*

Net sales amounted to SEK 5,224 M (6,486). The lower level of net sales is attributable to the fewer housing units for consumers and investors being recognised in profit.

During the period, 1,568 (1,599) housing units for consumers were recognised in profit, with net sales of SEK 4,713 M (4,968). The average price per housing unit recognised in profit was in line with the preceding year, totalling SEK 3.0 M (3.1).

Net sales to investors totalled SEK 294 M (1,415), and the number of housing units delivered was 140 (664).

Exchange rate fluctuations had a negative effect of SEK –269 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit for the period before items affecting comparability was SEK 282 M (87) and the operating margin was 5.4 per cent (1.3).

Operating profit after items affecting comparability amounted to SEK 165 M (87) and the margin was 3.2 per cent (1.3). 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. For more information, refer to Significant events during the quarter.

Excluding land sales and before items affecting comparability, operating profit totalled SEK 235 M (87) and the operating margin was 4.7 per cent (1.4). The higher operating margin is attributable

to the project mix, a greater share of housing units for consumers recognised in profit, and strengthened gross margins in all segments.

Exchange rate fluctuations had a negative impact of SEK –28 M on operating profit compared with the year-earlier period.

Net financial items, tax and profit for the quarter

Net financial items were SEK –72 M (–59). Costs were higher due to the raising of new long-term financing in September 2020 and as a result of SEK 6 M pertaining to remuneration to NCC (refer to Legal structure on page 13) being charged to net financial items as of 2021.

Profit after financial items for the period totalled SEK 93 M (27). Tax on profit for the period was SEK 24 M (7), corresponding to a tax rate of 26 per cent (28).

	2021 Apr–Jun	2020 Apr–Jun	Δ%	2021 Jan–Jun	2020 Jan–Jun	Δ%	Jul 2020– Jun 2021	2020 Jan–Dec
Net sales								
Germany	1,665	1,592	5	2,207	2,315	–5	7,359	7,466
Sweden	999	1,062	–6	1,483	2,232	–34	2,778	3,528
Nordic	436	658	–34	898	1,474	–39	3,998	4,563
St. Petersburg-Baltics	280	224	25	636	465	37	1,610	1,439
Total	3,379	3,537	–4	5,224	6,486	–19	15,736	16,997

	2021 Apr–Jun	2020 Apr–Jun	Δ%	2021 Jan–Jun	2020 Jan–Jun	Δ%	Jul 2020– Jun 2021	2020 Jan–Dec
Operating profit before items affecting comparability¹⁾								
Germany	211	60	250	203	67	203	888	752
Sweden	91	70	30	118	184	–36	217	283
Nordic	–31	–48	–	–39	–112	–65	170	97
St. Petersburg-Baltics	38	24	57	103	52	96	287	236
Parent Company and adjustments	–52	–50	–	–102	–104	–	–245	–247
Total	257	56	361	282	87	226	1,317	1,121

¹⁾ Costs of SEK 117 M related to the wind down of operations in Denmark were reported as an item affecting comparability.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 23,878 M (24,242). The decrease is primarily attributable to a reduced volume of properties held for future development and completed housing units. At 31 March 2021, assets totalled SEK 23,522 M.

NET DEBT

Net debt amounted to SEK 4,105 M (5,987) at the end of the quarter. Net debt at 31 March 2021 totalled SEK 4,179 M. The decrease compared to the year-earlier period is attributable primarily to Sweden and Nordic, where both the number and total value of completed unsold housing units decreased markedly as a result of strong sales. In Nordic, the number of building rights also decreased and the volume of properties held for future development has fallen, which contributed to the reduced need for borrowing.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Capital employed amounted to SEK 12,514 M (13,679) at the end of the quarter. The change was attributable to lower capital employed in all segments except Germany: greater worked-up value in ongoing production in Germany, fewer completed housing units in Sweden, larger customer advances in Nordic and lower worked-up value in housing units in ongoing production in St. Petersburg-Baltics. At 31 March 2021, capital employed amounted to SEK 12,315 M.

Return on capital employed (before items affecting comparability) was 10.0 per cent (6.2). 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 June, the equity/assets ratio was 31.4 per cent (30.6). The debt/equity ratio was 0.5 (0.8).

CASH FLOW APRIL-JUNE 2021

Cash flow before financing was SEK 470 M (1,131). Higher earnings were offset by higher taxes paid in Germany, where due to the pandemic Bonava had the possibility of deferring tax payments of SEK 50 M until this year. Cash flow before changes in working capital was SEK 183 M (385).

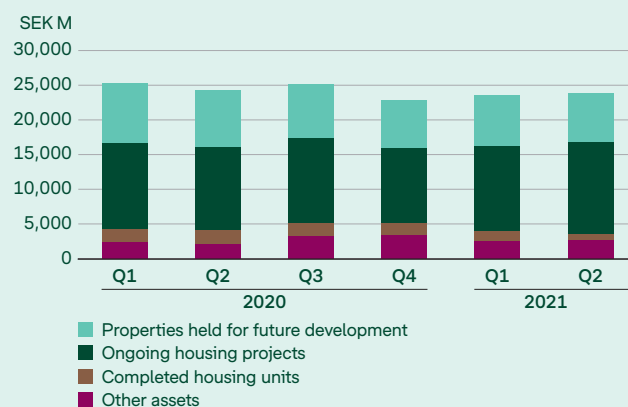
Sales of housing projects totalled SEK 2,725 M (3,195), where the decrease was attributable primarily to Nordic. Investments in housing projects were in line with the preceding year and amounted to SEK -3,158 M (-3,207). Cash flow from other changes in working capital was in line with the preceding year, totalling SEK 733 M (791).

CASH FLOW JANUARY-JUNE 2021

Cash flow before financing was SEK -337 M (927). Higher earnings were offset by higher taxes paid in Germany, deferred from the preceding year. Cash flow before changes in working capital was SEK -11 M (146).

Sales of housing projects decreased to SEK 4,212 M (5,795), primarily in Sweden and Nordic. Investments in housing projects totalled SEK -5,699 M (-7,377), a decrease in all segments except Sweden. Cash flow from other changes in working capital was SEK 1,187 M (2,423), which was primarily due to lower cash flows from interest-free financing and accrued costs in Germany.

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 housing units for both 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 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 53 (106). All of these housing units are expected to be recognised in profit as of delivery to the customers in the coming quarter. At 31 March 2021, this total was 203. The higher number at 31 March is attributable to projects in St. Petersburg-Baltics being completed ahead of schedule while delivery could not be accelerated to the same extent.

UNSOLD COMPLETED HOUSING UNITS AT END OF QUARTER

The number of unsold completed housing units at the end of the quarter was 189 (549). As of 31 March 2021, this total was 273. During the quarter, 38 housing units were added (completed without being sold) and 121 previously completed units were 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 690 consumer housing units would be completed in the second quarter. A total of 669 housing units were completed during the quarter. Slightly more housing units were completed in Germany and Sweden, while slightly fewer were completed in Nordic and St. Petersburg-Baltics.

In the quarter, 140 housing units for investors were completed in Germany and Sweden, 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 903 (767). Of these, the majority (669) were completed in the quarter but 121 previously completed housing units were also sold and recognised in profit during the quarter.

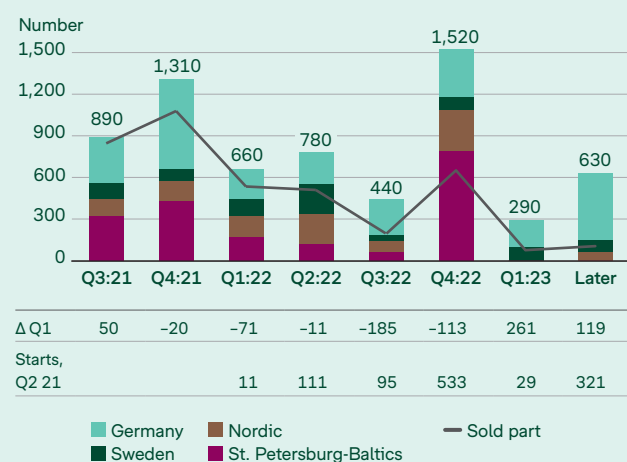
During the quarter, 140 housing units for investors in Germany and Sweden that had been completed during the quarter were recognised in profit.

VALUE OF HOUSING UNITS SOLD NOT YET RECOGNISED IN PROFIT

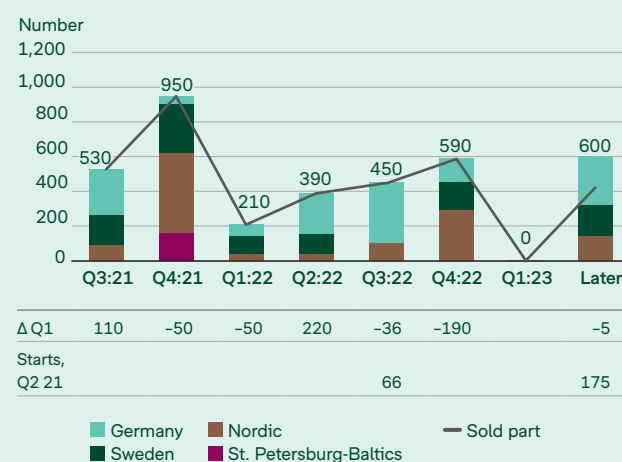
The value of sold housing units in production and completed housing units sold but not yet recognised in profit at the end of the quarter was SEK 14,422 M (13,860) for consumers and SEK 8,132 M (6,815) for investors.

Estimated completions per quarter

Consumers



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 June 2021. The diagrams thus provide an indication of future net sales in the income statement.

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. 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 started during the quarter. These units thus entail an increase in the total number of units included in the graph.

Germany

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

MARKET, HOUSING UNITS SOLD AND STARTED

Demand for housing units for consumers was strong, with continued price increases even if the rate had slowed slightly. The trend showed increased interest in housing outside the cities. Extended and expanded lock-downs as a result of the pandemic continued to have an impact on processing times for building permits and project starts.

The number of housing units sold to consumers increased to 314 (261).

The sales rate for ongoing production decreased to 76 per cent (85) owing to more housing starts. The number of housing starts for consumers was twice that of the year-earlier quarter, totalling 392 (190). No projects for investors were started during the quarter (0).

Contracts for minor land acquisitions in several regions were signed.



NET SALES AND PROFIT

April-June 2021

Net sales amounted to SEK 1,665 M (1,592). The increase was due to more housing units for consumers being recognised in profit, 334 (214). During the quarter, 324 housing units were completed, slightly more than the approximately 290 estimated at the end of the preceding quarter. The majority of the completed housing units in the quarter could also be delivered to customers, which enabled the increase in net sales.

Operating profit was SEK 211 M (60) and the operating margin was 12.7 per cent (3.8). The higher operating margin is attributable to the regional mix, and to individual projects having a higher average project margin than projects in ongoing production. The situation in the preceding year was the reverse: regional and product mixes, as well as individual projects with low margins, resulted in an overall low operating margin.

January-June 2021

Net sales amounted to SEK 2,207 M (2,315), a decrease attributable to fewer housing units for investors being recognised in profit. Operating profit was SEK 203 M (67) and the operating margin was 9.2 per cent (2.9). Excluding land sales, operating profit amounted to SEK 201 M (61) and the operating margin was 9.1 per cent (2.7). The higher operating margin is attributable to a larger share of housing units for consumers recognised in profit and a more favourable regional mix. The operating margin was also strengthened by lower selling and administrative expenses.

	2021 Apr-Jun	2020 Apr-Jun	Δ%	2021 Jan-Jun	2020 Jan-Jun	Δ%	2020 Jan-Dec
Net sales	1,665	1,592	5	2,207	2,315	-5	7,466
Gross profit	281	127	122	342	216	58	1,036
Gross margin, %	16.9	8.0	—	15.5	9.3	—	13.9
Selling and administrative expenses	-70	-66	—	-139	-149	—	-284
Operating profit/loss	211	60	250	203	67	-7	752
Operating margin, %	12.7	3.8	—	9.2	2.9	—	10.1
Capital employed	4,356	4,120	6	4,356	4,120	6	4,128
of which, carrying amount of properties held for future development	2,782	2,908	-4	2,782	2,908	-4	2,751
Return on capital employed, %	20.6	13.0	—	20.6	13.0	—	16.7
Number of housing units sold	314	261	20	550	530	4	1,605
Sales value of housing units sold	1,419	1,234	15	2,466	2,342	5	6,765
Number of housing units started	392	190	106	540	339	59	1,805
Number of housing units in ongoing production	4,096	3,899	5	4,096	3,899	5	4,041
Sales rate for ongoing production, %	76	85	—	76	85	—	76
Number of housing units completed, not recognised in profit	27	52	-48	27	52	-48	53
Number of housing units for sale (ongoing production and completed)	1,018	636	60	1,018	636	60	1,027
Number of housing units recognised in profit	382	527	-28	512	707	-28	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.

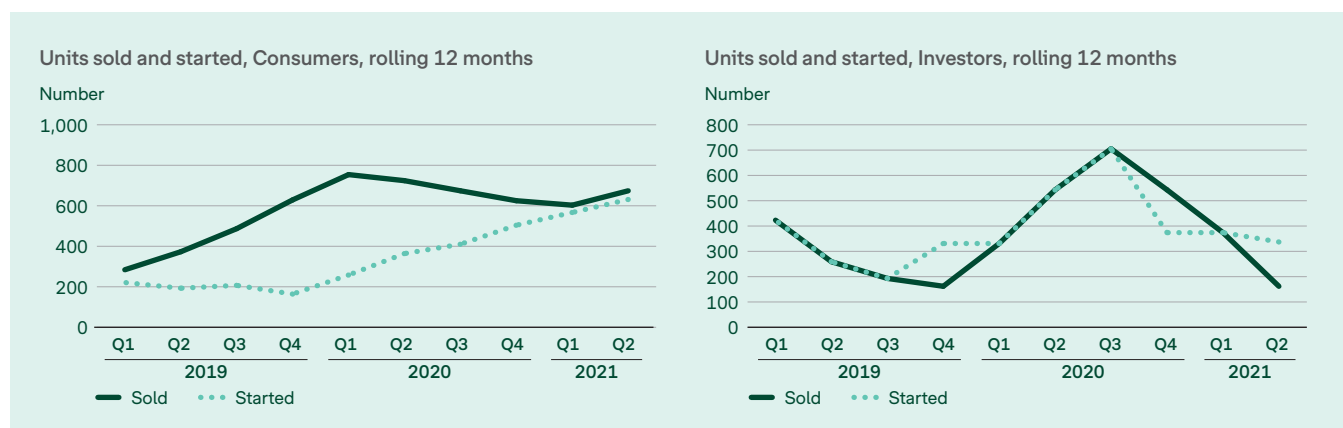
MARKET, HOUSING UNITS SOLD AND STARTED

In Sweden, the housing market remained strong with rising prices that showed a slowdown in the rate of increase at the end of the quarter.

The number of housing units sold decreased, as 0 (212) were sold to investors during the quarter. The number of housing units sold to consumers increased to 167 (96). The trend in the rate of sales of unsold completed housing units remained positive during the quarter. The sales rate for ongoing production decreased to 74 per cent (81).

The number of production starts was slightly higher, totalling 345 (318), of which one rental housing project with 175 housing units was started in Umeå. Conditional contracts for the sale of two rental apartment projects in Umeå and Sollentuna were signed, and after the end of the quarter a further project in central Västerås was sold.

The building rights portfolio expanded during and after the quarter with building rights in attractive locations close to Stockholm, including over 100 building rights for single-family homes.



NET SALES AND PROFIT

April–June 2021

Net sales amounted to SEK 999 M (1,062), a decrease attributable to fewer housing units for investors being recognised in profit.

Operating profit totalled SEK 91 M (70), and the operating margin was 9.1 per cent (6.6). Excluding land sales, operating profit amounted to SEK 68 M (70) and the operating margin was 7.3 per cent (6.6). The higher operating margin was attributable to a larger share of housing units delivered to consumers and to a higher gross margin. Selling and administrative expenses were somewhat lower than in the preceding year despite temporary furloughs and other measures as a consequence of the pandemic during the second quarter of the preceding year.

January–June 2021

Net sales totalled SEK 1,483 (2,232) M, a decrease attributable to fewer housing units for both consumers and investors being recognised in profit.

Operating profit was SEK 118 M (184) and the operating margin was 8.0 per cent (8.2). Excluding land sales, operating profit amounted to SEK 86 M (185) and the operating margin was 6.3 per cent (8.3). The lower operating margin excluding land sales is attributable to lower volumes that were partially offset by higher gross margins for consumers.

	2021 Apr–Jun	2020 Apr–Jun	Δ%	2021 Jan–Jun	2020 Jan–Jun	Δ%	2020 Jan–Dec
Net sales	999	1,062	-6	1,483	2,232	-34	3,528
Gross profit	121	101	20	184	251	-27	411
Gross margin, %	12.2	9.5	—	12.4	11.2	—	11.7
Selling and administrative expenses	-30	-31	—	-66	-67	—	-128
Operating profit/loss	91	70	30	118	184	-36	283
Operating margin, %	9.1	6.6	—	8.0	8.2	—	8.0
Capital employed	3,083	3,476	-11	3,083	3,476	-11	3,020
of which, carrying amount of properties held for future development	1,447	1,720	-16	1,447	1,720	-16	1,575
Return on capital employed, %	6.5	10.7	—	6.5	10.7	—	7.7
Number of housing units sold	167	308	-46	363	695	-48	1,168
Sales value of housing units sold	657	762	-14	1,451	1,964	-26	3,513
Number of housing units started	345	318	8	515	425	21	878
Number of housing units in ongoing production	1,878	1,514	24	1,878	1,514	24	1,638
Sales rate for ongoing production, %	74	81	—	74	81	—	85
Number of housing units completed, not recognised in profit	78	141	-45	78	141	-45	159
Number of housing units for sale (ongoing production and completed)	532	400	33	532	400	33	380
Number of housing units recognised in profit	268	318	-16	356	586	-39	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 were strong, and both markets displayed a healthy sales performance with rising prices.

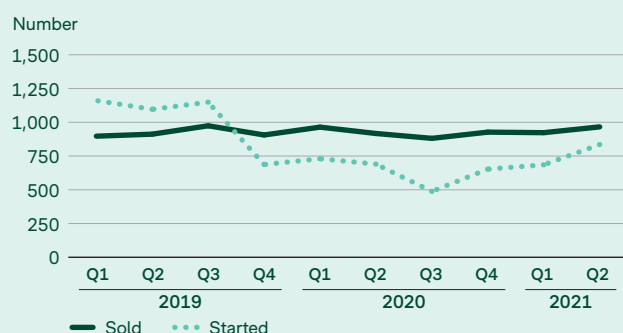
As part of the ongoing strategic review, the decision was made to wind down Bonava's operations in Copenhagen and exit the Danish market. The process of divesting the remaining land bank has been initiated and is expected to be completed in the second half of 2021. The operations are expected to be fully wound down in approximately two years, while warranty commitments will remain valid for a 10-year period.

The number of housing units sold to consumers totalled 193 (150). The sales rate for ongoing production increased to 82 per cent (77).

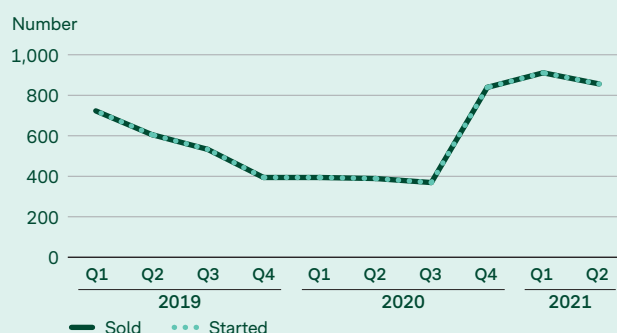
The number of housing starts for consumers increased to 272 (122). A rental housing project comprising 66 apartments in Turku was sold and production was started.

In Finland, building rights were acquired in Tampere and the *Leinelä capital area*.

Units sold and started, Consumers, rolling 12 months



Units sold and started, Investors, rolling 12 months



NET SALES AND PROFIT

April–June 2021

Net sales amounted to SEK 436 M (658). The decrease is attributable to fewer housing units for consumers and investors being recognised in profit.

Operating loss before items affecting comparability amounted to SEK -31 M (-48) and the operating margin was -7.0 per cent (-7.4). For more information, refer to Significant events during the quarter. Adjusted for land sales as well, operating loss was SEK -40 M (-46) and the operating margin was -10.6 per cent (-7.8). The gross margin for consumers strengthened while cost savings in Finland and a smaller number of employees also contributed positively, which however was not enough to offset low volumes and higher overheads as a result of the build-up of Norwegian operations.

January–June 2021

Net sales totalled SEK 898 M (1,474), 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 -39 M (-112) and the operating margin was -4.3 per cent (-7.6). Adjusted for land sales as well, operating loss was SEK -52 M (-108) and the operating margin was -6.3 per cent (-7.7). The gross margin for consumers was higher, but increased overheads in combination with fewer housing units delivered offset the improved underlying profitability in the consumer business.

	2021 Apr–Jun	2020 Apr–Jun	Δ%	2021 Jan–Jun	2020 Jan–Jun	Δ%	2020 Jan–Dec
Net sales	436	658	-34	898	1,474	-39	4,563
Gross profit/loss	21	-5	—	61	-19	—	274
Gross margin, %	4.9	-0.7	—	6.8	-1.3	—	6.0
Selling and administrative expenses	-52	-44	—	-100	-93	—	-177
Operating profit/loss before items affecting comparability	-31	-48	—	-39	-112	—	97
Operating margin before items affecting comparability, %	-7.0	-7.4	—	-4.3	-7.6	—	2.1
Items affecting comparability	-117	—	—	-117	—	—	—
Operating profit/loss after items affecting comparability	-148	-48	—	-156	112	—	97
Operating margin after items affecting comparability, %	-33.9	-7.4	—	-17.4	-7.6	—	2.1
Capital employed	3,682	4,543	-19	3,682	4,543	-19	3,427
of which, carrying amount of properties held for future development	2,108	2,812	-22	2,108	2,812	-22	2,060
Return on capital employed, % ¹⁾	4.2	-6.2	—	4.2	-6.2	—	2.2
Number of housing units sold	259	271	-4	555	499	11	1,766
Sales value of housing units sold	767	861	-11	1,666	1,512	10	5,448
Number of housing units started	338	243	39	538	339	59	1,492
Number of housing units in ongoing production	2,217	1,665	33	2,217	1,665	33	1,855
Sales rate for ongoing production, %	82	77	—	82	77	—	81
Number of housing units completed, not recognised in profit	60	231	-74	60	231	-74	151
Number of housing units for sale (ongoing production and completed)	460	594	-23	460	594	-23	480
Number of housing units recognised in profit	122	245	-50	260	577	-55	1,620

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.

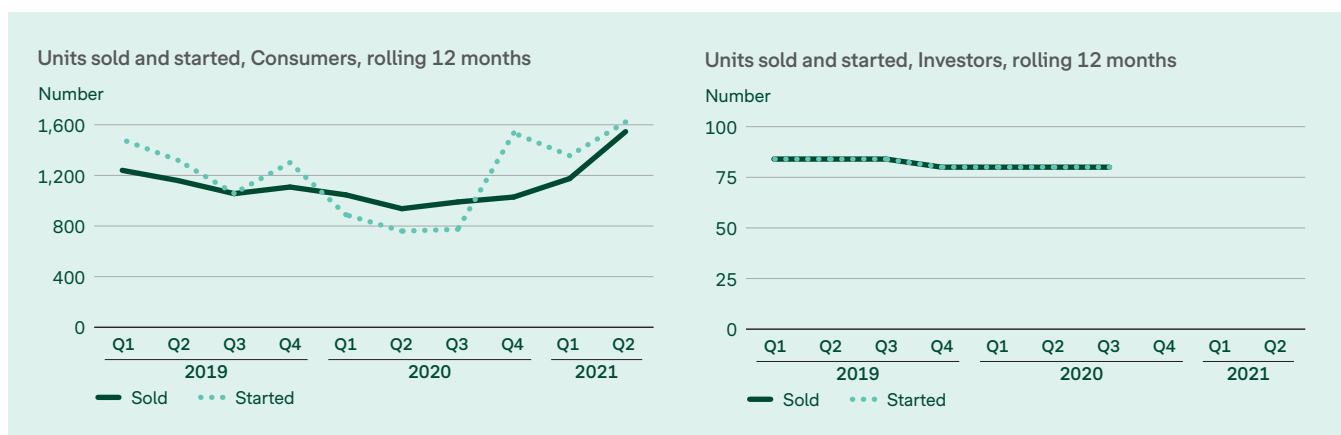
MARKET, HOUSING UNITS SOLD AND STARTED

The markets in St. Petersburg and the Baltics performed strongly, with continued high demand and rising prices.

Sales of housing units remained strong in all markets. Housing units sold to consumers increased to 506 (135), where primarily Latvia accounted for the increase compared with the year-earlier quarter.

The sales rate for ongoing production totalled 63 per cent (67). The number of housing starts for consumers increased to 266 (0).

In the Baltics, the building rights portfolio was expanded in Tallinn and Vilnius, where the current plan is to construct approximately 1,000 new housing units.



NET SALES AND PROFIT

April–June 2021

Net sales totalled SEK 280 M (224), an increase attributable to more housing units for consumers being recognised in profit: 271 (226), of which 113 were completed during the quarter. The majority of the completed housing units at the end of the preceding quarter were delivered according to plan and contributed to net sales for the quarter.

Operating profit totalled SEK 38 M (24), and the operating margin was 13.6 per cent (10.8). The improved operating margin is attributable to a higher gross margin in combination with increased volumes.

January–June 2021

Net sales totalled SEK 636 M (465), an increase attributable to more housing units for consumers being recognised in profit.

Operating profit was SEK 103 M (52) and the operating margin was 16.2 per cent (11.3). The improved operating margin is attributable to a higher gross margin in combination with increased volumes. Selling and administrative expenses were slightly lower year-on-year. Lower overheads in previously established markets were offset in part by the establishment in Lithuania.

	2021 Apr–Jun	2020 Apr–Jun	Δ%	2021 Jan–Jun	2020 Jan–Jun	Δ%	2020 Jan–Dec
Net sales	280	224	25	636	465	37	1,439
Gross profit	53	40	32	134	85	57	300
Gross margin, %	18.9	17.8	—	21.1	18.3	—	20.8
Selling and administrative expenses	-15	-15	—	-31	-32	—	-63
Operating profit	38	24	57	103	52	96	236
Operating margin, %	13.6	10.8	—	16.2	11.3	—	16.4
Capital employed	1,282	1,326	-3	1,282	1,326	-3	1,126
of which, carrying amount of properties held for future development	779	893	-4	779	893	-4	611
Return on capital employed, %	23.6	8.7	—	23.6	8.7	—	19.1
Number of housing units sold	506	135	275	897	380	136	1,029
Sales value of housing units sold	519	153	238	928	468	98	1,127
Number of housing units started	266	—	—	266	179	49	1,535
Number of housing units in ongoing production	2,056	1,732	19	2,056	1,732	19	2,235
Sales rate for ongoing production, %	63	67	—	63	67	—	41
Number of housing units completed, not recognised in profit	77	231	-67	77	231	-67	210
Number of housing units for sale (ongoing production and completed)	824	746	10	824	746	10	1,453
Number of housing units recognised in profit	271	226	20	580	393	48	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 quarter, Bonava started the production of 1,341 housing units (751).
All production starts are reported at bonava.com/en/investor-relations/housing-starts

Germany

Panke Aue, Berlin

Project start: Q2, 2021

Location: Bernau, Berlin

Housing category: Multi-family housing

Number of units: 130 apartments for consumers

At the northern city limits of Berlin, in surroundings close to nature, Panke Aue offers a balance between work and private life. Energy-efficient occupancy-linked apartments in various sizes, heated with environmentally friendly district heating, are being constructed. In addition to balconies and terraces, there is a private shared garden and in the very heart of the neighbourhood there are play areas and seating groups that create meeting places. Residents also have access to car sharing services and bicycle parking spaces, and on the roof is a meadow for bees.



Sweden

Bark, Tomtebo gård, Umeå

Project start: Q2, 2021

Location: Tomtebo gård, Umeå

Housing category: Multi-family housing

Number of units: 175 rental apartments for investors

The Bark district is part of Tomtebo gård, one of Umeå's newest residential districts immediately adjacent to the recreational areas on the Nydalasjön lake. The project is being constructed with a high sustainability profile and low energy consumption, and offers a child-friendly neighbourhood with activity-based play areas and proximity to preschools.



Nordic – Finland

Helsingin Ellen, Helsinki

Project start: Q2, 2021

Location: Mellersta-Böle, Helsinki

Housing category: Multi-family housing

Number of units: 100 apartments for consumers

The project is being constructed in a new city district located next to Tripla, Finland's largest shopping centre, and the rail station, and in proximity to Helsinki's central park and the city centre. With two green roof terraces, a shared club space and sauna on the 12th floor, the initial interest in the new project has been significant.



St. Petersburg-Baltics – Latvia

Vertikales, Riga

Project start: Q2, 2021

Location: Imanta district, Riga

Housing category: Multi-family housing

Number of units: 134 apartments for consumers

The new housing units are being constructed in the Imanta district, close to the airport, and a comfortable distance from Riga city centre. The housing units have a beautiful view, close to green spaces such as parks and forests. The project's features include an 'A' rating in energy efficiency. The neighbourhood offers activities for all ages and interests, such as a shared space for barbecues and several different areas for outdoor exercise.



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.

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 greatly impacted Bonava's risk exposure over the past year and will continue to affect the company's operation. With the health and safety of employees, customers and projects as the highest priority, Bonava's active risk-mitigation activities are focused on ensuring business continuity. During the quarter, production essentially proceeded as usual.

In terms of financial risks, the increased risks from the pandemic are considered to be greatest for liquidity, financing and valuation risks. The impact on financial position and payment capacity is being routinely monitored and assessed.

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 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 has increased as a consequence of the uncertainty resulting from the ongoing pandemic.

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the period was 2,094 (2,065).

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. 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. The share capital was SEK 434 M on the reporting date, divided among 108,435,822 shares and 210,209,910 votes. At 30 June 2021, Bonava had 11,308,232 Class A shares and 97,127,590 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 30,389 (33,251). 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 6.9 per cent of the capital and 4.1 per cent of the votes and Lannebo Fonder with 5.7 per cent of the capital and 2.9 per cent of the votes.

The ten largest shareholders controlled a total of 54.8 per cent of the capital and 65.7 per cent of the votes. More information on the Bonava share and owners is available at bonava.com/investor-relations.

SEASONAL EFFECTS

Bonava recognises revenues and earnings from housing sales when sold and completed housing units are delivered to customers. Bonava's operations are affected by seasonal variations, which means that a majority of housing units are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow before financing are usually stronger in the fourth quarter than in other quarters. This is shown in the charts depicting the estimated completions by quarter on page 7.

SIGNIFICANT EVENTS DURING THE QUARTER

Wind down of operations in Denmark

On 26 May, the decision was announced that Bonava's operations in Denmark would be wound down to achieve increased efficiency and profitability in the Group as an initial step in the ongoing strategic review. The cost of SEK 117 M was recognised under items affecting comparability in the second quarter of 2021 and pertains primarily to provisions for warranty commitments as well as costs related to the termination of personnel and for the remaining organisation. The plan is to divest the remaining land bank during the second half of 2021. The operations are expected to be fully wound down in approximately two years, while warranty commitments will remain valid for a 10-year period. Denmark's share of net sales for full-year 2020 was 6 per cent, totalling SEK 935 M, and EBIT was SEK –80 M.

Increased green financing and strong capital structure

On 3 June, Bonava increased its senior unsecured green bond, with maturity in March 2024, by SEK 200 M. The issue price was 101.9 which converts to 3M STIBOR +2.64 basis points to first call date. The proceeds will be used in accordance with Bonava's Green Financing Framework.

During the quarter, an existing loan of EUR 30 M was also refinanced with Svensk Exportkredit. It is now classified as green and is part of the company's green financing. In all, this has resulted in an expansion of Bonava's Green Financing Framework by a total of SEK 500 M and extended maturities under more attractive terms, which in turn has resulted in a better-balanced capital structure and lower financing costs. Refer to Note 3 and to bonava.com/en/financing/green-finance-framework for more information.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

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

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.

Consolidated income statement

	Note	2021	2020	2021	2020	Jul 2020–	2020
	1	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jun 2021	Jan–Dec
Net sales	2	3,379	3,537	5,224	6,486	15,736	16,997
Production costs		-2,911	-3,284	-4,519	-5,973	-13,564	-15,018
Gross profit		467	253	706	513	2,172	1,979
Selling and administrative expenses		-210	-197	-423	-426	-855	-857
Operating profit before items affecting comparability	2	257	56	282	87	1,317	1,121
Items affecting comparability		-117		-117		-117	
Operating profit after items affecting comparability		140	56	165	87	1,200	1,121
Financial income		3	7	7	8	15	16
Financial expenses		-41	-37	-79	-67	-150	-138
Net financial items		-39	-30	-72	-59	-135	-122
Profit after financial items	2	101	25	93	27	1,065	999
Tax on profit for the period		-26	-7	-24	-7	-283	-267
Profit for the period¹⁾		75	18	69	20	782	733
Per share data before and after dilution							
Profit for the period before items affecting comparability, SEK		1.56	0.17	1.50	0.18	8.14	6.82
Profit for the period after items affecting comparability, SEK		0.71	0.17	0.65	0.18	7.29	6.82
Cash flow from operating activities, SEK		4.51	10.81	-2.91	9.18	23.24	35.30
Shareholders' equity, SEK		69.96	69.20	69.96	69.20	69.96	73.87
No. of shares at 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 June was 1,245,355 (1,245,355).

Consolidated statement of comprehensive income

	Note	2021	2020	2021	2020	Jul 2020–	2020
	1	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jun 2021	Jan–Dec
Profit for the period		75	18	69	20	782	733
<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		-34	-69	72	-118	-140	-330
Other comprehensive income for the period		-34	-69	72	-118	-140	-330
Comprehensive income/loss for the period¹⁾		41	-51	142	-98	642	403

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

Condensed consolidated balance sheet

	Note 1, 4, 5	2021 30 Jun	2020 30 Jun	2020 31 Dec
ASSETS				
Fixed assets		803	812	847
Current assets				
Properties held for future development ¹⁾		7,116	8,136	6,998
Ongoing housing projects		13,264	12,096	10,785
Completed housing units		821	1,920	1,706
Current receivables		995	1,026	1,151
Cash and cash equivalents	3	879	252	1,387
Total current assets		23,075	23,430	22,037
TOTAL ASSETS		23,878	24,242	22,874
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to Parent Company shareholders		7,499	7,418	7,918
Non-controlling interest		4	5	4
Total shareholders' equity		7,504	7,423	7,923
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	3	2,812	1,485	3,063
Other non-current liabilities		187	303	227
Non-current provisions		832	667	805
Total non-current liabilities		3,832	2,455	4,095
Current liabilities				
Current interest-bearing liabilities	3	2,198	4,772	1,655
Other current liabilities		10,344	9,593	9,202
Total current liabilities		12,542	14,365	10,857
Total liabilities		16,374	16,819	14,952
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,878	24,242	22,874

¹⁾ Of which SEK 308 M pertains to properties where the intent is to divest in conjunction with the winding up of the Danish operations.

Condensed changes in shareholders' equity, Group

	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	142		142
Dividend ¹⁾	-563		-563
Performance-based incentive programme	2		2
Closing shareholders' equity, 30 June 2021	7,499	4	7,504

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 to be paid in October. The unpaid instalment has been recognised as a short-term interest-free liability.

Condensed consolidated cash flow statement

	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	Jul 2020- Jun 2021	2020 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	101	25	93	27	1,065	999
Adjustments for items not included in cash flow	243	342	105	147	537	579
Tax paid	-162	18	-210	-28	-366	-184
Cash flow from operating activities before change in working capital	183	385	-11	146	1,237	1,394
Cash flow from change in working capital						
Sales of housing projects	2,725	3,195	4,212	5,795	12,938	14,521
Investments in housing projects	-3,158	-3,207	-5,699	-7,377	-12,501	-14,179
Other changes in working capital	733	791	1,187	2,423	818	2,054
Cash flow from change in working capital	301	778	-301	841	1,254	2,396
Cash flow from operating activities	484	1,164	-312	987	2,491	3,790
INVESTMENT ACTIVITIES						
Cash flow from investment activities	-14	-33	-24	-60	-92	-128
CASH FLOW BEFORE FINANCING	470	1,131	-337	927	2,398	3,662
FINANCING ACTIVITIES						
Dividend	-391		-391		-391	
Purchase of treasury shares		-19		-19		-19
Increase in interest-bearing liabilities	400	38	809	874	2,604	2,669
Decrease in interest-bearing liabilities	-250	-1,338	-605	-2,001	-3,932	-5,328
Change in interest-bearing receivables	-9	2	-7	4	-10	1
Cash flow from financing activities	-250	-1,317	-194	-1,142	-1,728	-2,676
CASH FLOW DURING THE PERIOD	219	-187	-531	-215	670	986
Cash and cash equivalents at start of period	659	428	1,387	499	252	499
Exchange rate difference in cash and cash equivalents	1	10	22	-32	-44	-98
CASH AND CASH EQUIVALENTS AT END OF PERIOD	879	252	879	252	879	1,387

Notes for the Group

NOTE 1 Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board. This Interim Report covers pages 1–27, and pages 1–13 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 as of 30 June 2021 pertain to costs relating to the wind down of operations in Denmark. The total cost of SEK 117 M 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

Apr–Jun 2021	Germany	Sweden	Nordic	St. Petersburg-Baltics	Parent Company and adjustments	Total
Net sales, consumers	1,552	755	371	277		2,956
Net sales, investors	112	182				294
Net sales, land		61	63			124
Other revenue			1	2		4
Operating profit/loss before items affecting comparability	211	91	-31	38	-52	257
Items affecting comparability			-117			-117
Operating profit/loss after items affecting comparability	211	91	-148	38	-52	140
Net financial items						-39
Profit after financial items						101
Capital employed	4,356	3,083	3,682	1,282	111	12,514

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

Jan–Jun 2021	Germany	Sweden	Nordic	St. Petersburg- Baltics	Parent Company and adjustments	Total
Net sales, consumers	2,088	1,170	824	631		4,713
Net sales, investors	111	182				294
Net sales, land	7	130	71			208
Other revenue		1	3	5		9
Operating profit/loss before items affecting comparability	203	118	-39	103	-102	282
Items affecting comparability			-117			-117
Operating profit/loss after items affecting comparability	203	118	-156	103	-102	165
Net financial items						-72
Profit after financial items						93
Capital employed	4,356	3,083	3,682	1,282	111	12,514

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

Jan–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 Jun	2020 30 Jun	2020 31 Dec
Non-current interest-bearing receivables	2	2	2
Current interest-bearing receivables	24	15	17
Cash and cash equivalents	879	252	1,387
Interest-bearing receivables	905	270	1,407
Non-current interest-bearing liabilities	2,812	1,485	3,063
Current interest-bearing liabilities	2,198	4,772	1,655
Interest-bearing liabilities¹⁾	5,010	6,256	4,718
Net debt	4,105	5,987	3,311

¹⁾ Of which SEK 1,807 M (615) in green loans. The green asset base pledged consisted of assets in Sweden and Denmark that are or will be Nordic Swan eco-labelled.

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 Jun	2020 30 Jun	2020 31 Dec
Cash and cash equivalents	60	14	20
Gross debt	1,558	1,891	1,361
Net debt in tenant-owner associations and housing companies	1,498	1,877	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 2.2 Bn.

Financing	Maturity, year	Amount	Utilised	Unutilised
Overdraft facilities	<364 days	622		622
Loan	2021	607	607	
Loan	2022	800	800	
RCF/commercial paper	2023	3,000		3,000
Bond	2024	1,200	1,200	
Loan	2025–27	708	708	
Total		6,938	3,316	3,622

During the quarter, Bonava increased its senior unsecured green bond of SEK 200 M and refinanced an existing loan of EUR 30 M, which explains the increase in financing that matures in 2024 and later compared with 31 March 2021.

NOTE 4 Fair value of financial instruments

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

At level 1, Bonava has one outstanding bond loan valued at SEK 1,203 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 in an active market.

	2021 30 Jun	2020 30 Jun	2020 31 Dec
Derivatives	8	66	55
Total assets	8	66	55
Derivatives	4	1	1
Total liabilities	4	1	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 receivable, 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 and contingent liabilities

	2021 30 Jun	2020 30 Jun	2020 31 Dec
Pledged assets			
<i>For own liabilities</i>			
Property mortgages	1,186	1,472	869
Restricted bank funds		14	7
Other pledged assets	6	4	6
Total pledged assets	1,192	1,490	882
Surety and guarantee obligations			
<i>Own contingent liabilities</i>			
Counter guarantee to external guarantors ¹⁾	3,355	3,216	3,913
Total surety and guarantee obligations	3,355	3,216	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–JUNE 2021

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the company totalled SEK 141 M (141). Profit after financial items totalled SEK 34 M (59).

INCOME STATEMENT	Note 1	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Net sales		141	141	281
Selling and administrative expenses		-227	-236	-505
Operating loss		-86	-95	-225
Profit from participations in Group companies		78	101	568
Financial income		88	99	178
Financial expenses		-46	-47	-90
Profit after financial items		34	59	431
Appropriations				161
Profit before tax		34	59	591
Tax on profit for the period		7	9	-1
Profit for the period		41	68	590

BALANCE SHEET	Note 1, 2	2021 30 Jun	2020 30 Jun	2020 31 Dec
Assets				
Fixed assets		2,727	2,405	2,742
Current assets		8,253	9,235	8,492
Total assets		10,980	11,640	11,234
Shareholders' equity and liabilities				
Shareholders' equity		7,189	7,186	7,709
Untaxed reserves			32	
Provisions			4	6
Non-current liabilities		2,406	902	2,176
Current liabilities		1,385	3,515	1,343
Total shareholders' equity and liabilities		10,980	11,640	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 Jun	2020 30 Jun	2020 31 Dec
Counter guarantee to external guarantors	13,365	13,744	13,534
Guarantees for project-specific financing	1,194	883	811
Guarantees for Group companies	5,221	5,252	5,092
Other pledged assets	6	4	6
Total	19,787	19,883	19,443

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

	2021 30 Jun	2020 30 Jun	2020 31 Dec
Counter guarantee to external guarantors ¹⁾	4,337	4,148	3,918
Guarantees for project-specific financing	1,194	883	811
Total	5,531	5,031	4,729

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.

Sector-related key figures for the Group

No. unless otherwise stated	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Building rights	33,800	33,200	33,800	33,200	31,800
Of which, off-balance sheet building rights	14,100	10,900	14,100	10,900	12,300
Housing development for consumers					
Housing units sold	1,180	642	2,223	1,574	3,854
Sales value of housing units sold, SEK M	3,251	2,195	6,396	5,102	12,479
Housing starts	1,100	418	1,542	949	4,193
Housing units in ongoing production	6,523	5,588	6,523	5,588	6,218
Sales rate for ongoing production, %	62	67	62	67	53
Reservation rate for ongoing production, %	3	4	3	4	3
Completion rate for ongoing production, %	47	57	47	57	49
Completed housing units not recognised in profit	242	655	242	655	573
Housing units for sale (ongoing and completed)	2,659	2,376	2,659	2,376	3,340
Housing units recognised in profit	903	767	1,568	1,599	4,295
Value of sold housing units, not yet recognised in profit, SEK M	14,422	13,860	14,422	13,860	12,558
Housing development for investors					
Housing units sold	66	333	142	530	1,714
Sales value of housing units sold, SEK M	112	815	114	1,185	4,373
Housing starts	241	333	317	333	1,517
Housing units in ongoing production	3,724	3,222	3,724	3,222	3,551
Sales rate for ongoing production, %	95	100	95	100	100
Completion rate for ongoing production, %	49	38	49	38	38
Housing units recognised in profit	140	549	140	664	1,519
Value of sold housing units, not yet recognised in profit, SEK M	8,132	6,815	8,132	6,815	7,861

	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Number of housing units in production for consumers					
Housing units in ongoing production at start of period	6,089	6,028	6,218	6,179	6,179
Change in opening value ¹⁾	3				
Housing starts	1,100	418	1,542	949	4,193
Housing units recognised in profit	-903	-767	-1,568	-1,599	-4,295
Decrease (+)/increase (-) in completed housing units not recognised in profit	234	-91	331	59	141
Housing units in ongoing production for consumers at end of period	6,523	5,588	6,523	5,588	6,218
Number of housing units in production for investors					
Housing units in ongoing production at start of period	3,623	3,438	3,551	3,553	3,553
Change in opening value ²⁾			-4		
Housing starts	241	333	317	333	1,517
Housing units recognised in profit	-140	-549	-140	-664	-1,519
Housing units in ongoing production for investors at end of period	3,724	3,222	3,724	3,222	3,551

¹⁾ Local environmental regulations have led to a reduction in the number of housing units and adjustments to opening balances.

²⁾ Change initiated by investors.

Sector-related key figures for the segments

Germany, no. unless otherwise stated	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Building rights					
Building rights	7,900	8,800	7,900	8,800	8,400
of which, off-balance sheet building rights	2,000	2,600	2,000	2,600	2,600
Housing development for consumers					
Net sales, SEK M	1,552	869	2,088	1,582	5,843
Housing units sold	314	261	546	502	1,273
Sales value of housing units sold, SEK M	1,419	1,234	2,465	2,248	5,699
Housing starts	392	190	536	339	1,501
Housing units in ongoing production	2,694	2,390	2,694	2,390	2,595
Sales rate for ongoing production, %	63	75	63	75	62
Completed housing units not recognised in profit	27	52	27	52	53
Housing units for sale (ongoing and completed)	1,018	636	1,018	636	1,027
Housing units recognised in profit	334	214	464	394	1,350
Housing development for investors					
Net sales, SEK M	112	723	111	723	1,604
Housing units sold ¹⁾			4	28	332
Sales value of housing units sold, SEK M				94	1,066
Housing starts			4		304
Housing units in ongoing production	1,402	1,509	1,402	1,509	1,446
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit	48	313	48	313	680
Average no. of employees during the financial year			906	906	905

¹⁾ Change initiated by investors in the first quarter of 2021.

Sweden, no. unless otherwise stated	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Building rights					
Building rights	8,100	7,400	8,100	7,400	7,600
of which, off-balance sheet building rights	3,300	2,100	3,300	2,100	2,700
Housing development for consumers					
Net sales, SEK M	755	806	1,170	1,973	3,086
Housing units sold	167	96	363	314	625
Sales value of housing units sold, SEK M	656	374	1,457	1,321	2,565
Housing starts	170	106	340	213	504
Housing units in ongoing production	881	688	881	688	724
Sales rate for ongoing production, %	64	59	64	59	65
Completed housing units not recognised in profit	78	141	78	141	159
Housing units for sale (ongoing and completed)	357	400	357	400	380
Housing units recognised in profit	176	154	264	422	659
Housing development for investors					
Net sales, SEK M	182	256	182	256	374
Housing units sold		212		381	543
Sales value of housing units sold, SEK M	2	388	-6	643	948
Housing starts	175	212	175	212	374
Housing units in ongoing production	997	826	997	826	914
Sales rate for ongoing production, %	82	100	82	100	100
Housing units recognised in profit	92	164	92	164	238
Average no. of employees during the financial year ¹⁾			207	180	188

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

Nordic (Finland, Denmark and Norway), no. unless otherwise stated	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Building rights					
Building rights	8,600	10,000	8,600	10,000	9,100
of which, off-balance sheet building rights	4,600	4,900	4,600	4,900	4,900
Housing development for consumers					
Net sales, SEK M	371	448	824	954	3,125
Housing units sold	193	150	417	378	927
Sales value of housing units sold, SEK M	656	434	1,549	1,068	3,092
Housing starts	272	122	400	218	653
Housing units in ongoing production	1,056	942	1,056	942	828
Sales rate for ongoing production, %	62	59	62	59	58
Completed housing units not recognised in profit	60	231	60	231	151
Housing units for sale (ongoing and completed)	460	594	460	594	480
Housing units recognised in profit	122	173	260	390	1,019
Housing development for investors					
Net sales, SEK M		143		436	1,106
Housing units sold	66	121	138	121	839
Sales value of housing units sold, SEK M	111	427	117	444	2,355
Housing starts	66	121	138	121	839
Housing units in ongoing production	1,161	723	1,161	723	1,027
Sales rate for ongoing production, %	100	100	100	100	100
Housing units recognised in profit		72		187	601
Average no. of employees during the financial year ¹⁾			364	380	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.

St. Petersburg-Baltics (St. Petersburg, Estonia, Latvia and Lithuania), no. unless otherwise stated	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Building rights					
Building rights	9,200	7,000	9,200	7,000	6,700
of which, off-balance sheet building rights	4,200	1,300	4,200	1,300	2,100
Housing development for consumers					
Net sales, SEK M	277	222	631	459	1,429
Housing units sold	506	135	897	380	1,029
Sales value of housing units sold, SEK M	520	153	925	465	1,123
Housing starts	266		266	179	1,535
Housing units in ongoing production	1,892	1,568	1,892	1,568	2,071
Sales rate for ongoing production, %	60	64	60	64	37
Completed housing units not recognised in profit	77	231	77	231	210
Housing units for sale (ongoing and completed)	824	746	824	746	1,453
Housing units recognised in profit	271	226	580	393	1,267
Housing development for investors					
Net sales, SEK M					
Housing units sold					
Sales value of housing units sold, SEK M	-1		3	3	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			514	514	524

Key performance indicators at end of period

	2021 30 June	2020 30 June	2020 31 Dec
Return on capital employed, % ^{1) 2)}	10.0	6.2	7.9
Interest coverage ratio, multiple ¹⁾	8.1	5.2	8.3
Equity/assets ratio, %	31.4	30.6	34.6
Interest-bearing liabilities/total assets, %	21.0	25.8	20.6
Net debt	4,105	5,987	3,311
Debt/equity ratio, multiple	0.5	0.8	0.4
Capital employed	12,514	13,679	12,641
Capital employed, average	12,924	14,657	13,953
Capital turnover rate, multiple ¹⁾	1.2	1.1	1.2
Share of risk-bearing capital, %	31.8	31.2	35.2
Ordinary dividend, SEK per share			3.25
Extraordinary dividend, SEK per share			2.00
Average interest rate at period-end, % ³⁾	2.28	1.66	2.18
Average fixed-rate term, years ³⁾	0.2	0.1	0.1
Average interest rate at end of period, % ⁴⁾	1.60	1.24	1.50
Average fixed-rate term, years ⁴⁾	0.2	0.4	0.3

¹⁾ Calculated on rolling 12-month basis.

²⁾ Excluding items affecting comparability.

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

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

EXCHANGE RATES	Average rate			Rate on balance sheet date		
	30 June 2021	30 June 2020	31 Dec 2020	30 June 2021	30 June 2020	31 Dec 2020
DKK	1.36	1.43	1.41	1.36	1.41	1.35
EUR	10.13	10.66	10.49	10.12	10.50	10.05
NOK	1.00	1.00	0.98	0.99	0.96	0.95
RUB	0.11	0.14	0.13	0.12	0.13	0.11

FURTHER INFORMATION ON KEY RATIOS

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

Signatures

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

Stockholm, 20 July 2021

Mats Jönsson
Chairman of the Board

Viveca Ax:son Johnson
Director

Åsa Hedenberg
Director

Angela Langemar Olsson
Director

Per-Ingemar Persson
Director

Frank Roseen
Director

Peter Wallin
CEO

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

Bonava in brief

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 23 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.

VISION

We create happy neighbourhoods where people have the highest quality of life.

MISSION

We challenge ourselves every day to change the housing game, creating better homes and lives for the many.



9

COUNTRIES

23

REGIONS

2,100

EMPLOYEES

17

SEK BN
NET SALES 2020

FINANCIAL CALENDAR

- Q3 Interim report, Jan–Sep, 28 October 2021
- Q4 Year-end Report, Jan–Dec 2021, 3 February 2022

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PUBLICATION

This information is such that Bonava AB (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was issued for publication through the agency of the contact person set out above on 20 July 2021 at 7:00 a.m. CEST.

WEBCAST PRESENTATION 20 JULY

Peter Wallin, President and CEO, and Lars Granlöf, CFO, will present the report on 20 July 2021 at 9:00 a.m. CEST via a webcast teleconference.

Follow the webcast live at:

[bonava.com/audiocast Q2 2021](https://bonava.com/audiocast/Q2%2021)

To participate in the telephone conference, please call one of the following telephone numbers a few minute 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.