



Happy neighbourhoods for the many

Annual and Sustainability
Report 2021

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Bonava in brief

Bonava Annual and Sustainability Report 2021

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WHY?

Happy neighbourhoods for the many

Happiness goes hand in hand with where you live. Since the beginning, Bonava has been driven by a strong curiosity to understand what this means. Creating locations and environments where people thrive, and future generations can grow up, means so much more than just four walls. That is why we build more than just houses. We create happy neighbourhoods for the many.





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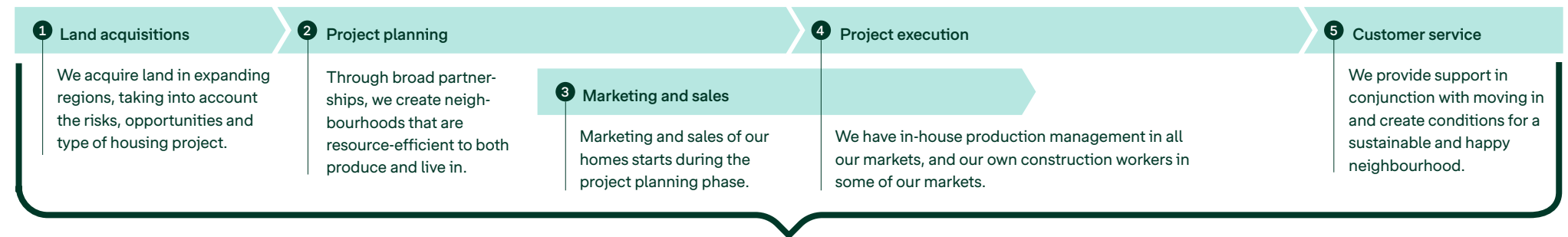
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WHAT?

A leading residential developer

We develop homes that more people have the possibility of buying and living in. We work in an efficient and sustainable manner throughout our business in order to offer attractive and competitive homes.



We develop land into attractive, sustainable neighbourhoods based on a genuine understanding of our customers' needs and the unique circumstances of the area. We construct several types of homes, such as multi-family housing, single-family homes and semi-detached houses with various types of tenure. Our resource-efficient, sustainable houses where people want to live create value for our customers, owners, employees and society as a whole.





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WHERE?

In Europe

In 2021, we conducted operations in Germany, Sweden, Finland, Norway, St. Petersburg, Estonia, Latvia and Lithuania with our approximately 2,100 employees. We also took the decision to wind down operations in Denmark during the year. Due to the highly uncertain situation in the world caused by the Russian invasion of Ukraine, Bonava decided to close its St. Petersburg operations at the beginning of March 2022.

Our focus is on metropolitan regions, and we are endeavouring to strengthen our position in markets with considerable potential for long-term value creation.

EUROPEAN PRESENCE 2021

NO. OF COUNTRIES

8 (9)

LOCAL PRESENCE

NUMBER OF REGIONS

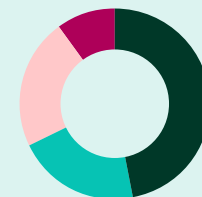
22 (23)

NET SALES*

SEK BN

15.5 (17.0)

PER SEGMENT



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

EMPLOYEES*

TOTAL NO. OF EMPLOYEES

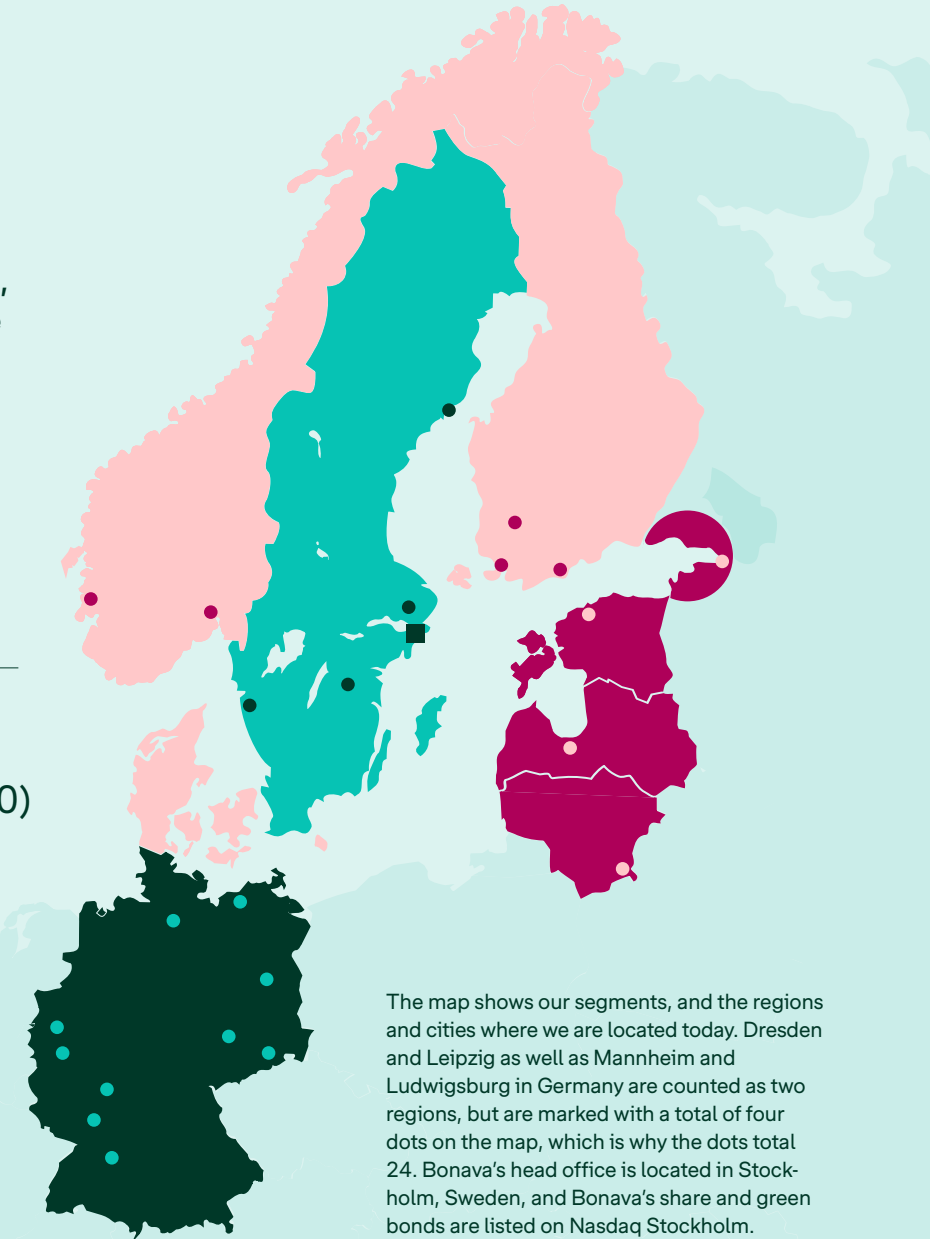
2,100 (2,100)

PER SEGMENT



● Germany, 43%
● Sweden, 10%
● Nordic, 17%
● St. Petersburg-Baltics, 26%
● Parent Company, 4%

*This information includes the Danish operations.



The map shows our segments, and the regions and cities where we are located today. Dresden and Leipzig as well as Mannheim and Ludwigsburg in Germany are counted as two regions, but are marked with a total of four dots on the map, which is why the dots total 24. Bonava's head office is located in Stockholm, Sweden, and Bonava's share and green bonds are listed on Nasdaq Stockholm.



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FOR WHOM?

Both consumers and investors

Our business model, with two complementary lines of business, involves a lower level of risk. We can steer the investments to the most profitable business based on the trends in production capacity, demand and housing prices over time.

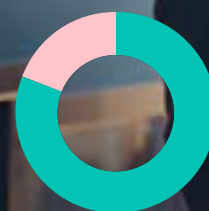
CONSUMERS

We sell apartments and single-family homes, in the form of tenant-owned apartments and condominiums, to consumers. Consumer transactions are normally more profitable than investor transactions but entail more tied-up capital and risk. In many of our markets, the majority of the purchase consideration is paid only when occupancy of the house is taken over.

INVESTORS

We sell rental housing projects to property investors. Normally, the properties are sold prior to the start of construction and the purchase consideration is paid in pace with completion of the project. This involves less risk and tied-up capital compared with the consumer line of business.

NUMBER OF HOUSING UNITS SOLD BY CUSTOMER SEGMENT



- Consumer transactions, 81%
- Investor transactions, 19%





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2021 in brief

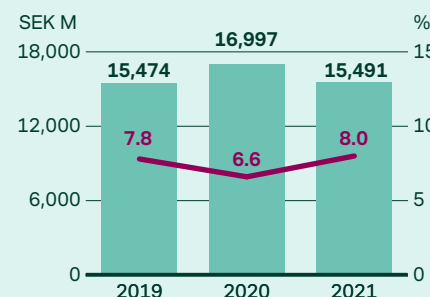
Financial

KEY FIGURES

	2021	2020	2019
Net sales, SEK M	15,491	16,997	15,474
Gross profit, SEK M	2,117	1,979	2,107
Gross margin, %	13.7	11.6	13.6
Operating profit before items affecting comparability, SEK M	1,236	1,121	1,202
Operating margin before items affecting comparability, %	8.0	6.6	7.8
Operating profit after items affecting comparability, SEK M	1,156	1,121	943
Operating margin after items affecting comparability, %	7.5	6.6	6.1
Profit before tax, SEK M	1,020	999	834
Earnings per share ¹⁾ , SEK	7.54	6.82	5.71
Net debt, SEK M	3,313	3,311	6,873
Return on capital employed, %	9.6	7.9	8.1
Equity/assets ratio, %	35.1	34.6	32.1
Number of housing units recognised in profit	5,278	5,814	5,511

¹⁾ Before and after dilution. For more information about the Group's key figures and definitions, see page 154.

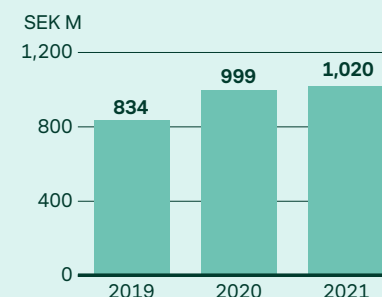
Net sales and operating margin before items affecting comparability



■ Net sales, SEK M
— Operating margin before items affecting comparability, %

Average price per housing unit recognised in profit was SEK 3.2 M compared with SEK 3.1 M in 2020.

Profit before tax, SEK M

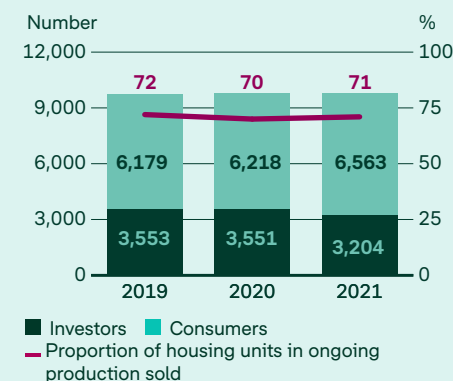


Items affecting comparability of SEK -80 M were recognised in 2021 as a result of a strategic review and the winding down of operations in Denmark, including the building rights sold.

Sales and starts

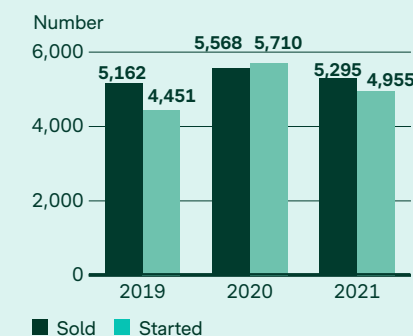
- The number of housing units sold was 5,295, which was a decrease of 5 per cent compared with 2020.
- The number of housing units started in 2021 was 4,955, an decrease of 8 per cent compared with 2020, adjusted for starts in Denmark.

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



The sales rate for ongoing production was 71 per cent compared with 70 per cent 2020.

Number of housing units sold and started



The sales value of housing units sold declined 5 per cent to SEK 15,928 M.



Child-friendly neighbourhoods

Project starts in Sweden include the Bark project in Tomtebo gård, a new residential district in Umeå, in the second quarter. 175 rental apartments are being constructed here, which were sold to investors. A child-friendly neighbourhood with a high sustainability profile and proximity to green spaces and a lake.



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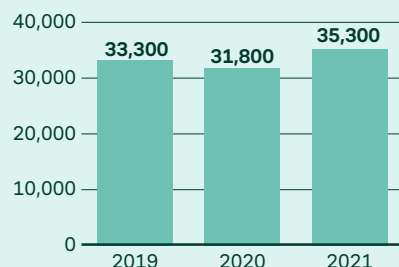
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Building rights

Number of building rights



The building rights portfolio was expanded during the year by a total of 3,500 building rights in attractive locations, which lays the foundation for future projects.

Strategy and objectives

- A strategic review of Bonava's operations and business environment was initiated in early 2021 in order to identify conditions for increased efficiency and profitability throughout the Group.
- As an initial step, a decision was taken in the spring to wind down operations in Denmark, and the sale of the remaining land bank in Copenhagen was concluded in the fourth quarter. It is expected that operations will be completely wound down in 2023.
- Revised goals and an updated strategy were presented in the fourth quarter for the purpose of promoting long-term value creation. One of the goals is to more than double profit before tax, to SEK 2.2 Bn by 2026.

Sustainability

- Bonava was named the most sustainable consumer company on the stock exchange in an annual survey conducted by the School of Economics and Management at Lund University in partnership with two industry publications, Dagens Industri and Aktuell hållbarhet.
- Bonava received a score of 'A' for its environmental initiatives from the global non-profit Carbon Disclosure Project (CDP).
- Bonava was named one of the most equitable companies on Nasdaq Stockholm by the Allbright Foundation for the third consecutive year.
- 71 per cent of the housing starts were more than 10 per cent more energy efficient than required under the regulations for new builds.
- As of 2021, all new projects in Norway are Nordic Swan ecolabelled.

The Board and CEO

- Peter Wallin took office as the new President and CEO of Bonava in February 2021. He brings 25 years of experience in construction and product development, including as CFO at Skanska.
- At Bonava's Annual General Meeting on 31 March 2021, Mats Jönsson was elected as the new Chairman of the Board. He has been a Board member of Bonava since 2020 and has solid industry know-how and operational experience from CEO roles and other executive positions.
- At the Annual General Meeting, Per-Ingemar Persson was elected as a new Board member with a great deal of experience in construction and residential development, both in his roles as CEO and through his work on boards of directors.

Other key events

- Due to the highly uncertain situation in the world caused by the Russian invasion of Ukraine, Bonava has in the beginning of March 2022 decided to close the St. Petersburgs operations. Bonava will evaluate the best course of action for the company to responsibly conclude ongoing production since we feel a great sense of responsibility for our employees and for our customers.
- During the year, Bonava strengthened its capital structure by a total of SEK 500 M in expanded green financing, of which SEK 200 M in green bond loans.
- Bonava managed the social restrictions resulting from the COVID-19 pandemic with effective processes for maintaining production and sales. Processing times for necessary permits for production starts and deliveries were challenging, in part as a result of the pandemic.



13 investor transactions in 2021

In total, 13 investor transactions were conducted during the year in Germany, Sweden and Finland. This included the sale and production start of two rental housing projects in Kyrkslätt, just west of Helsinki, with a total of 72 apartments with planned delivery to the customer in the second and third quarters of 2022.



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COMMENTS FROM THE CEO

Strong local business – the foundation for higher profitability

My first year as CEO of Bonava has now passed. It was an enjoyable and exciting year during which we took the first steps towards our long-term goal of achieving market-leading profitability. At the time of writing, however, Russia has invaded Ukraine, which is a tragedy and humanitarian disaster.

First and foremost, my thoughts are with all of the people who have been directly or indirectly affected by the Russian invasion of Ukraine. Due to the security situation in the wider world as a result of the invasion, Bonava resolved in early March 2022 to close its operations in St. Petersburg. It was a necessary decision, but also a minor one in light of the suffering brought about by the invasion. We will now evaluate how the company can responsibly conclude ongoing projects in St. Petersburg in the best possible way since we feel a great sense of responsibility for our employees and for our customers.

Strategic review

In 2021, we conducted a strategic review of our operations and our markets. Despite, favourable market conditions for several years, we have not met our profitability requirements. During the year, we analysed the situation and also started to implement activities to address the matter. For example, we decided to leave Denmark and, in October, we sold the remaining building rights portfolio. We have raised our ambitions and strengthened our targets based on the various opportunities we have in our different markets. Our sustainability agenda, where we work according to the principles of the UN Global Compact,

forms the foundation for our strategy. The fact that sustainability pervades all parts of our business was once again highlighted when Bonava was named the most sustainable consumer company on the stock exchange, and our work on climate issues received the highest marks from the global non-profit Carbon Disclosure Project (CDP).

Towards market-leading profitability

Market-leading profitability is an overall goal and we made progress in this area in 2021. Bonava increased its operating profit before items affecting comparability by 10 per cent in 2021, despite lower net sales. We improved our operating margin and strengthened the project margins in our largest markets.

Bonava is active in eight markets, which have varying degrees of maturity. Profitability is always prioritised ahead of growth, which means that before we increase investments in an individual market, we must ensure that organisation is equipped with the right competencies and that the operational units have the prerequisites for adding value. This will be the main focus for the business units in Finland and Norway. We have stability in our Swedish operations, where our aim is to increase efficiency and boost profitability, so that we become sufficiently sustainable over time.



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In the short term, it is clear that we can grow the fastest in Germany and the Baltics. In the slightly longer term, we intend to grow in all selected markets. During the year, we expanded our building rights portfolio by a total of 3,500 rights in Germany, Sweden and St. Petersburg-Baltics.

Changing operating environment

In 2021, strong economic growth resulted in a healthy demand and a positive or stable price trend in our markets. However, it was also another year that was strongly impacted by the COVID-19 pandemic. I can say that the organisation did an excellent job and succeeded in limiting the impact on our projects and for our customers. Meanwhile, we must not forget that the pandemic has made the home more important for many, and has amplified the trend that has been ongoing for some time. Our offering of functional and sustainable homes with green spaces is exactly what customers want. In parallel, the Russian invasion of Ukraine has created uncertainties that will impact the geopolitical situation, the global economy and all of our markets. Bonava will also get through this.

Value-creating projects

During the year, we handed over the keys to 5,278 new home owners. We create many first-rate neighbourhoods and thereby contribute to social progress. Let me describe a project that accurately reflect this. Outside central Berlin, on what was formerly an industrial site, we have launched phase two of the development of the Parkstadt Karlshorst neighbourhood, and in a former plant nursery with a rich history, we are building a complete property block with an exciting mix of housing surrounded by parks and plenty of water.

We have a good balance between homes for consumers and for investors in our business. We are active in 22 regions in eight countries, giving us the potential to direct capital to the investments that generate the best long-term return. Furthermore, we have a strong brand that facilitates dialogue with landowners, investors and other stakeholders. During the year, we also launched – Build-to-hold,



Build to hold in the Baltics

In two Baltic capitals, Bonava has invested in its first rental housing projects that we intend to own for a period. A total of 195 units will be built, of which 99 in the Aiandi project in Tallinn and 96 in the Maskavas project in Riga. Bonava has already sold housing projects in these districts to consumers. In Tallinn we have also sold to investors. Owning projects ourselves in places already showing steady growth in demand for new homes forms the basis for the assessment that we can achieve a higher return.

Hugos property block – a place to grow in

In the south of Berlin in the district of Tempelhof-Schöneberg, Bonava is building a completely new property block that is characterised by green spaces and nature. It is surrounded by beautiful parks with lakes, the buildings will feature green roofs and the multitude of trees in the area create natural meeting places for people of all ages. The property block is being built on the grounds of a former plant nursery and is named after the nursery owner, Hugo Schlösser. Until 2026, more than 1,400 residents will move into 454 modern tenant-owned and rental apartments as well as row houses.





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Comments from the CEO

the possibility of developing rental apartments for Bonava to own itself over a period of time. Being able to assemble a larger portfolio of assets that yield a return will provide better opportunities to sell at a higher return.

Local market, local responsibility

We must always start from the customer's preferences when we develop a new neighbourhood. The customer perspective is crucial when we invest in building rights and we prefer to invest in cohesive districts where we can adapt our various offerings and create attractive neighbourhoods. By doing more of the things we are best at, we will be able to reduce our costs and cut lead times. Efficient and standardised building systems are the key to this work. The design of housing units differs from market to market and, to keep a step ahead, we must identify the preferences in the local market. This is how we create value, both for us and our customers. Those with the best knowledge are those who are closest to the market and to the customers. As soon as I took office as CEO, I made it clear that decentralised responsibility is the key to success as a local residential developer. The decision-making powers must be out in our business units. Group-wide support and synergies are there to be utilised, and the aim of these should be to strengthen the local business culture but not to dictate it. To be able to achieve our new targets, we are implementing an intense change process. With dedicated local units that are driven by working towards distinct targets, we shall have the highest profitability in the market within five years. We have the potential to achieve this and many prerequisites are already in place.

Finally, I would like to extend my sincere thanks to all Bonava employees who have started this journey with fantastic commitment. Together, we have taken firmer control of the business and have started to demonstrate results. We are doing this for everyone who wants a sustainable home, and we are doing this for our greater purpose – to create happy neighbourhoods for the many.

March, 2022

Peter Wallin
President and CEO

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Global trends and market

Residential development is characterised by long turnaround times at the same time as the market changes rapidly.



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GLOBAL TRENDS

We live in a rapidly changing world

Global trends are changing the conditions for companies, communities and markets more rapidly than ever. For players in residential development, this imposes stringent requirements on a sustainability perspective, speed and flexibility. By understanding and addressing these trends, Bonava can make the right choice and offer homes and neighbourhoods where people will feel happy.

1 Climate impact and limited resources

Nature's resources are limited, and the climate crisis currently under way means that robust measures will be required to limit the consequences going forward. The construction and property industry accounts for a large share of the global climate impact. The development and construction of housing units is a resource-intensive operation that requires a great deal of land and materials. Future use of these housing units will impact global greenhouse gas emissions throughout the useful life of the buildings. New legislation and new initiatives are being put forth at the global, national and local levels in order to rein in global warming and protect natural values. Increasing demands from consumers, investors and employees are also a driver behind the transition.

BONAVA'S RESPONSE

To be a successful residential developer, we must be part of the solution for minimising the burden on the environment and the climate by becoming markedly more resource-efficient at every stage of our operation. Our stakeholders expect us to deliver quality, and within that is an expectation that both products and companies will be sustainable. Ecolabelling of homes is one of several ways to package these sustainable offerings.

Bonava has thoroughly surveyed its climate impact and is the first residential developer in Europe to have its defined climate targets approved by the SBTi¹⁾, which requires companies to set scientifically based climate targets in line with the requirements for meeting the objectives of the Paris Agreement to limit global warming to well under 2 degrees Celsius, and preferably to 1.5 degrees Celsius.

¹⁾ The Science Based Target initiative is a partnership initiative from the UN Global Compact, the World Resource Institute and the Carbon Disclosure Project (CDP).

2 Population growth and urbanisation

Bonava's markets have experienced robust population growth and urbanisation while housing construction levels have been low. This has increased the demand for homes. Many people are looking to the outskirts of cities, where infrastructure is good and the price levels are lower than in the city centres. This is leading to increased demand for housing units outside the premium segment that more people can afford to buy.

At the same time, local authorities are imposing more stringent requirements on housing and property developers in urban environments concerning how homes and the neighbouring environment are developed to promote a healthy, sustainable lifestyle.

BONAVA'S RESPONSE

Bonava continually monitors the demographic trends in its markets in order to achieve optimal targeting of its investments towards the areas where we can develop larger volumes of attractive homes. Customer surveys provide us with good insight into our customers' preferences so that we can transform these preferences into attractive offerings.

We work to create homes that more people have the possibility of buying and living in, and we must be open to forms of use other than direct ownership. By working efficiently with a high degree of repetition in products and processes that deliver a high level of quality at a reasonable cost, we can offer quality homes outside the premium segment.

Proximity to green spaces, sustainable transportation and a physically active life are becoming increasingly important in the selection of a residential area. Accordingly, neighbourhoods on the outskirts of major cities are growing in popularity and size. The COVID-19 pandemic has amplified this trend.





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3 Digitalisation and technology development

Digitalisation and technology development have an impact along our entire value chain. There is great potential in utilising integrated digital platforms to shorten turnaround times, increase the degree of repetition in products and processes, enhance efficiency and reach customers in new ways. Digitalisation also involves creating new customer values and services for a better customer experience.

Digitalisation and technological development are paving the way for optimising the use of resources throughout all the phases of a building's useful life. Development of smart buildings with functions that simplify and improve the use of the building provides conditions for a sustainable lifestyle.

BONAVA'S RESPONSE ▼

Bonava is digitalising and enhancing the efficiency of the design, purchasing, construction and selling processes as well as the homes themselves. The work on digitalising our information flow is a crucial step in reducing the proportion of manual work and increasing the quality of the dialogue among suppliers, architects and customers.

Digitalisation means that we can optimise construction methods and choice of materials, taking circularity and climate impact into account. Digital tools also provide better support for monitoring health and safety at our construction sites.

For our customers, digitalisation means a simpler and better customer experience through digital services. Apart from security during the pandemic, digital technology provides customers with the possibility of acting independently, on their own terms, and we can optimise the experience throughout the customer journey. We can thus increase customer satisfaction and strengthen not only our brand but also internal efficiency.

4 Changing consumer preferences

Today's consumers are increasingly aware of how their lifestyles impact both their health, the environment and society at large. This is leading to a change in preferences in a number of areas. For example, proximity to public transport is a factor that influences the attractiveness of a home. Moreover, people are putting greater value on their leisure time and are looking for flexibility and balance in their lives. Digitalisation has facilitated remote working, which has created more flexible work habits and means that the home should preferably also serve as a workplace. This trend received a substantial boost during the COVID-19 pandemic.

Being out in nature is another rapidly growing need. This means that proximity to green spaces is becoming an increasingly important factor in the selection of a home. All together, the home and its immediate surroundings are increasing in significance.

BONAVA'S RESPONSE ▼

We monitor our consumers' preferences through systematic customer and market surveys that can be adapted based on local aspects and conditions. Using these, we can identify what makes neighbourhoods happy and help consumers feel happy in their homes. We translate these results into attractive products, residence types and customer service. It could be a matter of adapting the housing units for remote working or having communal solutions as regards premises, such as shared orangeries or outdoor gyms.

In our efforts to develop happy neighbourhoods, we see that a lot of what ensures that people are content in a residential district is also what makes a sustainable lifestyle and promotes climate adaptation, such as proximity to green spaces, sustainable transport and the opportunity for a physically active life.

5 Challenges in supply chains

Over the last year, we witnessed major disruptions to global supply chains, as well as shortages and rising prices of input goods. In particular, the COVID-19 pandemic revealed weaknesses and caused disruptions in the global supply chains that led to challenges in production and problems with deliveries.

In order to increase stability in the supply chain, many companies are taking action. It could be a question of partnerships, increasing the number of suppliers, taking back responsibility for production or vertical acquisitions.

BONAVA'S RESPONSE ▼

Bonava has been able to manage increased prices for input goods without a major impact on our projects. Increased sales prices have exceeded the price increases for input goods, which has boosted the profitability of ongoing projects, but we cannot exclude exposure to price increases for input goods in new projects.

We meet the risk of shortages of input goods by actively working to optimise orders and flows to our work sites through both strategic sourcing centrally for our markets and close dialogue with local suppliers.

A current example of the risk of disruptions in the supply chain is a potential future halt to cement production on the island of Gotland. A stop of this kind would have serious implications for the entire Swedish construction industry. Bonava is working actively to identify measures and alternate solutions to prevent these risks and to safeguard the number of project starts if a halt to production becomes reality.



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THE RESIDENTIAL DEVELOPMENT MARKET

Robust market conditions for Bonava

The conditions for residential developers in our markets are favourable. There is a housing shortage, purchasing power is strong and the COVID-19 pandemic has put a premium on housing. At the same time, each project is local, there are many players, competition is fierce and market developments are rapid. The players who make the right choices therefore have tremendous opportunities to benefit from this robust market.

Our markets are attractive

Significant stimulus measures have led to a strong recovery in the global economy, and COVID-19 vaccination programmes have given companies and households a more positive view of the future. Despite new variants of COVID-19 spreading in 2021, growth increased and unemployment fell in our markets. Interest rates are expected to remain low even though there were several signs of inflation during the latter part of the year. All together, this means that purchasing power in our markets is strong.

At the same time, there is a deficit of housing units. Population growth and urbanisation in combination with low levels of housing construction over several years has led to a shortage of housing units in destination regions. The result is robust demand and rising prices for housing units in many regions. Government initiatives to promote an increased offering of housing units in certain regions also create favourable market conditions for residential developers.

Our markets are local

Bonava operates in eight countries and 22 regions. These markets differ – not only among countries, but among regions as well. Some markets are very fragmented and will likely be consolidated over time. Other markets are dominated by a handful of players.

Laws, regulations and requirements for housing units and housing construction vary based on country, region, and even municipality. This means that products and processes need to be standardised at a suitable level, and competence adapted to the needs of the local market in order to be effective.

In our various markets, moreover, the working methods of our subcontractors, our expected payment methods for land and our customers’ payment methods all vary.

The changing market dynamic

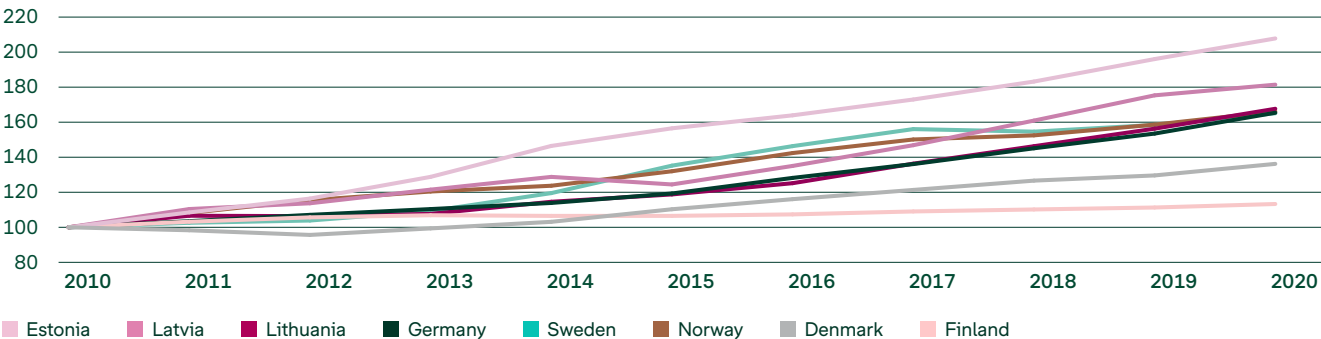
Residential development is characterised by long turnaround times. After the initial investment in land, it will sometimes take years before customers can move into their homes. This requires a long-term perspective, while players have to deal with a constantly changing market.

The positions of consumers and residential developers in the market is undergoing change. The shift in consumer preferences means that the home and sustainability are of increasing significance, but it is primarily investors and financiers who are driving the need for more sustainable homes.

Players in residential development such as Bonava are experiencing increased competition. These players’ costs are increasing – both for construction in general and for land in particular – which is creating both winners and losers. Over the long term, the market will be consolidated. At the same time, new commercial models, new business ideas and various forms of partnership are being created that address the changes in customer preferences.

➔ Read about our segments and markets on pages 34–43.

HOUSE PRICE TREND 2010–2020 (INDEX 2010)



House prices in Bonava’s markets have risen sharply since 2010. Prices continued to increase in 2021, although a certain levelling off was noted in the latter part of the year.

Price increases over the past decade were highest in the Baltics, spurred on by growing economies and the low quality of the existing housing stock. Among our markets, Finland noted the lowest rate of price increase, although the trend differs among the regions, with major cities demonstrating a higher rate of increase than other parts of the country. Data for St. Petersburg is available from 2015 and during the 2015–2020 period, house prices increased 43 per cent.

Diagram source: Eurostat.
Data source St. Petersburg: Peterburgskaya nedvizhimost.



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Everything we do must take us towards our purpose and our strategic objectives.



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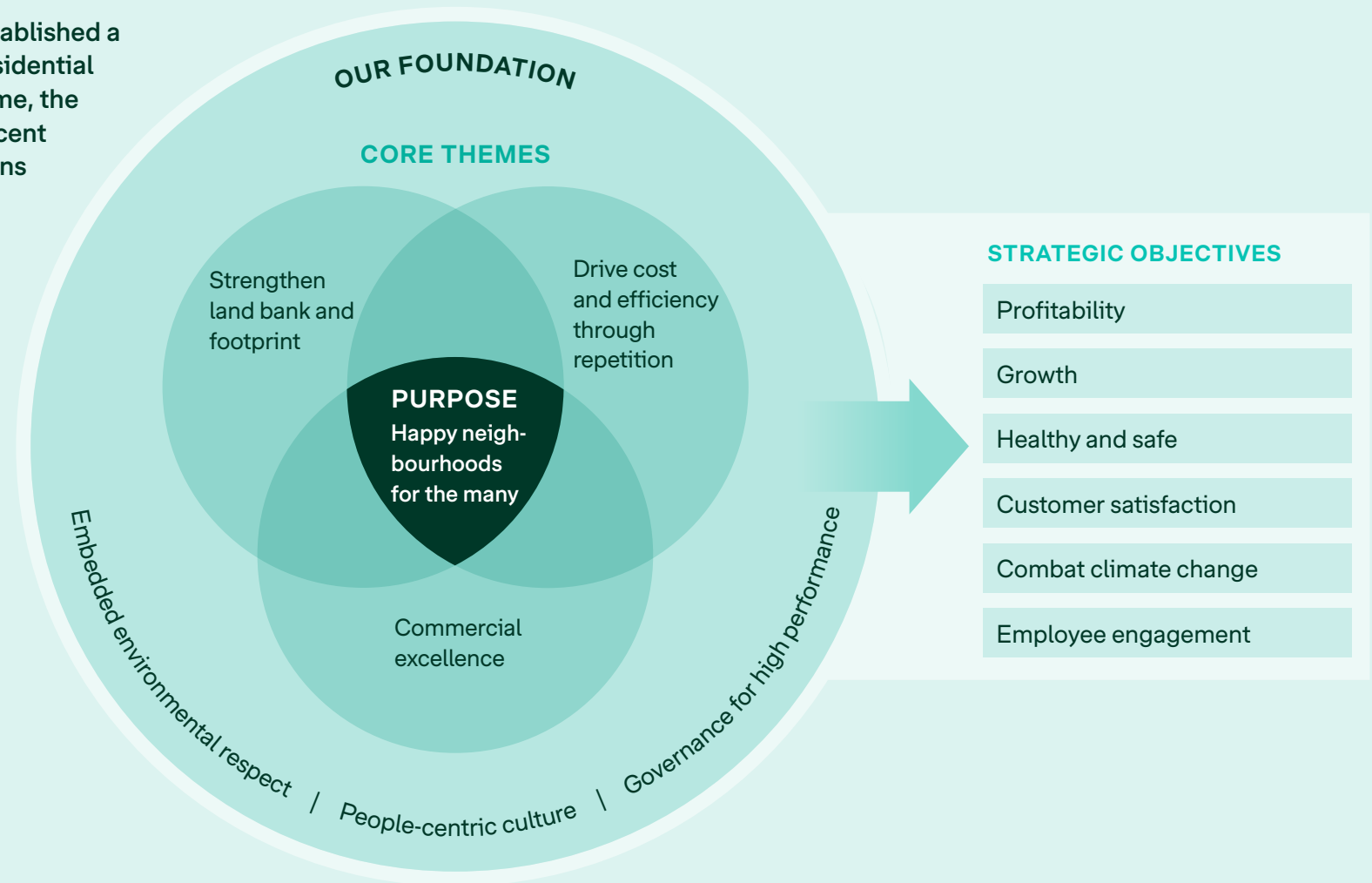
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In the last five years, Bonava has established a position as a leading sustainable residential developer in Europe. At the same time, the Group's financial performance in recent years has been impacted by variations in efficiency and profitability in the implementation of projects among various markets. Now, we are continuing our journey and aim to reverse this trend in profitability. We will build on our strengths and hone our operations and organisation to benefit from the business opportunities that the market offers.





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Strategic framework

Strategic review

In 2021, we conducted a strategic review of our operations and business environment. This initiative clarified our strengths and weaknesses, and provided us with valuable insights for achieving greater profitability. Based on these insights, we presented an updated strategy and revised targets at the end of the year. In the next stage, our business units will adapt this strategy to the conditions in their markets.

Purpose and targets

On our journey, we must be clear about what we want to achieve. Beginning in 2022, our entire operation will be governed based on our ambition of creating happy neighbourhoods for the many and achieving our targets. As of 2022, we have revised strategic objectives as well as objectives that were previously set. Our strategy is the roadmap that will guide us towards our targets.

Core themes

Bonava will increase its presence and strengthen its position in the regions that offer the best conditions for long-term value creation. First, we will invest in land and building rights. Second, we will drive cost and efficiency through repetition and continual improvements in production. Third, we will have a clearer commercial focus.

Our Foundation

Our foundation provides a stable basis for the strategy. Environmental respect will be embedded in everything we do, we will have a people-centric culture, and we will apply a model of governance for high performance.

The governance model includes a more balanced work method among business units and the Group's support functions, where the degree of decentralisation depends on the maturity of and conditions in the respective business units.

Sustainability in our business and foundation


Furthermore, the strategy involves a clear and integrated approach to sustainability in our business and value chain. Our foundation integrates the sustainability agenda, which indicates the long-term direction based on the underlying sustainability aspects.

Investment needs and financing

The Group is in need of investing in more land and building rights. The total need for expansion of assets is estimated at between SEK 15 and 18 Bn from 2020 to 2026. Approximately SEK 6 Bn pertains to acquisition of building rights, and SEK 9 to 12 Bn pertains to investments in new housing projects.

The ambition is to allocate resources and investments in order to strengthen our presence and position in the regions that offer the best conditions for long-term value creation and improvements to profitability. In these regions, Bonava will invest in building rights that ensure continued growth.

The intention is to finance this expansion through undistributed profits during the period, as well as interest-bearing liabilities. This entails also a need for various financing solutions in which the existing capital structure and project financing constitute a key foundation that is supplemented with expanded financing.

 Read more about the parts of the strategic framework on pages 21–32.



Our purpose of creating happy neighbourhoods for the many is the core of our strategy. Our core themes describe what we do, and the foundation of how we will do it. Everything is connected, and together these parts will strengthen the business focus of the organisation and help us achieve our targets.



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Three phases for profitable growth

Different plans and measures

Even if there is great similarity in the markets as regards customer preferences, these markets differ as regards the degree of consolidation and competition, as well as governmental regulations and plans for residential development. Moreover, our business units differ in the degree of maturity and standardisation. This means that conditions differ, and our business units need different strategic plans and measures in order for us to achieve our objectives.

Three phases

We have divided our strategic initiatives for profitable growth by 2026 into three phases: Stabilise business, Ensure profitability and Grow business. Our business units are currently in different phases, and the objective is for them to progress one step at a time: stabilise their businesses first, then ensure profitability, and only then enter into a growth phase. The business units are

responsible for taking their operations through these steps based on customised plans with measures that meet the local conditions. The phase in which the business units find themselves also governs their mandates and scope for action.

Phase 1: Stabilise business

The first phase focuses on stabilising the business. The purpose is to ensure sufficient continuous volumes for sustainable operations, and address challenges related to an operation without growth. In this step, we will assess whether the operation has the conditions to take the next step in which we can ensure profitability, or if it should be wound down.

Phase 2: Ensure profitability

The second phase is to ensure profitability and minimise variations in profitability among projects, and at the same time to ensure commercial excellence and to

develop more well-defined building systems and repetitive processes in order to pursue cost-efficient production. Ensuring profitability also includes investments in building rights in order to achieve a stronger presence and position.

Phase 3: Grow business

The third phase is growing the business. For the business units in this phase, repetitive production processes and building systems are well defined and established. Optimising investments in building rights based on risk and return in combination with evaluating and introducing new business models to meet customer needs and utilise growth opportunities ensures a stable, profitable and growing business over time.

Targets and interim targets

By delivering on our strategy, we will reach our profitability target of SEK 2.2 Bn before tax in 2026 and the interim target of SEK 1.6

Bn in 2024, as well as our growth target of 8,000 housing units in 2026 and the interim target of 7,000 housing units sold in 2024. For financial year 2021, earnings before tax totalled SEK 1.0 Bn and the number of housing units sold was 5,295.

Gross margin the primary driver

Even though growth will contribute to reaching our profitability target of SEK 2.2 Bn in 2026, improvements to the gross margin will be the primary driver. To ensure profitable growth, we need efficient project control. The entire development process – from design and standardised building systems to commercial planning – must be in place before we build and sell our housing units.

Read more about the strategic focus and plans of our business units on pages 36–43.



PHASE FOR BONAVAL'S BUSINESS UNITS 2021

Business unit	Phase 2021
Germany	Grow business
Sweden	Ensure profitability
Nordic	Stabilise business
Baltics	Grow business



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A diversified business model that balances risk

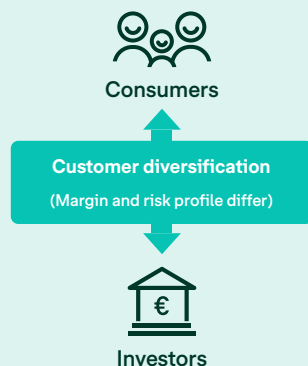
Bonava's project portfolio is diversified as regards customer segments, product type and geography. Which customer segment that is buying, and which type of housing units that are in demand, vary over time. Moreover, the macroeconomic situation may differ among countries. Our balanced business model provides us with greater flexibility and a lower risk profile.

Our diversified business model reduces risk and increases opportunities

Consumers and investors

Bonava's business targets both consumers and investors. The core operations are selling and delivering homes to consumers. At the same time, projects targeted at investors constitute an attractive complement by promoting an improved risk and cash-flow profile. In many markets, investment projects are paid in advance while consumers often pay upon occupancy. Investor transactions generally have lower risk and generate cash flows earlier than consumer transactions, but this is offset by greater profitability in consumer transactions.

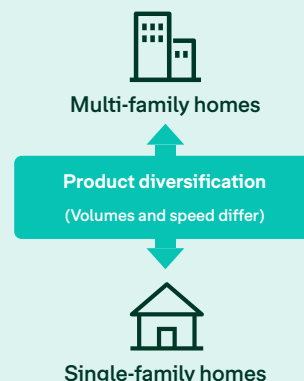
Customer segment



Mix of product types

Our offering contains both multi-family housing and single-family homes. Our product mix creates not only unique customer values in the form of happy neighbourhoods, it also promotes risk reduction through variation in margins and volumes as well as sales and construction rates. A broad mix of product types increases the possibilities of being a reliable long-term partner for municipalities as well as of being relevant in larger areas. Demand for different product types varies over time. For example, demand for single-family homes increased during the COVID-19 pandemic.

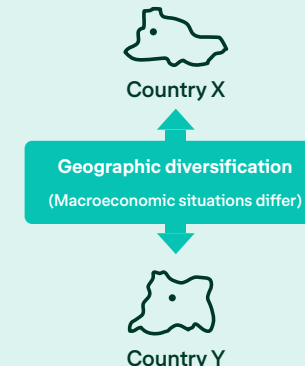
Product mix



Geographic spread

With a geographic presence across 22 regions in eight countries, we can address local changes in demand by investing in the markets that generate the best returns. Bonava routinely monitors and evaluates macroeconomics and other criteria in its markets in order to ensure that we are operating in the markets that are most attractive to the company's long-term business.

Geographic spread





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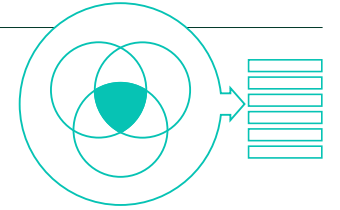
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PURPOSE

Happy neighbourhoods for the many



Bonava's way forward is to implement its strategy and deliver on the targets linked to profitability, growth, health and safety, customer satisfaction, resource and climate action, and employee engagement. The strategy and goals are all intended to achieve our purpose of creating happy neighbourhoods for the many.

Bonava develops sustainable homes that more people have the possibility of buying and living in. Based on customer insights, we develop value-creating living environments. Access to housing units of various sizes and price classes is important. Mixed-purpose residential districts create conditions for a more vibrant neighbourhood with greater diversity. Compared with homogeneous areas, it also provides people with the opportunity to remain in the same area throughout different phases of their lives. In all our neighbourhoods, we endeavour to create a green, sustainable and social environment.

We monitor our customers' preferences

Our Happy Quest survey is conducted regularly with a representative selection of the general public in the respective countries to survey what is important for people to feel happy where they live. These insights are used to develop the residential districts of the future and happy neighbourhoods. This, for example, provides solutions for safe and green outdoor environments, social interaction among neighbours-to-be, and a greater sense of involvement.

Model for happy neighbourhoods

Bonava has developed and established the Happy Index, which defines and measures the degree of happiness in a neighbourhood. Based on analyses and insights into how

happy neighbourhoods are created, we have also developed the House of Happiness model, which shows how these insights are put into practice. In the model, happy neighbourhoods are built like storeys in a building, where lower storeys constitute prerequisites for the ones higher up. The ground and most basic storey includes aspects that must be met in an area to ensure a functional daily existence. The first storey contains aspects that help people feel content and happy mentally and physically, while the second storey primarily contains the things that create a sense of community in an area. A smaller portion of all neighbourhoods reach the third – and highest – storey, which is characterised by neighbours actively contributing to creating a sense of community, inclusiveness and well-being, thus actively contributing to happy neighbourhoods for the many.

We have an ambitious objective as regards customer satisfaction, which as of 2022 constitutes one of our strategic objectives. This is measured using the Net Promoter Score (NPS) among all customers, four to eight weeks after they move into their new homes. To reach this goal, the customer satisfaction programme is built on systematically collecting and acting on customer feedback throughout the customer journey.

→ Read more about our efforts to create happy neighbourhoods on page 113 and 128.



In our neighbourhoods, we endeavour to create an environment that is as green, sustainable and social as possible, that also functions in daily life. For example, it could be a play area that shares space with an outdoor gym, or benches for small talk with neighbours. It could be indoor premises or an orangery for parties, flea markets and swap meets. To simplify daily life there are, for example, bicycle shops, electric vehicle pools, or workshops and hobby spaces. Some neighbourhoods offer the possibility of cultivating flowers and vegetables in plant boxes.



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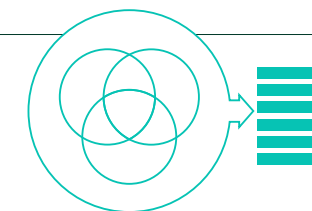
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TARGETS

The targets that govern us



Our operations are governed by our purpose and our targets. We have revised strategic objectives and objectives that were previously set. By focusing our work on our targets, we will become a leader in our markets, be able to offer sustainable homes and neighbourhoods, have satisfied customers, and generate robust long-term shareholder value.

Revised strategic objectives as of 2022

Profitability

Profit before tax 2026:
SEK 2.2 Bn
(SEK 1.0 Bn 2021)

Interim target 2024:
SEK 1.6 Bn

Growth

Number of housing units
sold in 2026:
8,000 housing units
(5,295 housing units 2021)

Interim target 2024:
7,000 housing units sold

Customer satisfaction

Net Promoter Score
(NPS) >50 through 2026

Healthy and safe workplace

For everyone, every-
where, every day, with
a halving of serious
incidents¹⁾ by 2026
compared with the
2022 level.

Employee engagement

Employee engagement
in line with the top 10
per cent of the best-
performing companies.

Combat climate change

Reduced climate impact
in line with our climate
targets approved by
SBTi²⁾ for a level of
1.5 degrees C.

Previous targets

Equity/assets ratio

At least 30 per cent
Bonava's sustainability initiatives
will increase the proportion of
assets available for sustainable
financing.

Dividend

At least 40 per cent
of the Group's profit after tax to
shareholders over a business
cycle.

¹⁾ According to Bonava's definition of serious incidents, read more on pages 118–120.

²⁾ SBTi = Science Based Targets initiative, read more on page 115.



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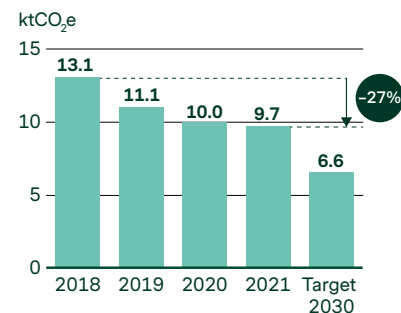
Evaluation of 2021 targets

The updated strategy means that the Group revised its targets. The table below presents the targets that applied for the 2021 financial year and their outcome. Several of the targets also applied to 2019 and 2020, which can be seen in the table. Bonava met two of its three financial targets and as of 2022, return on capital employed has been removed as a target as it is not considered to drive Bonava's growth strategy. The outcome of the sustainability targets is commented below the table and on page 110.

Target	Target 2021	Outcome 2021	Outcome 2020	Outcome 2019
Return on capital employed	Target: 10–15%	9.6%	7.9%	8.1%
Equity/assets ratio	Target: >30%	35.1%	34.6%	32.1%
Dividend policy	>40% of profit after tax	46% according to Board proposal	77%	0% ¹⁾
Affordable housing	Half of our housing starts will be in the affordable segment.	67%	54%	57%
Green offering	100% ecolabelled production starts in Sweden, Denmark and St. Petersburg Increase in other markets.	Sweden: 100% St. Petersburg: 100% Denmark: n/a, Norway: 59%	Other target 2020	Other target 2019
Combat climate change	Our greenhouse gas emissions are to be halved by 2030, in line with approved science-based targets. Read more about these targets on page 115. Greenhouse gas emissions in relation to base year 2018: Own organisational control (Scope 1 and 2) Value chain (Scope 3) Value chain (Scope 3) per housing start	 -27% - 8% +21%	 - 24% - 10% +2%	 - 17% - 8% +34%
Passionate workplace	Our already high results for employee engagement are to be maintained or improved, based on our benchmark index.	85 (80)	84 (79)	84 (77)
Zero Harm	Our safety culture is to be improved and the risk of accidents reduced in accordance with the Zero Harm programme in effect for the year.	98%	98%	100%

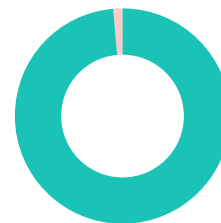
¹⁾ No profit was distributed due to COVID-19.

Greenhouse gas emissions, Scope 1 and 2



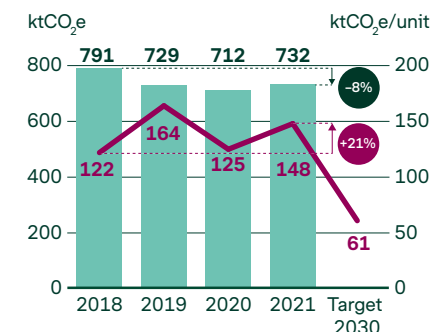
■ Greenhouse gases, total, Scope 1+2

Distribution of greenhouse gas emissions 2021



● Scope 3 value chain, 98.7%
● Scope 1+2 own organisational control, 1.3%

Greenhouse gas emissions Scope 3, total and per housing start



■ Greenhouse gases, total, Scope 3
■ Greenhouse gases Scope 3 per housing start

Comments on the outcome of greenhouse gas emissions 2021

In 2021, the trend continued of decreasing emissions in own organisational control while emissions in the value chain increased somewhat compared with the preceding year. Overall, Scope 3 emissions declined by 8 per cent since the base year. However, it is not enough to be in line with our ambitious targets given that our target for Scope 3 is formulated in relation to housing starts. The category of goods and services purchased was the primary driver behind the increase, which is attributable to a weak correlation in time between the number of housing starts and actual purchases of goods and services, which occurs on an ongoing basis during production.

For reporting on greenhouse gas emissions in Scopes 1, 2 and 3 as well as intensity, refer to Note S5.



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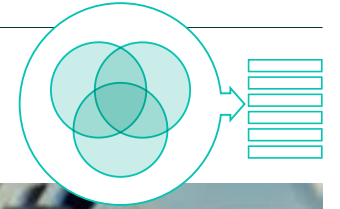
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Core themes for profitable growth



Bonava will invest in more land and building rights, drive resource efficiency through repetition in products and processes, and pursue its operations with commercial excellence.

These three core themes interact, and together they will lead us to profitable growth, long-term success and happy neighbourhoods for the many.

Bonava will invest in land and building rights in order to increase the number of housing units in the market, in line with our goal of 8,000 housing units sold in 2026.

To ensure profitable growth, we need efficient project control. We will achieve this through repetitive products and processes as well as well-defined building systems. We also need to pursue our operations with commercial excellence. This means measures such as ensuring our attractiveness to our customers by anticipating their needs, offering a mix of products, and developing new business models. We will meet their expectations throughout the customer journey.



Improving governance and cost efficiency in design, production and sourcing is of the highest priority in order to ensure profitable projects throughout the Group, where the gross margin is the primary driver.



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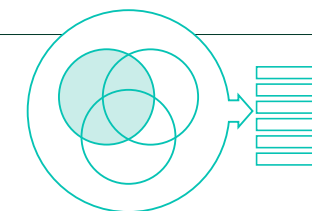
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CORE THEME

Strengthen land bank and footprint



To achieve our growth target, we need to invest more in land as well as balance and expand our portfolio with more attractive building rights. This strategy also opens the way for more and expanded partnerships with other players.

Invest in building rights

Project starts are the engine of our operations, and Bonava will increase its investments in building rights in order to start more projects. The investments will be made in the regions that generate an attractive return at a balanced risk. In connection with investment decisions, the conditions are assessed based on which type of housing units the land is suitable for, what the permit process looks like, the degree to which existing building systems and processes can be applied during implementation and how sustainable the area is. Our markets are routinely evaluated in order to allocate the available capital for an optimal return.

At the same time, we are open to a more long-term attitude in the acquisition of land, meaning the purchase of larger areas of land for development over a longer period. This imposes greater demands for due diligence and, for example, climate scenario analyses in order to be certain that the land will be suitable for residential development in the future as well.

To achieve the target for housing units sold, it is estimated that the number of housing units started must be approximately 6,000 for 2022 and just over 7,000 for 2024. This will require investments of approximately SEK 6 Bn in land and building rights over the coming years. A stable cash flow, SEK 3.6 Bn in unutilised credits, and a net debt of SEK 3 Bn mean we have a strong balance sheet and the possibility of financing these investments. At the same time, we are evaluating new financing solutions for the increased level of investment and a continued balanced capital structure, as well as investigating other financing opportunities.

Read more about our building rights portfolio on the next page.

Strengthen footprint

Bonava endeavours to strengthen its regional presence in order to utilise synergies and deploy its resources efficiently, with the goal of becoming a leading player in its regions. Since the suppliers are local and the regulatory requirements differ among regions in the same country, there are efficiency gains to be had by concentrating larger business volumes in the same region. This strategy entails a more flexible approach to the type of contract form. Even though split contracts will remain the most common form, a turnkey contract could be relevant when the conditions are right.

Developing operations through partnerships

This strategy also opens the way for more and expanded partnerships with other players, including acquisitions for the purpose of building a growing project portfolio. It may be a question of partnerships and mergers where, together with other players, we pursue larger projects or build up entire city districts. It may also be a question of acquisitions of companies or ongoing projects in regions where we already have a strong presence and wish to bolster this. Good relationships with municipalities and awareness of their needs are central to Bonava, since it creates the conditions for carrying out long-term land acquisitions and developing land in a manner that suits our business model and building systems.



Project starts are the engine of our operations. The Gartnelien 1 project in Bergen is one example with 70 units.



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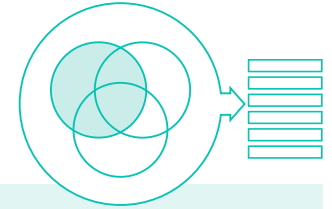
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BUILDING RIGHTS PORTFOLIO

Increase the number of building rights

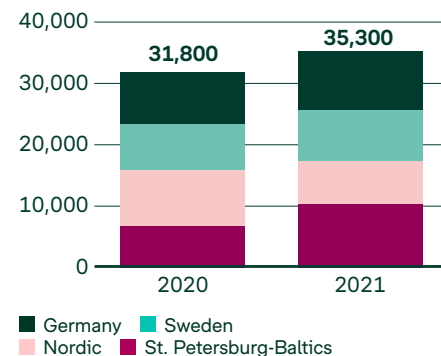


Bonava's building rights portfolio is relatively evenly distributed across the segments and serves as a solid basis for future projects. However, it must be expanded going forward. A relatively high number of land sales took place between 2016 and 2018 to structure a land bank suited to Bonava's business.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

industry, and therefore we need to further strengthen the building rights portfolio.

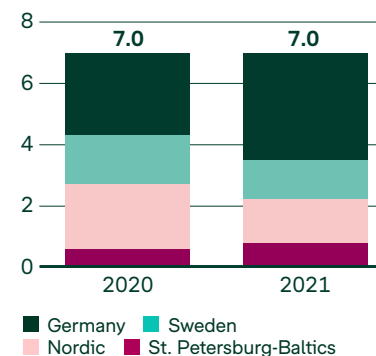
In 2021, the number of building rights increased by 11 per cent at Group level. The St. Petersburg-Baltics segment accounted for the largest increase. Bonava is to continue expanding its building rights portfolio to achieve its growth target of 8,000 housing units by 2026. The diagram below illustrates the development of the building rights portfolio during 2021 and its composition at the end of 2021.

Number of building rights, on and off the balance sheet, per segment



In 2021, we expanded the building rights portfolio by 3,500 building rights, with the growth segments of Germany and St. Petersburg-Baltics accounting for the largest increases. The number of building rights in the Nordic declined, mainly due to the sale of the Danish building rights portfolio and a lower rate of acquisition than previously. The building rights portfolio in Sweden grew by 600 units.

Carrying amounts, building rights portfolio (SEK Bn), Properties held for future development and capitalised development expenses



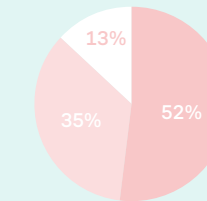
Despite a higher number of building rights at the end of 2021 compared with the preceding year, the carrying amount of properties held for future development including capitalised development expenses is level with the previous year. This is primarily due to a larger share of off-balance-sheet building rights in 2021 (48 per cent) compared with the preceding year (39 per cent).

Building rights at the end of 2021

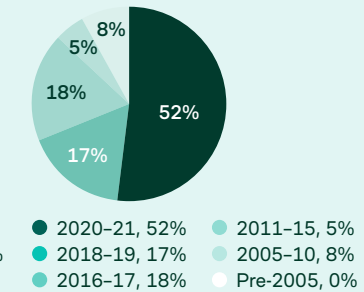
Number of building rights

35,300

Number of building rights, on and off the balance sheet

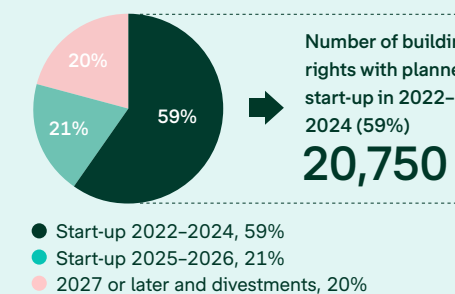


Timing for entering agreements to purchase building rights

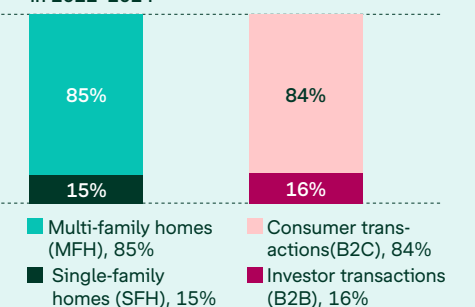


The share of on-balance-sheet building rights accounted for 52 per cent of the total building rights portfolio. 13% of the building rights were included in option contracts and the remaining 35% in conditional contracts. Keeping building rights off the balance sheet is a way for Bonava to strengthen the building rights portfolio without significantly increasing capital employed. Furthermore, it offers lower risk given that the terms and conditions are often linked to zoning plans, building permits and environmental requirements.

Number of building rights



Distribution of building rights with start-up in 2022-2024



59 per cent of the building rights are planned to commence production during 2022-2024, 21 per cent in 2025-2026 and the remaining 20 per cent from 2027 and onward, or for planned divestment. Of the building rights that are planned to commence production in 2022-2024, 84 per cent are for consumers and 16 per cent investors. Of the building rights that are planned to commence production in 2022-2024, 85 per cent are multi-family homes and 15 per cent single-family homes.



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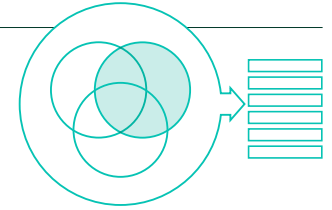
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CORE THEME

Drive cost and efficiency through repetition



Bonava will increase cost efficiency through digitalisation and repetition in products and processes. We will ensure that standardisation and repetition take place at the right level, and that we carry out the parts of the value chain that create the most value under own management.

Increase repetition in products and processes

Having repetitive work processes and products creates clarity and efficiency. Bonava works with building systems of standardised construction components that are continually being improved and used across several projects in order to achieve cost efficiency. The building systems set the parameters for how we can design our homes. There is a certain amount of flexibility in these parameters, which is important for meeting customers' wishes and the requirements of local authorities. Each business unit has one or several building systems.

In the markets where we have well-designed building systems and work repetitively, we have successfully delivered more quickly and at a lower cost. We have the greatest degree of building system maturity in Germany and St. Petersburg and the Baltics, as well as in our Swedish single-family homes. We will continue to develop these while we increase the degree of maturity in our other markets. Municipalities and local authorities play a central role since they design policies and regulations, make planning decisions, and grant permits.

Build up competence for significant value creation

In the areas where there is scope for significant value creation through economies of scale and efficiency gains, Bonava is to have robust internal competence to pursue the operations itself. Internal resources facilitate a greater degree of repetition and continual improvements through learning from our experiences. The functions to be carried out within and outside Bonava may change in pace with developments in the market, and will be routinely evaluated.



To ensure profitable growth, we need efficient project control. The entire development process – from design and standardised building systems to commercial planning – must be in place before we build and sell our housing units.



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Commercial excellence

We will be attractive to our customers. Throughout the customer journey, we will anticipate their needs and meet their expectations. This means that we will develop new products, services and business models.

Offer an attractive product mix

Bonava will offer pleasant homes and happy neighbourhoods. Customer preferences and expectations shift between customer groups and over time. For example, the COVID-19 pandemic changed many customers' view of what their homes could be used for. Using our recurrent Happy Quest customer survey, we obtain knowledge of what makes people feel content and what makes them feel a sense of belonging in their areas. Supported by the survey and making use of Bonava's lengthy experience in residential development, we can offer concepts that meet customer needs.

Explore new business models

In order to meet new needs, we must explore new business models. For example, we are evaluating the possibility of developing rental apartments that we own until we feel that market conditions are right for sale: the build-to-hold model. In the first step, we are planning the development of rental apartments in the Swedish, German and Baltic markets, and the utilisation of the existing project portfolio. Our ambition is to create assets in accordance with the build-to-hold model corresponding to SEK 2–3 Bn over the next three years.

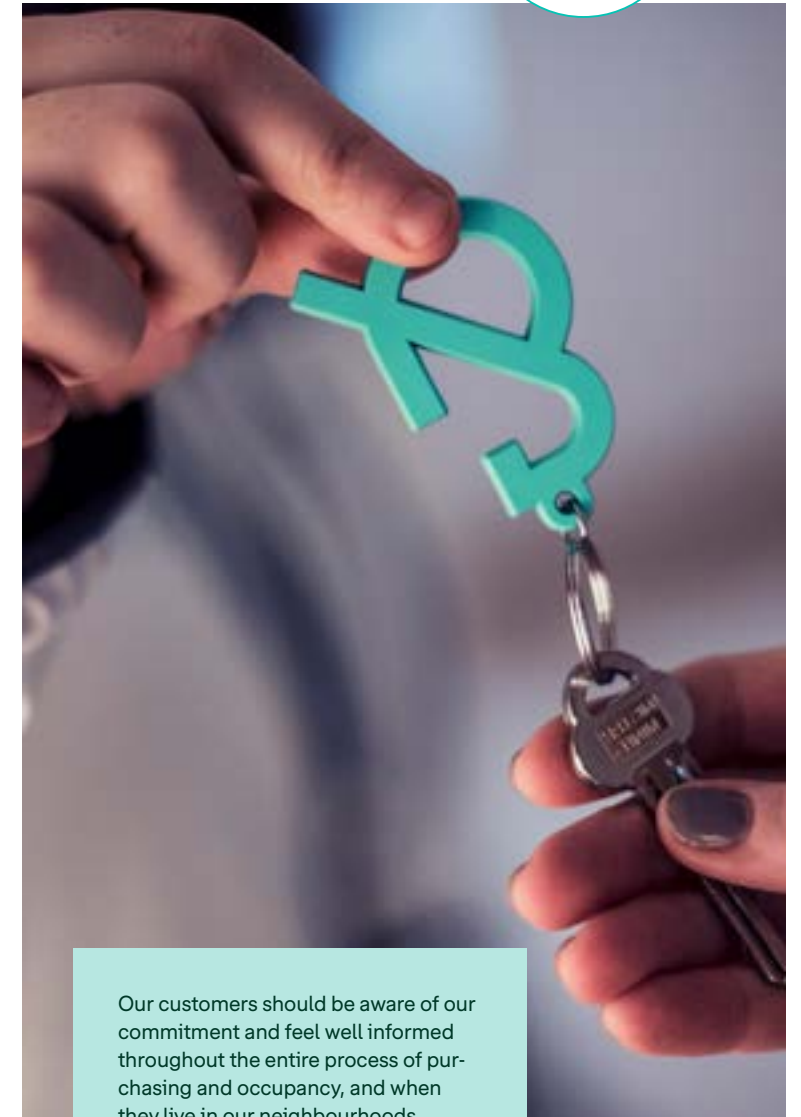
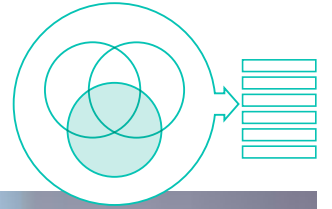
Meeting customer expectations throughout the customer journey

Bonava will efficiently meet its customers' expectations throughout the customer journey. Based on our customer insights, we can package and standardise our offerings, thereby achieving cost efficiency without losing customer value. We will make the customer's decision-making process simple and pleasant. We know, for example, that our customers sometimes experience the choices to be made over the course of the project as stressful, and the total cost as ill-defined. Our goal is to offer exactly the right number of options at a clear and reasonable cost in order to ensure a positive customer experience. Our customers should be aware of our commitment and feel well informed throughout the entire process of purchasing and occupancy, and when they live in our neighbourhoods.

Build a strong brand

Brand awareness for residential developers has historically been low. Since its beginning, Bonava has endeavoured to build a strong brand through innovative products and a differentiated offering. We are proud of our homes and neighbourhoods, and we want the people who live in them to be proud of living in a Bonava neighbourhood.

Continual efforts to build our brand in close connection with a relevant and differentiated customer offering increases customer awareness and preference for Bonava.



Our customers should be aware of our commitment and feel well informed throughout the entire process of purchasing and occupancy, and when they live in our neighbourhoods.



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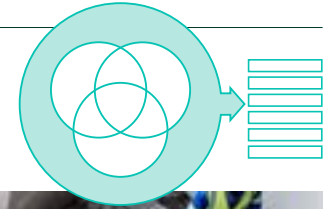
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Everything we do will rest on our firm foundation



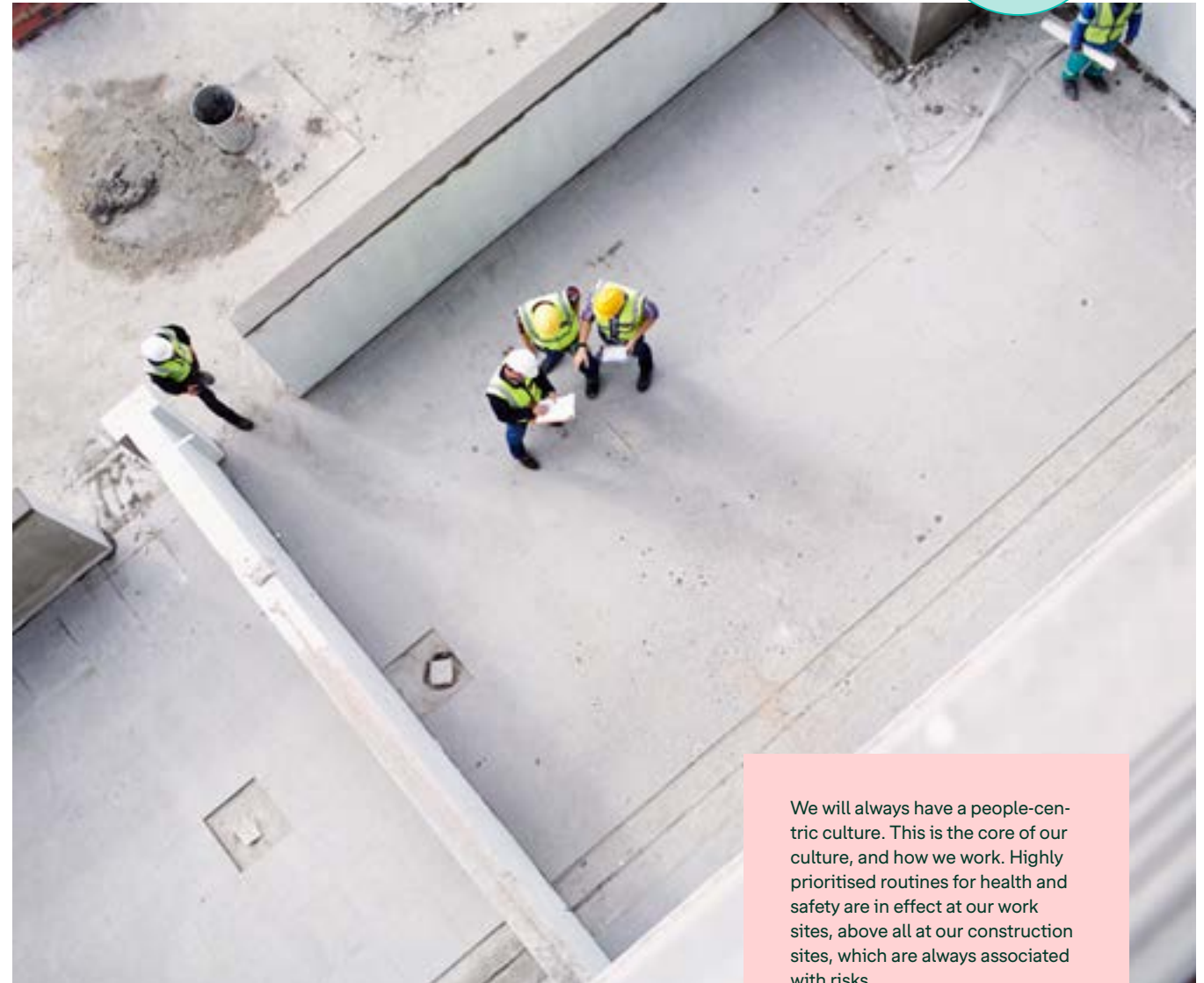
Our strategy aims to strengthen our business focus. The starting point of this strategy is Bonava's enduring, stable foundation.

Our sustainability agenda – with its focus on the environment, society and ethics – is now even more clearly integrated into our operations and our foundation. This creates conditions for delivering on all our targets without compromising our core values. Furthermore, Bonava's sustainability work is an enabler of green financing of our business.

As a residential developer, we always need to take limited natural resources and the effects of ongoing climate change into consideration. Environmental considerations must permeate the entire process when we create new homes.

We will always have a people-centric culture. This is the core of our culture, and how we work. Everything we do, we do with a view to our customers' best interests. But our commitment does not stop there; it reaches further to employees, suppliers, partners and the community. Our ambition for health and safety applies to everyone, everywhere, every day. Our employees' commitment is crucial, and we will continue our efforts to create an attractive workplace where our employees can grow and thrive.

We will focus wholeheartedly on our residential development projects. Our starting point is the needs and possibilities in these projects when we review our support processes, structures and working methods. This way, the business can be pursued in greater proximity to the conditions of the local market, and we aim to respond more rapidly and more flexibly in order to meet our customers' needs. Decisions are to be taken as close as possible to the businesses they affect. How close depends on the maturity of and conditions in the respective business units. Support for Group aligned decisions is provided in our program for compliance with our shared Code of Conduct, values and risk management processes.



We will always have a people-centric culture. This is the core of our culture, and how we work. Highly prioritised routines for health and safety are in effect at our work sites, above all at our construction sites, which are always associated with risks.



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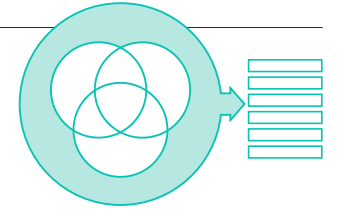
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OUR FOUNDATION

Embedded environmental respect



Environmental considerations must permeate our entire process when we create new homes. Bonava prioritises the use of safe materials, the efficient use of resources and reduced climate impact throughout the value chain.

Ambitious climate targets

The climate impact of the construction and property industry is significant, and Bonava therefore has become the first residential developer in Europe to define climate targets that have been approved by the Science Based Targets initiative. By meeting ambitious targets, we ensure that our operations promote the fulfilment of the greater ambition of the Paris Agreement to limit global warming to 1.5 degrees Celsius. The responsibility of contributing to the targets is divided among our business units through annual climate budgets.

Central to site allocation and building permits

There is a growing awareness of the importance of using land in a manner that creates climate change resilience and supports biological diversity. Where previously undeveloped land is utilised, we work to protect biological diversity and other ecological values. Where needed, we remediate land to render it suitable for building homes. These measures will become even more important going forward in order to receive site allocations and building permits, and to be aligned with the EU's green taxonomy for sustainable finance.

Resource efficiency as a guiding light

Bonava will use the right materials in the right places, in a manner that causes the least possible harm to the environment and to people. We work continually to enhance the efficiency of our use of resources, and strive for a circular production model with optimised material streams and as little newly-produced raw production material as possible. Our forecasts show that there is a risk of

a rise in the price for new raw materials, especially in cases where availability is limited. It is forecast that costs of emissions and waste management will also increase. As part of our digitalisation, we will introduce a platform for increased control and the ability to optimise the use of materials and resources.

Develop with a life-cycle perspective

Bonava's homes are being developed for the best energy efficiency and lowest water consumption possible, which is also being demanded by our customers. Adapting our building systems to national environmental and certification standards creates potential for more efficient utilisation of resources.

Labelling documents our work

In the markets where there is ecolabelling of housing units that both supports our ambition for repetition and captures the relevant sustainability aspects for our customers, this is a good tool for us to package our offering for consumers, investors and financiers. In Sweden (and Denmark), all the projects that have been started since 2019 are Nordic Swan ecolabelled. As of 2021, all new projects in Norway are Nordic Swan ecolabelled. In St. Petersburg, all homes have been ecolabelled with Green Zoom, which is a Russian sustainability labelling system, since 2017.

→ Read more about our efforts under Embedded environmental respect on pages 114–117 and 128–133.



Bonava promotes a sustainable, active and social lifestyle in its neighbourhoods. Residents are offered resource-efficient waste management, in accordance with the recommendations of local authorities.



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OUR FOUNDATION

People-centric culture

We will always have a people-centric culture. This means we focus on our customers, employees, suppliers and the entire neighbourhood when we set priorities and make plans.

Occupational health and safety are always first

Bonava has a long-term vision for health and safety that includes customers, employees, suppliers and the general public. We build solid homes that facilitate a sustainable lifestyle. The fixtures in our homes contain as few materials as possible that are hazardous to the environment and to health. Paints, adhesives, joints, spackling paste and tiles must be documented free from environmentally hazardous and toxic substances. In several countries, all of our homes are Nordic Swan ecolabelled, and we document our compliance with stringent requirements for aspects such as healthy indoor environments as well as harmless and sustainable materials.

Highly prioritised routines for health and safety are in effect at our work sites. Above all at our construction sites, which are always associated with risks. From our previous focus on Zero Harm, we are now taking the next step in our work and putting greater focus on culture and leadership as well as prioritising preventive efforts, including working with our largest risk areas. Our comprehensive programme, Health and Safety for Everyone includes detailed goals, activities and indicators for follow-up.

Bonava's revised health and safety target is "Healthy and safe workplaces for everyone, everywhere, every day, with a halving of serious incidents by 2026 compared with the 2022 level," according to Bonava's definition of serious incidents, read more on pages 118–120.

A passion for the customer's best interests

Bonava's success is built on a corporate culture with commitment and passion for always doing our best for our customers. Our strategy involves a major transformational effort, and we depend on engaged employees who are part of pursuing this change.

Because Bonava operates in markets in eight different countries, active efforts to strengthen our employees and

corporate culture are particularly important. In order for every individual at Bonava to have the opportunity to grow, an environment that encourages positive performance and achievements is needed as well as opportunities to learn and develop under good leadership. Bonava Academy is the Group's competence development hub.

Bonava Change is one part of the company's strategy and implementation function. It encompasses managers who support transformation projects throughout the Group, and is important for improving our ability to lead and manage change.

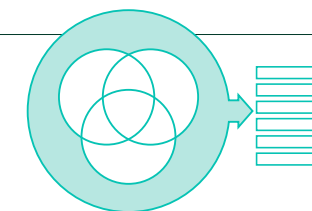
Bonava's revised employee engagement target is "Employee engagement in line with the top 10 per cent of the best-performing companies." The matrix presents the results for employee engagement in 2021.

Diversity creates better homes for the many

We will become a more successful company by acting in an inclusive manner, with a high degree of diversity among our employees. This makes it simpler to carry out Bonava's mission: creating better homes and lives for the many.

Bonava endeavours to be a welcoming workplace characterised by diversity and a focus on people and collaboration. If we are to serve as an example, all employees need to act in line with our values. This includes acting with mutual respect. Our Code of Conduct emphasises that Bonava stands for equal opportunities for everyone. The degree of our success in achieving this is monitored in the Passionate Workplace annual employee survey.

Internships and apprenticeships as well as various mentoring programmes are available in all of Bonava's markets. Active competence development and internal recruitment for senior positions are prime examples that increase motivation. By helping the entire pool of employees to achieve its full potential, we ensure that Bonava's organisation is as effective and as dynamic as possible.



● Bonava ● Global benchmark
● Top 10 per cent of the best performing companies

→ Read more about our efforts in the area under People-centric culture on pages 118–122 and 134–138.



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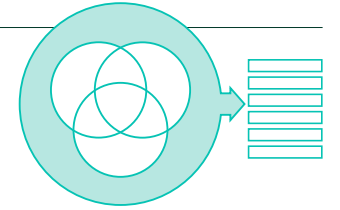
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Governance for high performance



By their nature, residential development projects are about local market knowledge, keeping the customer's preferences in focus. Our starting point is the needs and possibilities in these projects when we review our support processes, structures and working methods. This way, the business can be pursued in greater proximity to the conditions of the local market, and we can respond more rapidly and more flexibly in order to meet our customers' needs, at the same time as ensuring that we are a business partner that can be trusted.

Project needs the governing factor

Ensuring a more business-driven approach based on local market conditions requires a more balanced work method between the business units and the Group's support functions. This results in a need for more clearly defined responsibilities all the way up to the residential development projects. The strategy and mandate are adapted to each business unit based on its degree of maturity and its capacity. With this more decentralised model, the business units can more quickly adapt their strategy and their offerings based on the local market and customers' needs.

The revised strategy will be implemented at different speeds, and the business units will have varying mandates for making decisions. The starting point is that all business units are to achieve commercial and financial stability before measures for profitability and growth can be implemented. Stable business units are to focus on measures that create profitability, while profitable business units will focus on growth.

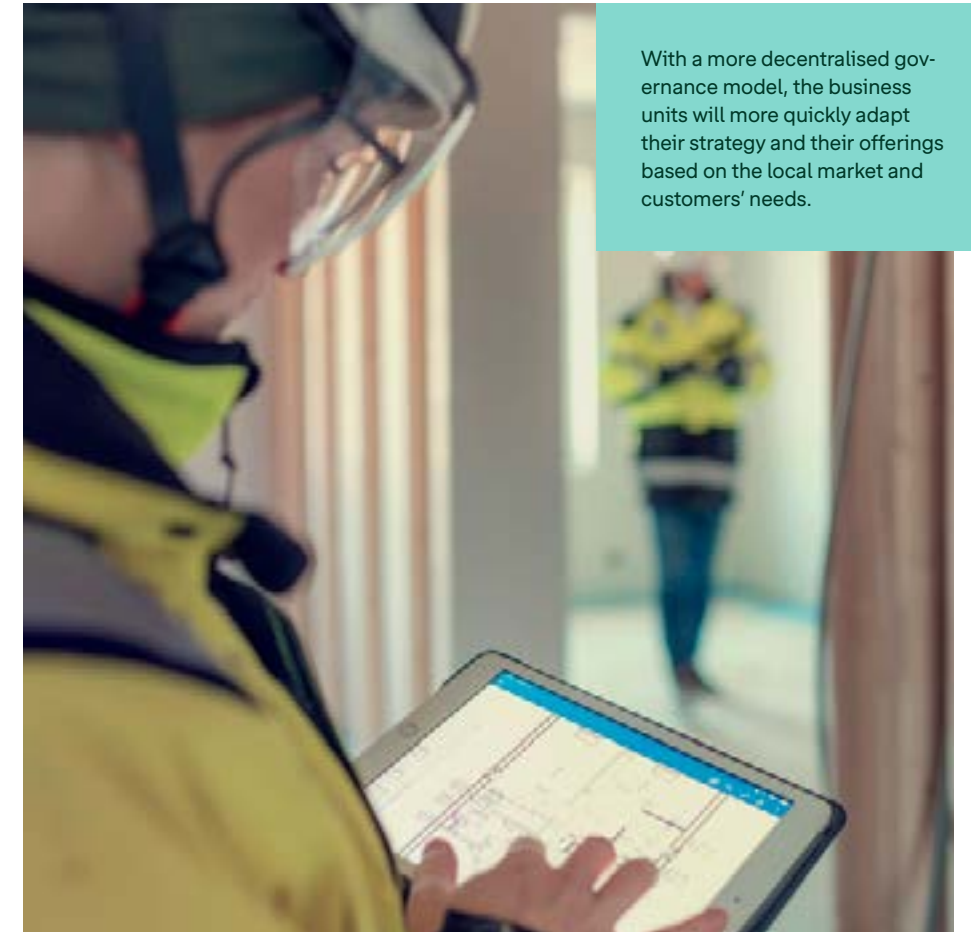
A business partner to rely on

Developing neighbourhoods and homes involves contact with a range of stakeholders. Bonava's ability to operate in the market is dependent on the confidence of its stakeholders, and we will pursue our operations with a high degree of business ethics and transparency in our reporting. Bonava's internal regu-

lations and processes are defined in our Code of Conduct as well as our policies and business management system. Our program for compliance with the Code of Conduct includes support and training modules for anti-corruption and ethics. Our ethics committee meets regularly for the purpose of improving our procedures and strengthening the programme. Bonava's SpeakUp system, a whistle-blower function, is managed by a third party and enables both employees and individuals outside the company to report breaches anonymously. Raising the alarm about potential irregularities is encouraged. This is a way of helping the company.

From the very beginning, Bonava has been a signatory of the UN Global Compact, and we require that our suppliers certify that they comply with its fundamental principles in the areas of human rights, labour, environment and anti-corruption. Every year, we collaborate actively with approximately 12,500 different suppliers. A long-term perspective and mutual learning with our suppliers are crucial to our strategy and to achieving several of our targets, particularly our climate targets and the targets for health and safety.

→ Read more about our efforts under Governance for high performance on pages 123–125 and 138–141.



With a more decentralised governance model, the business units will more quickly adapt their strategy and their offerings based on the local market and customers' needs.



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Efficient housing construction in Germany

In Schönefeld, outside Berlin, Bonava has been developing homes since 2012. By adapting the forms of housing to demand using repetitive products and processes, Bonava creates attractive neighbourhoods with a high degree of profitability.

Development in stages

Schönefeld is situated just south of Berlin, close to the big new Berlin Brandenburg Airport. Bonava acquired land here in 2012, and has subsequently purchased more. The first row houses were completed in 2014. Subsequently, Bonava has constructed both rental apartments and condominiums. Currently, the company is building a mix of housing units for both investors and consumers. By building and selling in stages, Bonava can meet demand with individual products, in a flexible manner regarding timing and pricing. Once the entire residential district with a total of 120,000 square metres is completed in 2025, it will contain nearly a thousand households.

Popular area

Significant price differences between downtown locations and the city's surroundings make buying or renting a home in Schönefeld attractive. The area is a popular one, and the sales rate is high. The mix of one to four-room apartments in a quiet and green small-town atmosphere close to the

heart of the city is particularly attractive for families with children and older tenants.

Cost and time-efficient residential development

Bonava* has been building in Germany for almost 60 years. To increase efficiency, the company takes its starting point in existing housing types and modules, and adapts them to the location and target group of the project. Bonava has developed a platform building system with clear routines and repetition that create security in all processes. This reduces construction costs and leads to time efficiency, with increased safety at the construction site. Moreover, Bonava strives to build with sustainable materials and we supply our sites and offices with green electricity.

In its eight regions where Bonava Germany is active, it applies the same efficient methods as it uses in Schönefeld. Efficient housing construction of happy neighbourhoods for the many.

*From 2016 as Bonava, previously as part of NCC.





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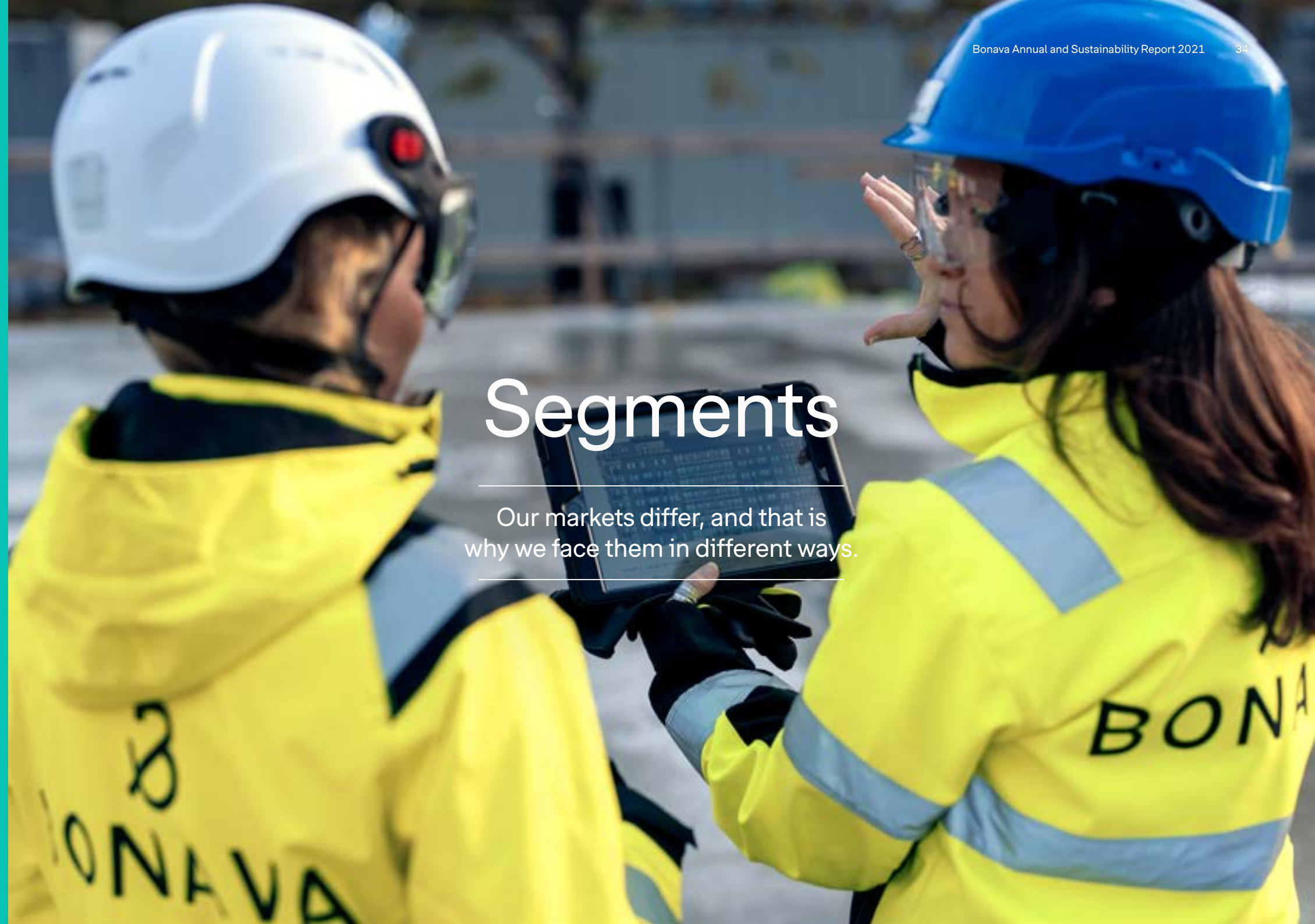
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Our markets differ, and that is
why we face them in different ways.





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Varying payment models and cash flows

To optimise and ensure the best return on our available capital, it is important to understand the differences in the payment models and cash flows between our markets and customer segments. The cash flow profile from consumer transactions differs among markets, while the structure for the cash flow from investor transactions is negotiated between the parties on a transaction-by-transaction basis in all markets.

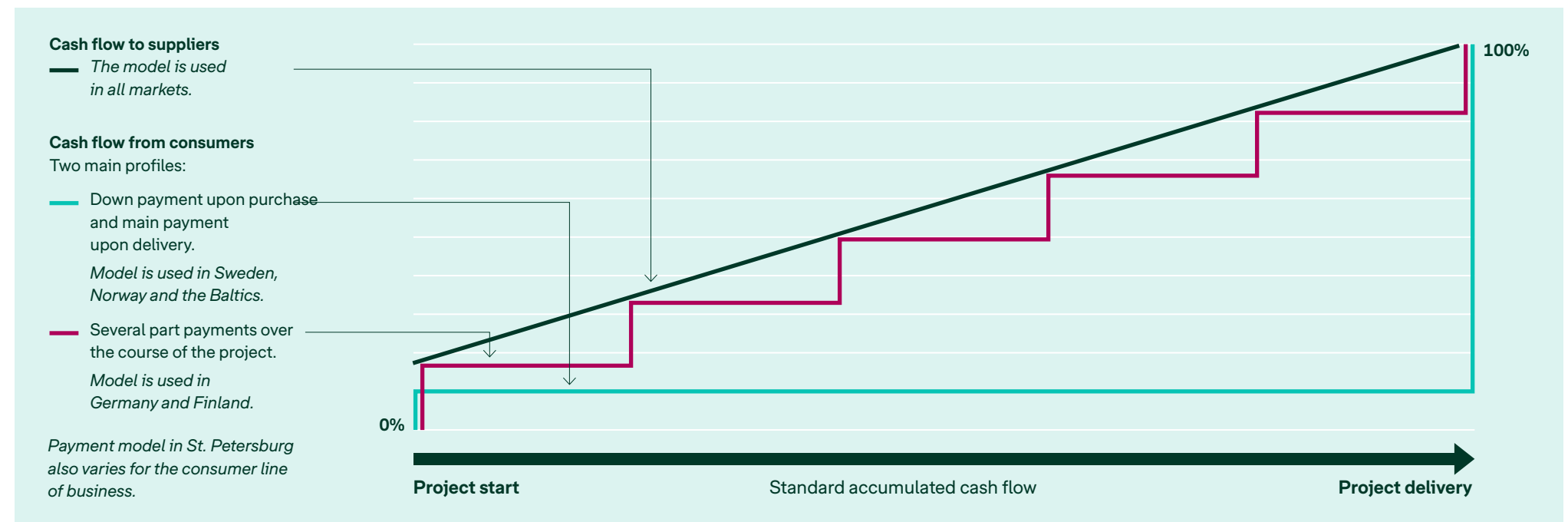
Regulations and traditions vary among our markets and thus the consumer segments have differing cash flow profiles in our markets. In Germany, customers make several partial payments in accordance with the applicable regulations. This means that our capital employed in projects is low during ongoing production. Finland has a similar payment

model. In Sweden, Norway and the Baltics, customers make a small down payment at the start of the project while the main payment is made on delivery of the home. This requires a considerably higher level of capital employed during production.

Some payments to suppliers are made prior to the start of

production, for example for land and architectural services. Payments for material and contractors are made on an ongoing basis during the construction period and may occasionally also continue after delivery to the customer, for example, for putting the finishing touches to the neighbourhood.

CASH FLOW PROFILE FOR THE CONSUMER LINE OF BUSINESS IN OUR MARKETS





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Segments

Germany



SHARE OF
NET SALES

47%

2020: 44%

MARKET FACTS: GERMANY

POPULATION (ANNUAL GROWTH SINCE 2010): 83.2 million inhabitants (0.2%)

BONAVA'S REGIONS: Berlin, Hamburg, the Baltic coast, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/ Stuttgart

POPULATION IN BONAVA'S REGIONS: 30 million inhabitants (approximately 35 per cent of the country's total population)

SHARE THAT LIVE IN CITIES: 77%

UNEMPLOYMENT 2021 (2020): 3.7% (3.8%)

OFFERING: Multi-family housing with apartments (housing units with ownership rights), single-family housing, row houses and semi-detached houses for consumers (housing units with ownership rights) and rental housing projects with apartments for investors

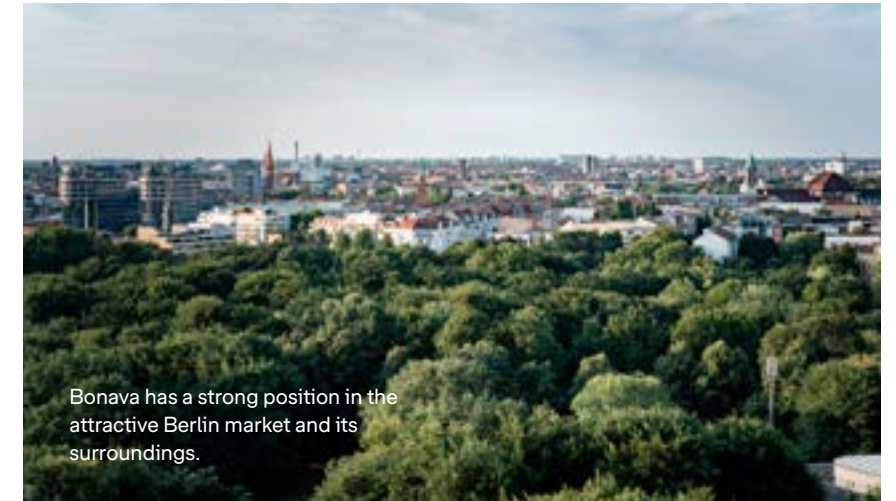
COMPETITORS Instone, BPD, BUWOG/Vonovia, Zech Group, Project Immobilien, Büschl

SEK M	2021	2020	2019
Net sales	7,276	7,466	6,361
Gross margin, %	16.6	13.9	17.6
Operating margin ¹⁾ , %	12.6	10.1	13.0
Profit before tax, SEK M	814	675	644
Number of building rights	9,700	8,400	8,900

¹⁾ The key ratios have not been affected by items affecting comparability, since no such items have been reported.

The right model for growth with profitability in Germany

Bonava is a leading residential developer in Germany, with operations across the country. The position in the Berlin area is the strongest. Bonava's efficient building systems and robust offering provide a solid base for creating long-term value from continued investments.



Bonava has a strong position in the attractive Berlin market and its surroundings.

Market potential and drivers

There has been a shortage of housing units in Germany for many years. Available land in the cities is severely limited and residential spaces are small, while turnaround times for zoning plans and the permit process are generally relatively long.

Investments in residential development are increasing, as is interest in the rental market. Homes that more people can afford to live in are high on the political agenda, and the objective of the newly elected government is that 400,000 homes will be built annually in Germany.

A characteristic feature of the German market is that many people invest in their home relatively late in life. Compared to Bonava's other markets,

this means a lower rate of ownership, and thus a potential for housing units with ownership rights. In parallel, demand for rental apartments remains high.

Historically, the German market has been characterised by a large number of local players who have been able to acquire new land through strong relationships. There are early signs of consolidation, which could be favourable for a larger national player like Bonava.

Progress during the year

Demand for and the price of newly produced housing units trended positively. The German market noted continued robust demand at the same time as supply is low. Demand from

Germany's most active residential developer

Bonava was named the country's most active residential developer in the following cities and their surrounding: Cologne, Düsseldorf, Frankfurt am Main, Hamburg and Stuttgart.



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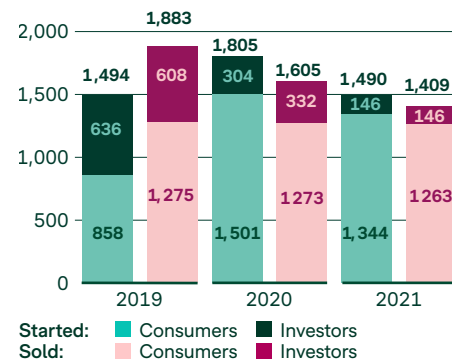
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investors was favourable and transactions were concluded in Hamburg and Düsseldorf during the year.

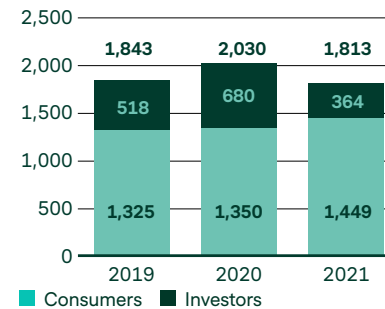
Net sales were lower year-on-year at SEK 7,276 M (7,466) as a result of fewer housing units delivered to investors during the year. The gross margin improved for both the consumer and investor lines of business. With an improved gross margin, we have favourable conditions through increased volumes to also improve profitability. Operating profit increased and the margin rose to 12.6 per cent (10.1). The number of housing starts was 1,490 (1,805) and was lower than expected as a result of starts being post-

poned until 2022. Permit processes remained a challenge and constitute the main obstacle to increasing the number of project starts. Sluggishness in regulatory processes is not a new phenomenon, but has been partially amplified by the COVID-19 pandemic restrictions. Our organisation is working intensively on quality assurance of the supporting documentation in order to facilitate the processes as much as possible. During the year, the building rights portfolio was expanded with several acquisitions in attractive locations, with land purchases being made in Berlin and Leipzig that will form a stable foundation for future profitability.

Number of housing units started and sold



Number of housing units recognised in profit



Renewable electricity at all construction sites

As of April 2021, all of our construction sites in Germany can run on 100 per cent renewable hydroelectric power. The switch not only reduces CO₂ emissions but will also reduce energy costs since green electricity is cheaper. The transition to green electricity is a key measure that Bonava took in order to meet its targets for climate change under the Science Based Target initiative.

New digital tools for project management

During the year, two new digital tools were implemented to support and optimise the efficiency of our German residential development projects. One is a quality management tool for documentation of services and management of defects in the housing projects. The other is a scheduling tool for creating time, resource and cost plans that simulate the construction process, thereby making the work more efficient.



Approved development plan for Parkstadt Karlshorst

After many years of preparation and rounds of negotiation, the final obstacle to the development of the Parkstadt Karlshorst neighbourhood was overcome in August 2021. On this former industrial land on Blockdammweg, 13 kilometres from the heart of Berlin, approximately 1,000 rental apartments and condominiums as well as a large daycare centre, elementary school, local shopping centre and green spaces covering 18,000 square metres will be constructed in stages. Production of the first stage commenced in 2020. In the third quarter of 2021, construction of a further 90 apartments with ownership rights was begun, and more stages are planned for the coming years.

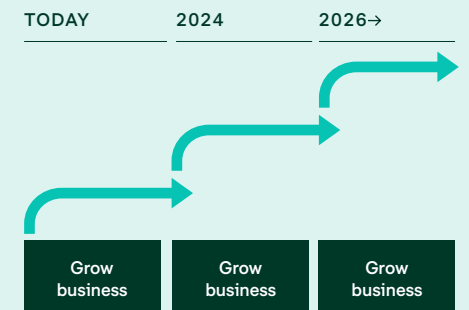
Strategic focus going forward – growth

From a strategy perspective, Germany is in the third phase – growing the business. At the same time, growth must take place with improved profitability. In operating activities, improvement efforts will therefore continue to focus on optimisation of production, strategic sourcing and development of our offering.

Continued digitalisation of operations is included in this work, as is ensuring a proactive and structured competence supply in the organisation.

In order to broaden and strengthen our position, the objective is to build up an even more balanced land bank with a buffer of building rights that will enable an increase in the number of project starts. We have a stable base of attractive building rights for future growth. Market potential is deemed greatest in the three regions of Berlin, Cologne/Bonn and Saxony.

[→ Read about the phases on page 19.](#)





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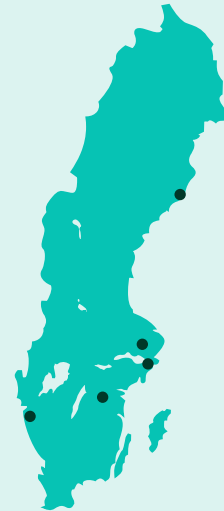
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Sweden

SHARE OF NET SALES

21%

→ 2020: 21%



MARKET FACTS: SWEDEN

POPULATION: (ANNUAL GROWTH SINCE 2010): 10.4 million inhabitants (1.0%)

BONAVA'S REGIONS: Stockholm, Gothenburg, Linköping, Uppsala and Umeå, as well as rental apartments in several larger regional cities

POPULATION IN BONAVA'S REGIONS: 4 million inhabitants (approximately 40 per cent of the country's total population)

SHARE THAT LIVE IN CITIES: 88%

UNEMPLOYMENT 2021 (2020): 8.2% (8.3%)

OFFERING: Multi-family housing with apartments and single-family housing for consumers (tenant-owned apartments and housing units with ownership rights) and rental housing projects for investors

COMPETITORS: JM, Riksbyggen, HSB, Skanska, Peab, Besqab, Nordr, BoKlok, OBOS

SEK M	2021	2020	2019
Net sales	3,327	3,528	3,861
Gross margin, %	12.6	11.7	15.6
Operating margin before items affecting comparability, %	8.8	8.0	11.7
Operating margin after items affecting comparability, %	7.4	8.0	11.7
Profit before tax, SEK M	171	207	364
Number of building rights	8,200	7,600	7,300

Focus on improved profitability in Sweden

Sweden is Bonava's second-largest market. We have an attractive breadth in our offering of housing units to rent or own, in or near large cities. At the same time, a firmer grasp of our projects is required in order to ensure profitable and sustainable growth.

Market potential and drivers

Increasing population and relocation to the major cities, together with low interest rates and greater disposable income, have driven the housing market in Sweden. Demand for apartments and single-family homes in proximity to major cities is high, with the pandemic even resulting in a shortage of single-family homes.

Turnaround times for zoning plans and granting permits are generally relatively long and complex. The Swedish market is relatively consolidated, with a few major players. At the same time, there are a number of smaller niche residential developers. Some residential developers have chosen to broaden their business model to also include property management.

Progress during the year

Demand and prices for homes trended positively, with prices increasing at a somewhat slower pace during the second half of the year. The price trend for rental housing projects was also good, with significant interest from both Swedish and international investors. Three rental projects were sold and production on these was started: two in Umeå and one in Västerås. We started several projects for consumers during the year, comprising a mix of single-family homes and multi-family housing.



Nordic Swan ecolabelled single-family homes close to the water and Stockholm

On the Täljö peninsula, near the coast and twenty kilometres north of Stockholm, Bonava is developing just over 150 modern single-family homes. Since 2017, the company has been building Nordic Swan ecolabelled detached homes, terrace houses, semi-detached houses and duplexes of between 92 and 158 square metres in the form of both housing units with ownership rights and tenant-owned apartments, many with a sea view.

Demand has been significant, and construction has taken place in stages based on a standardised building system. Generous shared spaces such as parks, outdoor areas, playgrounds, activity parks and an orangery create the conditions for a pleasant and happy neighbourhood. The entire neighbourhood will be complete in 2022. In Sweden, all the projects that have been started since 2019 are Nordic Swan ecolabelled.



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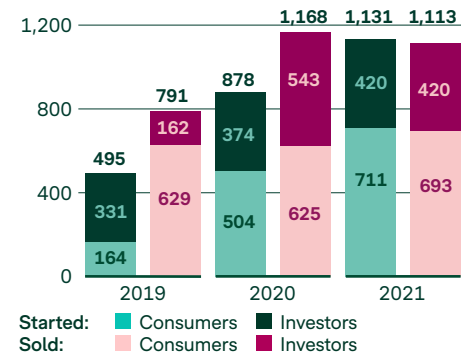
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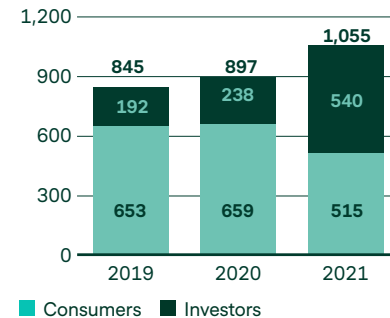
Compared with the preceding year, net sales for the full year declined somewhat, amounting to SEK 3,327 M (3,528), with more housing units being recognised in profit but a higher share to investors. We increased the gross margin for both the consumer and investor lines of business. Our profitability improved during the year and the operating margin before items affecting comparability increased to 8.8 per cent (8.0). Items affecting comparability amounted to SEK –44 M and pertain to impairment losses as a result of the strategic review during the year.

The building rights portfolio was expanded during the year with the addition of several building rights in attractive locations. For example, land was acquired in Stockholm, Linköping and Umeå, where we acquired building rights for single-family homes and multi-family housing.

Number of housing units started and sold



Number of housing units recognised in profit



Bonava designs sustainable district for the many in Umeå

Just outside central Umeå, Bonava is creating a new district with approximately 450 tenant-owned and rental apartments. Several stages of Tomtebo gård are being constructed here through 2024. A citizens' dialogue, conducted in partnership with the municipality, provided the basis for the design. Solar panels and geothermal heating are among the solutions being installed to meet the desire for low, sustainable energy consumption. The numerous community spaces such as recreation rooms, ski and bicycle maintenance rooms, saunas, boathouses and others are also being adapted to local usage. All this in accordance with the wishes of Umeå residents and Bonava's ambition of creating sustainable and happy neighbourhoods.

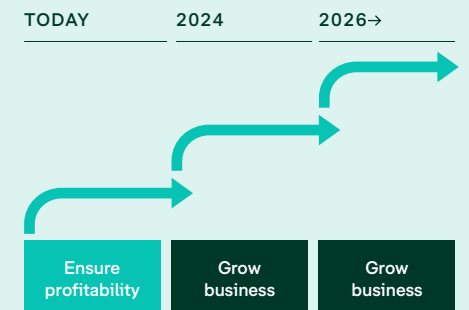
Strategic focus going forward – profitability

Sweden is in the second phase of maturity, where the highest priority is laying a more stable foundation for profitability. At the same time, the ambition is to maintain the current market position and to grow in pace with the market.

This means that Bonava must both ensure a more systematic and efficient production process with increased clarity and control, and more building rights and a stable buffer for profitable project starts. It also entails focus on standardised processes for project governance and sourcing. We will further develop our efficient building system for single-family homes, and to a greater extent standardise the building system for multi-family homes made of prefabricated concrete.

This also entails evaluating partnerships for construction using wood, for example.

[→ Read about the phases on page 19.](#)





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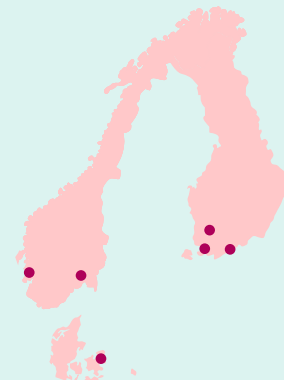
Segments

Nordic

SHARE OF NET SALES

22%

2020: 27%



MARKET FACTS: NORDIC/FINLAND

POPULATION: (ANNUAL GROWTH SINCE 2010): 5.5 million inhabitants (0.3%)

BONAVA'S REGIONS: Helsinki, Espoo, Vantaa, Turku, Tampere

POPULATION IN BONAVA'S REGIONS: 2.2 million inhabitants (approximately 40 per cent of the country's total population)

SHARE THAT LIVE IN CITIES: 86%

UNEMPLOYMENT 2021 (2020): 7.7% (7.8%)

OFFERING: Multi-family housing with apartments for consumers and rental housing projects for investors

COMPETITORS: Skanska, SRV, Lehto, YIT, Pohjola Rakennus

MARKET FACTS: NORDIC/NORWAY

POPULATION: (ANNUAL GROWTH SINCE 2010): 5.4 million inhabitants (1.0%)

BONAVA'S REGIONS: Oslo, Bergen

POPULATION IN BONAVA'S REGIONS: 2.2 million inhabitants (approximately 20 per cent of the country's total population)

SHARE THAT LIVE IN CITIES: 83%

UNEMPLOYMENT 2020: 4.4%

OFFERING: Multi-family housing with apartments and single-family housing for consumers (housing units with ownership rights) and rental housing projects for investors

COMPETITORS: OBOS, Selvaag, Nordr, JM and Fredensborg bolig

SEK M	2021	2020	2019
Net sales	3,386	4,563	4,000
Gross margin, %	6.5	6.0	-0.1
Operating margin before items affecting comparability, %	0.5	2.1	-0.6
Operating margin after items affecting comparability, %	1.2	2.1	-4.6
Profit before tax, SEK M	-28	28	-238
Number of building rights	7,100	9,100	10,600

A more stable foundation for our operations in Finland and Norway

In Finland, increased project governance is the highest priority, and our Norwegian operation is being built up. For both markets, the first step is to lay a stable foundation for starting and selling a larger volume of housing units. During the year, we took the decision to exit Denmark.

Finland

The housing market in Finland is concentrated primarily to the metropolitan regions with the largest population growth and expanded infrastructure: Helsinki, Tampere and Espoo. Construction policies vary among different municipalities, which makes it difficult to apply standardised building systems. Competition in the Finnish market for multi-family housing is intense. It consists of major players with a broad offering as well as new, smaller players. Bonava is one of the few companies that is a dedicated residential developer.

Norway

In Norway, Bonava has had operations in Bergen and Oslo since the autumn of 2019, when the residential developer Urbanium was acquired. The Norwegian market is characterised by stability and a high proportion of housing units with ownership rights. Owing to high prices in Oslo, more families are looking for housing on the outskirts of the city while more residents are trying to move from rural areas to population centres in Bergen. Long turn-around times in the zoning plan processes require flexible project planning in order to ensure stable volumes. The competition consists of larger traditional players with similar offerings. Strong incentives for home ownership and a well-regulated market support a continued positive market trend.



Two new neighbourhoods in Helsinki

In Postipuisto, near the heart of Helsinki, Bonava is building two new neighbourhoods with solar panels on the roof, green electricity and charging stations for electric cars. Close to Helsinki Central Park, public transportation, shops and a number of outdoor activities, the Postinkantaja neighbourhood with 300 apartments is being built in several stages: tenant-owned apartments for consumers and a rental housing project for investors. The final phase will be completed in 2023. The other neighbourhood, Lähetti, consists of both a price-controlled project for consumers – where the housing price is based on actual production costs – and a rental housing project for investors.



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Progress during the year

The market in Finland displayed a strong sales trend, with rising prices. The efforts to enhance organisational efficiency, project governance and production continued, and will do so moving forward.

The Norwegian operations displayed favourable demand, and price levels stabilised towards the end of the year. The work on building up a Norwegian organisation with new management and key competences continued.

During the year, we started and sold several rental projects in Finland, including in Helsinki, Tampere and Espoo.

Net sales declined as fewer housing units for consumers were recognised in profit. The operating margin was lower as the result of low volumes and continued high costs for the build-up of the Finnish and Norwegian businesses. The number of projects started during the year was lower than in the preceding year and will be a focus area in 2022.

Items affecting comparability amounted to SEK 23 M. Items affecting comparability relates to SEK 117 M wind down Denmark, profit from the sale of building right portfolio in Denmark SEK 226 M and SEK 86 M costs in impairment of assets, sunk costs as a result of the strategic overview Bonava performed during the year.

Wind-down of Denmark

As a stage in the Group's strategic review, it was decided in the spring to wind down the Danish operations. The remaining land bank in Copenhagen was sold off, and the transaction was concluded in the fourth quarter. Interest in the assets was significant, which indicates successful value creation. The winddown is progressing according to plan and the remaining projects will be completed and recognised in 2022. The operation is expected to be completely wound down in 2023.



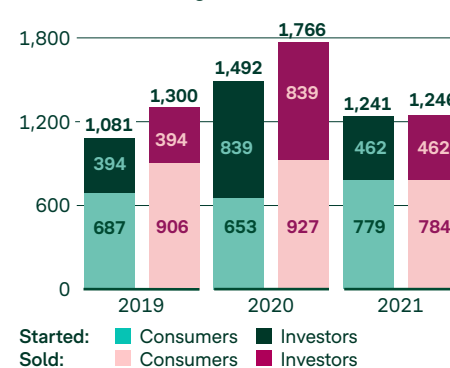
Nordic Swan ecolabelled project in Norway

In the Kleppe district of Askøy Municipality, an island outside the city of Bergen, Bonava is constructing just over 100 apartments in a beautiful natural area on the shore for both single residents and large families. Good transport links and proximity to

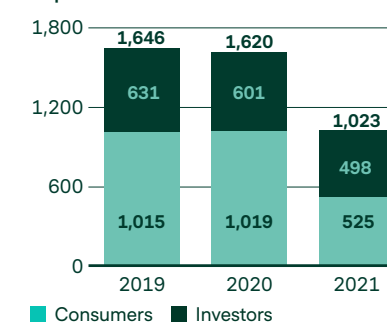
schools, preschools and a shopping centre boost the attractiveness of the location. The first stage, with 66 apartments, commenced in late 2021 and is Bonava's first Nordic Swan ecolabelled project in Norway.

The Nordic Swan ecolabel imposes strict requirements on construction materials, reduced energy consumption and a number of indoor environment factors that impact both health and the environment. Moreover, it imposes requirements on quality assurance during the construction process, on the delivery of the building to its residents, and on its operation. Nordic Swan ecolabelling also entails that the project is classified as an asset as part of Bonava's green financing framework.

Number of housing units started and sold



Number of housing units recognised in profit



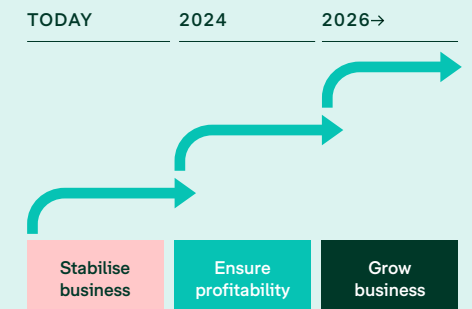
Strategic focus going forward – stability

Both Finland and Norway, which are in the first phase of maturity, need clearer governance for starting, producing and selling housing projects. The goal is to attain continuous volumes that are high enough for long-term operations and to begin standardising the work method to further develop the building systems.

In Finland, the efforts to improve governance and cost efficiency in design, production and sourcing is continuing. In parallel, there is a review in progress of local customer segments and development of the offering based on customer needs, as well as new methods of acquiring and improving land.

In Norway as well, which is in a build-up phase, improvements to project governance and strengthening of competence are the highest priority. This involves forecasts, risk management and a more standardised project management system. The efforts are also oriented on evaluating various delivery models, such as contracting and split contracts.

Read about the phases on page 19.





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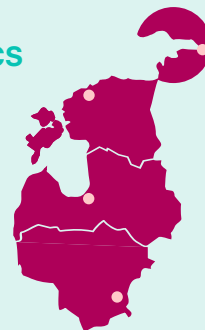
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St. Petersburg-Baltics

SHARE OF NET SALES

10%

2020: 8%



ST. PETERSBURG

POPULATION (ANNUAL GROWTH SINCE 2010): 5.4 million inhabitants (1.0%)

OFFERING: Multi-family housing with apartments for consumers (housing units with ownership rights)

COMPETITORS: Setl City, LSR, Etalon, CDS

BALTICS: LATVIA, ESTONIA AND LITHUANIA

POPULATION (ANNUAL GROWTH SINCE 2010): Estonia 1.3 million inhabitants (0.0%), Latvia 1.9 million inhabitants (-1.0%), Lithuania 2.8 million inhabitants (-1.1%)

POPULATION IN BONAVA'S REGIONS: Latvia – Riga: 1.1 million inhabitants (55 per cent of the country's total population) Estonia – Tallinn: 600,000 inhabitants (46 per cent of the country's total population) Lithuania – Vilnius: 800,000 inhabitants (29 per cent of the country's total population)

SHARE THAT LIVE IN CITIES: Estonia 69%, Latvia 68%, Lithuania 68%

UNEMPLOYMENT 2021 (2020): Estonia 6.8% (6.8%), Latvia 7.1% (8.1%), Lithuania 7.3% (8.5%)

OFFERING: Multi-family housing for consumers (housing units with ownership rights) and rental housing projects for investors, (historically low share)

COMPETITORS: Merko, Endover, YIT, Hanner, Eika, RealCo

SEK M	2021	2020	2019
Net sales	1,502	1,439	1,252
Gross margin, %	20.3	20.8	20.2
Operating margin ¹⁾ , %	15.8	16.4	15.5
Profit before tax, SEK M	235	232	176
Number of building rights	10,300	6,700	6,500

¹⁾ The key ratios have not been affected by items affecting comparability, since no such items have been reported.

Investments in growth in Baltics

Bonava is building apartments in the the Baltic capitals – Tallinn, Riga and Vilnius. The markets differ, but all have good conditions for growth with profitability and there is potential to both expand and broaden the rental apartment business. In March 2022 Bonava took the decision to close it operations in St. Petersburg.

Market potential and drivers

St. Petersburg

Due to the highly uncertain situation in the world, caused by the Russian invasion of Ukraine we have in the beginning of March 2022 decided to close the operations in St. Petersburg. Bonava has assessed that it is no longer possible to continue to pursue a sound residential development in St. Petersburg.

Baltics

The markets in all three Baltic capitals are growing economies with increased purchasing power among the younger, highly educated population. The low quality of the existing housing stock combined with growing demand for rental housing presents opportunities to both build and manage rental apartments. All our Baltic markets are characterised by increasing efficiency and digital maturity among government authorities, with efficient processes for zoning planning and building permits. Bonava is the largest residential developer in Latvia and



Repeatable nine-storey buildings in Riga with high sustainability profiles

Close to the heart of Riga, in the rapidly growing Maskavas forštate district, Bonava is constructing six nine-storey buildings in several stages, with a total of 500 energy-efficient apartments for consumers. An attractive customer offering with a well-thought out design and an efficient process with an established system for production and design yields healthy profitability overall. The entire neighbourhood will be complete in 2024.



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the third largest in Estonia. In Lithuania, we initiated our first project in 2020 and have built up an attractive building rights portfolio.

Progress during the year

St. Petersburg and the Baltics displayed a robust performance with high demand and rising prices with fewer housing units delivered to consumers but more delivered to investors. The mix of delivered projects explains the somewhat lower margin, which nonetheless remains favourable.

The building rights portfolio expanded during the year, with the addition of land for larger projects in the Baltics for future growth. During the year, Bonava established operations in accordance with plans in Vilnius, a new market since the end of 2020. At the end of the year, the first completed rental project in the Baltics was delivered with a total of 164 apartments. We initiated the first two investments in rental housing projects intended for own management according to our build-to-hold model.

Gold in the Responsible Business Index

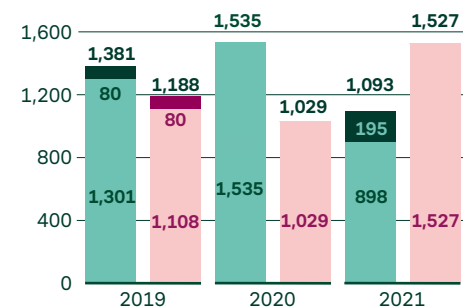
Bonava is the first residential developer in Estonia to be awarded the label of highest quality by the Estonian Responsible Business Forum. This quality label is awarded to companies that value sustainable development of their own operations, and strategically contribute to society, the environment, and customer and stakeholder relationships as well as to the well-being of their employees.

Green Zoom classification

All newly started projects in St. Petersburg have sustainability classifications with the Russian "Green Zoom" label, which encompasses criteria for both social and ecological sustainability.

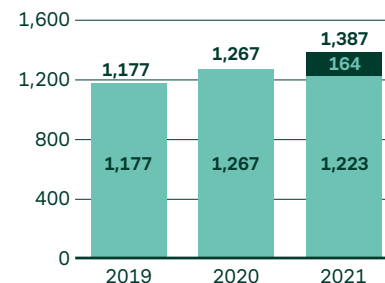


Number of housing units started and sold



Started: Consumers Investors
Sold: Consumers Investors

Number of housing units recognised in profit



Consumers Investors



Closing the operations in St. Petersburg

Bonava will evaluate the best course of action for the company to responsibly conclude ongoing production. Bonava has 810 units in production and 370 employees in St. Petersburg.

In 2021, net sales in St. Petersburg were SEK 745 M, corresponding to approximately 5 per cent of the Group's net sales. St. Petersburg accounted for SEK 155 M of total operating profit in 2021. Reported equity in St. Petersburg were SEK 666 M on the 31 of December 2021. St. Petersburg's share of total equity in the Group were 8 per cent. Read more on page 94.

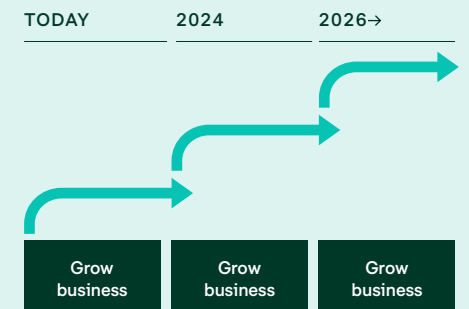
The picture shows Magnifica project in St. Petersburg.

Strategic focus going forward – growth

The Baltics are in the third phase of maturity, with the right conditions for growing their operations with profitability. We must therefore increase and optimise our investments in attractive land based on risk and return. The objective is to increase the portfolio of building rights for larger projects in stages, over several years.

The plan for the Baltics includes rental housing projects that Bonava can choose to retain under own management for a certain period of time. In Riga and Tallinn, the objective is to retain our leading market position, while in Vilnius we must ensure profitable growth.

Read about the phases on page 19.





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Bonava is a Swedish public limited company that was listed on Nasdaq Stockholm in 2016. Bonava's corporate governance complies with Swedish law, the Articles of Association, Nasdaq Stockholm's Rules for Issuers and regulations and recommendations issued by relevant organisations. In the countries where Bonava conducts operations, the company complies with local legislation and other regulations. Bonava also complies with accepted securities market practice, which includes the application of the Swedish Corporate Governance Code, "the Code".

Bonava has not departed from the Code. There have been no instances of non-compliance with Nasdaq Stockholm's Rules for Issuers or accepted securities market practice. This Corporate Governance Report has been prepared by the Board of Directors and is presented in compliance with the Annual Accounts Act and the Code, presenting Bonava's Corporate Governance in 2021.

Through good corporate governance, Bonava aims to ensure a responsible and sustainable way of working over time. The governance model applied provides a transparent and clear allocation of mandates and responsibility, and an effective management of relevant risks and necessary controls. The objective is to create a long-term sustainable operation that generates value for shareholders and other stakeholders over time.

SHARES AND SHAREHOLDERS

Bonava's share was listed on Nasdaq Stockholm in 2016. At year-end, the number of shares in the company was 108,435,822. On the same date, the share capital totalled SEK 434 M with a quotient value per share of SEK 4.00.

At year-end, Bonava had 30,738 known shareholders. The company's five largest shareholders at year-end were Nordstjernan AB, the Fourth Swedish National Pension Fund (Fjärde AP-fonden), Swedbank Robur fonder, Didner & Gerge fonder and Vanguard. Read more about Bonava's shares and shareholders on pages 151–152.

ARTICLES OF ASSOCIATION

Bonava's Articles of Association were adopted by the 2021

AGM and are available in full at bonava.com. The Articles of Association stipulate that the company, directly or through subsidiaries, develops and invests in residential properties and engages in real estate trading operations, and conducts other operations related to the above. The company also undertakes certain Group-wide activities, such as the provision of employee services. The registered office is in Stockholm, Sweden. The company is prohibited from making any decisions that contravene the Articles of Association without first referring such matters to the General Meeting for a decision and potentially amending the Articles of Association.

The Articles of Association do not contain any special stipulations regarding the appointment and discharge of Board members or amendments to the Articles of Association.

GENERAL MEETING

Notices convening General Meetings are made available on the company's website and through announcements in the Swedish Official Gazette (Post- och Inrikes Tidningar). Confirmation that the notice has been issued is published simultaneously in the Swedish daily newspaper Dagens Nyheter.

General Meetings in 2021

The Annual General Meeting (AGM) on 31 March 2021 was the only General Meeting held during the year. In addition to electing the Board of Directors and other customary matters, the AGM authorised a new share-based incentive programme for the Executive Management Group and specific key executives. In light of the ongoing COVID-19 pandemic, the 2021 AGM was carried out solely in the form of a postal vote according to the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198). It was not possible to attend in person.

2022 Annual General Meeting

Bonava's Annual General Meeting for 2022 will be held on 1 April 2022 in Stockholm, Sweden. Shareholders are entitled to raise matters at the AGM subject to submitting a written request to the Board of Directors, which the company

announced on its web site in conjunction with the interim report for the third quarter of 2021. Such requests should be addressed to the Board of Directors no later than 11 February 2022. Bonava seeks to ensure that the Board of Directors, management team, Nomination Committee and auditor are present at General Meetings. For more information about the AGM, see page 155 or Bonava's website, bonava.com.

NOMINATION COMMITTEE

Bonava's 2021 AGM appointed the following Nomination Committee ahead of the 2022 AGM: Peter Hofvenstam, Nordstjernan AB; Lennart Francke, Swedbank Robur Fonder; Mats Gustafsson, Lannebo Fonder; and the Chairman of the Board as a co-opted member. Peter Hofvenstam was elected Chairman of the Nomination Committee. Since The Fourth Swedish National Pension Fund (Fjärde AP-fonden) subsequently increased its holding in Bonava, the Nomination Committee decided in November 2021 to appoint Olof Nyström from The Fourth Swedish National Pension Fund as a new member of the Nomination Committee.

Nomination Committee ahead of 2022 AGM

Board members ¹⁾	Appointed by	Non-affiliated ²⁾
Peter Hofvenstam, Chairman of the Nomination Committee	Nordstjernan AB	Yes/No
Lennart Francke	Swedbank Robur Fonder	Yes/Yes
Mats Gustafsson	Lannebo Fonder	Yes/Yes
Olof Nyström ³⁾	The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	Yes/Yes

¹⁾ And Chairman of the Board, as a co-opted Board member.

²⁾ Non-affiliated to the company and management/the largest shareholder in terms of votes.

³⁾ Appointed in November 2021 as new member as a result of changes in the ownership structure.

The work of the Nomination Committee

According to the instructions, the Nomination Committee's task is to propose to the AGM the number of Board members and the composition of the Board, including the Chairman as



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well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination Committee also proposes the Chairman of the AGM and, where applicable, the company's auditors and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable instructions for the Nomination Committee.

Ahead of the 2022 AGM, the Nomination Committee held eight recorded meetings, and also communicated by phone and e-mail. The Chairman of the Board of Directors reported to the Nomination Committee on the Board's work during the year, and also discussed the self-evaluation completed by the Board of Directors. In addition, the Nomination Committee also consulted individually directly with all Board members concerning the work and composition of the Board. The Nomination Committee has noted that overall, the Board of Directors functions effectively and that it, with regard to the needs of the company's operations, stage of development and other conditions, has a suitable composition and demonstrates diversity and breadth in terms of skills, experience and background, and that it has an even gender distribution. The requirements pursuant to the company's diversity policy should be viewed as fulfilled. The Nomination Committee has subsequently evaluated the company's needs and reviewed the desired Board composition in relation to the current Board members' experience and expertise. The Nomination Committee also evaluated Board fees and addressed the matter of remuneration for committee work. The Nomination Committee's complete proposals are presented in the notice convening the AGM. All decisions taken by the Nomination Committee were unanimous.

Nomination Committee proposals

Shareholders have been invited to submit their proposals and views to the Nomination Committee. Shareholders wishing to present a proposal to the Nomination Committee should do so via bolagsstamma@bonava.com. No special remuneration was paid to the Chairman, or any other member of the Nomination Committee.

The Nomination Committee's proposals for Board members, Board fees and auditors are published in the notice convening the AGM and at [bonava.com](https://www.bonava.com).

BOARD OF DIRECTORS

According to the Articles of Association, Bonava's Board of

Directors shall have a minimum of three and a maximum of eight members. The AGM on 31 March 2021 resolved to re-elect Viveca Ax:son Johnson, Åsa Hedenberg, Angela Langemar Olsson, Mats Jönsson and Frank Roseen as Board members, and to elect Per-Ingemar Persson as new Board member. The AGM also resolved to elect Mats Jönsson as Chairman of the Board. In parallel, Samir Kamal and Mikael Norman left the Board. For information on Board members, their assignments outside the Group and their shareholdings in Bonava, see the "Board of Directors" section. The Board of Directors also adopts the Rules of Procedure for the Board and instructions for the CEO. The Board of Directors has also decided on a number of general policies relating to the company's operations, see page 49. These internal policy documents are reviewed at least once a year and are also updated continuously to comply with legislation as and when required.

The Board of Directors and non-affiliation

Bonava's Board of Directors was deemed to satisfy the Code's requirements of non-affiliation as all six of the members elected by the AGM are not affiliated with the company and the Executive Management Group.

All Board members, with the exception of Angela Langemar Olsson and Viveca Ax:son Johnson, are deemed to satisfy the requirement for non-affiliation with regard to major shareholders (in both cases this relates to Nordstjernan AB).

Chairman

The Chairman of the Board is elected by Bonava's AGM and leads the work of the Board. At the AGM on 31 March 2021, Mats Jönsson was elected as the Chairman of the Board.

Work of the Board of Directors in 2021

In 2021, the Board held 15 meetings, including the inaugural meeting following election and one meeting per capsulam. The agenda for every regular Board meeting includes a number of standing items: the CEO's summary of operations, divestments and investments, financial reporting, a summary of major exposures and reports on any potential health and safety and Code of Conduct incidents.

During 2021, the Board of Directors focused primarily on drafting the revised strategy, including new financial targets, the wind-down of the company's operations in Denmark, and the implications of the COVID-19 pandemic. The decision was taken to sell the company's remaining land bank in Denmark. Ongoing projects will be completed in 2022. In addition, the Board discussed the status of the company's various markets, and decided on a number of major land and project sales and investments.

Remuneration of Board members

The AGM on 31 March 2021 resolved to pay, in accordance with the proposal from the Nomination Committee, in the period until the next AGM is held, annual fees of SEK 780,000

Remuneration and attendance at Board meetings 2021

Members appointed by General Meeting	Elected year	Board of Directors	Audit Committee	Remuneration Committee ¹⁾	Non-affiliated, shareholders	Non-affiliated, company	Total annual fees, SEK
Total number of meetings		15	6	4			
Chairman Mats Jönsson	2020	14		4	Yes	Yes	662,500
Viveca Ax:son Johnson	2015	14		4	No	Yes	310,000
Åsa Hedenberg	2015	15	6	4	Yes	Yes	385,000
Angela Langemar Olsson	2020	14	6	4	No	Yes	460,000
Frank Roseen	2018	14		4	Yes	Yes	310,000
Per-Ingemar Persson (as of 31 Mar)	2021	11	4	3	Yes	Yes	288,750
Samir Kamal (until 31 Mar)	2015	4		1	Yes	Yes	77,500
Mikael Norman, Chairman (until 31 Mar)	2017	4	2	1	Yes	Yes	213,750

¹⁾ In 2021, the Remuneration Committee's tasks were carried out by Bonava's Board of Directors in its entirety.



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to the Chairman and SEK 310,000 to each of the other Board members who are not employed by the company. Additionally, the AGM resolved to pay for work on the Audit Committee, in the period until the next AGM is held, annual fees of SEK 150,000 to the Chairman and SEK 75,000 to each of the other committee members who are not employed by the company, and for work on the Remuneration Committee, an annual fee of SEK 75,000 will be paid to the Chairman who is not employed by the company. No special remuneration was paid for any other committee work.

Evaluation of the Board of Directors

In accordance with the Board of Directors' Rules of Procedure, the Chairman of the Board evaluates the Board's work annually. In 2021, an evaluation was conducted with the help of a digital questionnaire, the results of which have been compiled, reviewed and discussed at a Board meeting. The purpose of the evaluation was to gather information about the views of Board members on the Board's work and what measures can be implemented to improve its efficiency.

The intention was also to get an idea of the issues the Board of Directors considers should be given more prominence, and in which areas the Board may be in need of additional experience and competence. The results of the evaluation were presented to the Board of Directors, and the Chairman shared the results with the Nomination Committee.

BOARD COMMITTEES

The Board currently has two committees: the Audit Committee and the Remuneration Committee. In 2021, the Remuneration Committee's assignments were carried out by Bonava's Board of Directors, while a dedicated Audit Committee operated separately. The committees' assignments are regulated more closely in the annually revised committee instructions.

Audit Committee

The Audit Committee works according to an agenda which is set annually. Its tasks include monitoring the company's financial reporting and the efficiency of the company's internal control and risk management. During the first months of 2021, the Audit Committee consisted of Board members Angela Langemar Olsson (who also served as Chairman), Åsa Hedenberg and Mikael Norman, none of whom is employed by the company. As of April 2021, Mikael Nor-

Board meetings 2021

7 December

- Budget and goals for 2022
- Review of internal control and risk assessment systems
- Annual evaluation of the Board of Directors' and CEO's work during the year
- Remuneration Committee
- Evaluation of strategy
- Health and safety update

27–28 October

- Interim Report Q3
- Audit Committee Report
- Audit Report
- Health and safety update
- Extraordinary meeting of Remuneration Committee
- Decision on revised strategy and financial targets

6 October (extraordinary)

- Investment decision

16–17 September

- Financial update
- Health and safety update
- Discussion on revised strategy

1 September (extraordinary)

- Investment decision

19 July

- Interim Report Q2

2 July

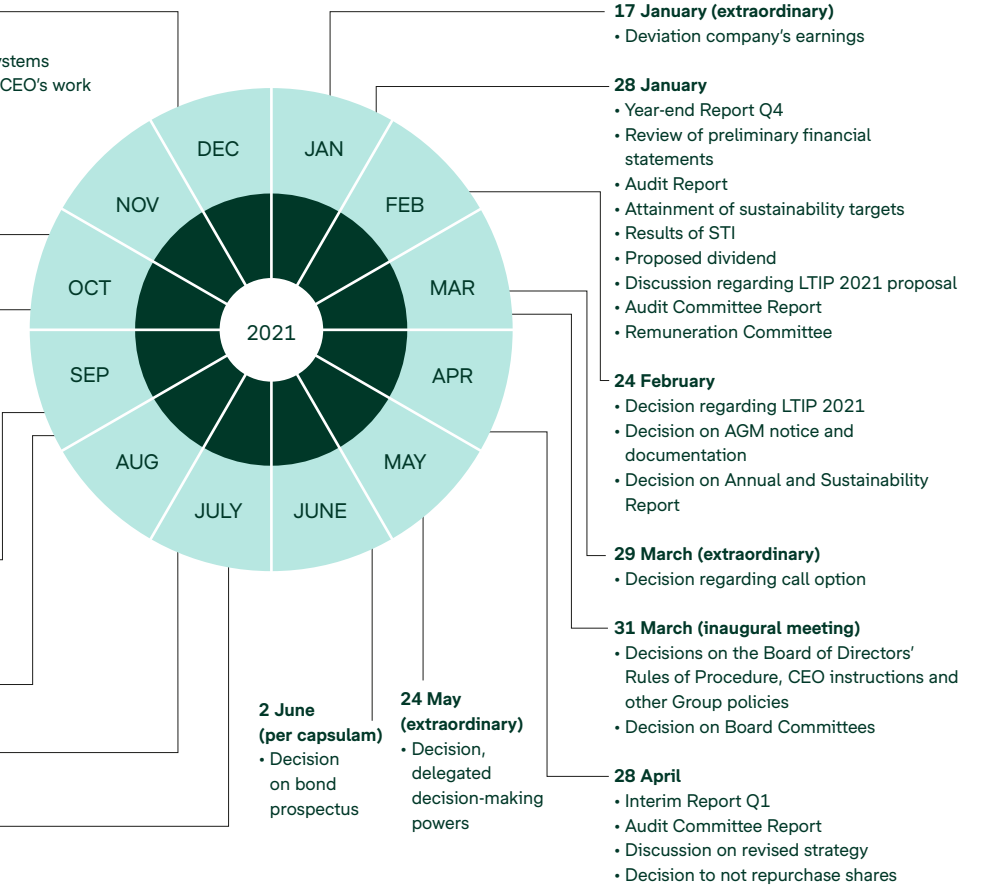
- Financial update
- Audit Committee Report
- Extraordinary meeting of Remuneration Committee
- Discussion on revised strategy

man was replaced by Per-Ingemar Persson. Per-Ingemar Persson is not employed by the company.

In 2021, the Audit Committee held six meetings. Bonava's auditor was present at five of these meetings. The meetings addressed matters such as the company's interim reports, the focus of the external audit and the company's internal control of its financial reporting.

Remuneration Committee

The tasks of the Remuneration Committee include address-



ing matters relating to the principles governing remuneration to the CEO and senior executives, as well as individual remuneration to the CEO in accordance with the remuneration principles. These principles include the relationship between fixed and variable remuneration, and the correlation between performance and remuneration, mainly the terms applying to potential bonuses and incentive programmes, and the primary terms of non-monetary benefits, pension, termination of employment and severance pay. The whole Board determines the CEO's remuneration



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and other employment terms. Share-based incentive programmes for the Executive Management Group and other senior executives are decided by the AGM.

The Remuneration Committee held four meetings (Board meetings) in 2021, two regular meeting and two extraordinary meetings. The members were present at all meetings. The meetings addressed matters such as variable and other remuneration to senior executives in 2022, guidelines for such remuneration, the proposed remuneration report for the company regarding 2021 and the proposed basis for a share-based incentive programme for the Executive Management Group and certain key executives for resolution in 2022.

THE CEO AND SENIOR EXECUTIVES

The division of responsibilities between the CEO and the Board of Directors is defined in the Board's Rules of Procedure, and the instructions to the CEO are prepared by the Board of Directors. The CEO serves as the head of the Executive Management Group and makes decisions in consultation with other members of Executive Management. The Board of Directors reviews the work and performance of the CEO on an ongoing basis. A comprehensive CEO evaluation was carried out in autumn 2021 and discussed at a Board meeting. The Executive Management Group comprises the CEO, CFO, and heads of the Germany, Sweden, Norway, Finland and St. Petersburg-Baltics business units. On 1 June 2021, Denmark was discontinued as a business unit of Bonava. In 2021, the heads of the Human Resources, Operations, and Marketing, Sales and Communication Group functions were included in the Executive Management Group. Due to an organisational change at the beginning of 2022 the role of Group Head of Legal has been added to the Executive Management Group while the roles of Head of Operations, as well as Head of Marketing, Sales and Communications has been eliminated. The responsibilities for the roles eliminated have been delegated to other members of the Executive Management Group.

The Executive Management Group meets regularly and supplementary meetings are held as and when required. During 2021, the Executive Management Group held 14 meetings, of which three were extraordinary meetings.

Guidelines for remuneration to senior executives

In this context, senior executives are defined as the CEO and other members of the Executive Management Group. For more information on remuneration to senior executives, refer

to Note 4. In accordance with the guidelines adopted by the AGM on 31 March 2021, Bonava offers remuneration on market terms that enable the company to recruit and retain individuals with the highest possible competence levels. The total remuneration package supports the company's long-term strategy. Remuneration to management comprises fixed salary, short-term variable cash-based remuneration, long-term variable share-based remuneration, pensions and other benefits. When determining fixed salaries, individual employees' area of responsibility, experience and achieved results are considered. Fixed salaries are reviewed either annually or biannually. All variable remuneration is related to a fixed salary, and rewards the fulfilment of pre-determined targets, primarily of a financial nature.

All variable remuneration at Bonava is designed to motivate and reward value-creating activities that support the company's long-term operational and financial objectives.

With regard to pension, Bonava offers defined-contribution solutions, which means that Bonava pays premiums comprising a specific portion of the employee's salary. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

SHARE-BASED INCENTIVE PROGRAMMES

During the year, Bonava had four share-based incentive programmes, each of which covers approximately 50 key executives.

The AGM on 31 March 2021 resolved in line with the Board of Directors' proposal to introduce a share-based incentive programme for the Executive Management Group and certain key executives. As with the previous programmes, participation in the programme requires an independent shareholding in Bonava. The aim of the long-term incentive programmes is to align the interests of the shareholders and those of the Executive Management Group and certain key executives in order to ensure maximum long-term value creation.

The AGM also resolved to authorise the Board of Directors to repurchase Class B shares to ensure the implementation of the incentive programme. On 28 April 2021, the Board decided not to exercise this mandate. The Board of Directors intends to propose that Bonava's future AGMs introduce long-term incentive programmes based on similar principles to the programme implemented in 2021. The

share-based incentive programme adopted at the AGM in 2018 was concluded in 2021. Under the terms of the programme, at least the minimum level for each of the adopted performance targets had to be achieved in order to allocate share rights relating to the relevant performance target to the participants at the conclusion of the programme. Since the minimum level was not achieved for any of the adopted performance targets, the outcome was thus zero for the 2018 programme and no share rights were allocated to the participants.

Share-based long-term incentive programme	LTIP 2021	LTIP 2020	LTIP 2019
No. of employees invited to participate	45	52	50
No. of employees opting to participate	36	35	39

AUDITOR

The company's financial accounts and accounting, as well as the management by the Executive Management Group and the Board of Directors, are reviewed and audited by the company's auditor. At the AGM on 31 March 2021, the registered audit firm Öhrlings PricewaterhouseCoopers AB (PwC) was elected auditor for the period until the AGM in 2022. The election took place on the Nomination Committee's proposal which concurred with the Audit Committee's recommendation. Authorised Public Accountant Patrik Adolfson has been appointed Auditor in Charge.

The auditor is to report any material accounting errors and suspected irregularities to the Audit Committee. At least once a year, usually in connection with the closing of the financial statements, the auditor is to report any observations from the audit and its assessment of the company's internal control to the Board of Directors. The auditor also participates at the AGM to present its Auditor's Report and outline the audit work carried out and observations made. Bonava's Sustainability Report was audited and complies with the statutory requirements on sustainability reporting and the Global Reporting Initiative standards according to PwC.



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THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL

INTERNAL CONTROL OF FINANCIAL REPORTING AND RISK MANAGEMENT

Bonava's internal control regarding financial reporting is designed to manage risk and ensure a high degree of reliability in the processes surrounding the preparation of the financial statements, and to ensure compliance with applicable accounting standards and other requirements placed on Bonava as a listed company. Bonava complies with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") framework for evaluating a company's internal control over its financial reporting, "Internal Control—Integrated Framework." The Framework includes the following five components: control environment, risk assessment, control activities, information and communication, and follow-up. The process has been designed to ensure appropriate risk management, including reliable financial reporting in accordance with IFRS, applicable legislation and regulations as well as other stipulations with which companies listed on Nasdaq Stockholm are required to comply. This work involves the Board of Directors, the Executive Management Group and other employees.

PROCESS FOR RISK ASSESSMENT AND INTERNAL CONTROL

Bonava has a central Risk Committee and an annual process for systematic risk assessment and internal control for financial and non-financial risks. The Risk Committee comprises the company's CFO, Group Head of Legal, Group Head of Strategy, Group Head of Sustainability and the Group Head of Risk and Compliance. This process was developed further in 2021. At the beginning of the year, all of the relevant special functions defined the key internal controls for a number of different areas, with a special focus on the main risks for the company in accordance with the risk assessment process carried out in the preceding year. Subsequently, in the spring and summer, each respective Bonava business unit and Group function evaluated its internal control on the basis of the controls defined above. This self-evaluation was then discussed and analysed in more detail in an interactive process that included the Risk Committee. The results of this effort were subsequently shared with the company's auditors and discussed by the Risk Committee, and in follow-up meetings

with the business units, the Committee compiled Bonava's annual report on risk management and regulatory compliance based on the process described above. This report was approved by the CEO and the Audit Committee, adopted by the Board

of Directors and delivered to the Executive Management Group. During the autumn, the Executive Management Group and Risk Committee carried out the company's annual risk assessment which, among other uses, forms the basis for the risk section of the Annual Report and next year's internal control process.

CONTROL ENVIRONMENT

The division and delegation of responsibilities has been documented and communicated in company policies that govern the Board of Directors and the company. The Board of Directors reviews and approves the following policies annually:

- The Board of Directors' Rules of Procedure
- Instructions to the CEO
- Decision order
- Finance Policy
- Code of Conduct
- Corporate governance policy
- Insider policy
- Sustainability policy

All policies are decided by the Board of Directors. In addition to these policies, Bonava also has other kinds of binding policy documents including a number of Group procedures determined by the CEO. All internal policy documents are updated regularly in connection with changes to legislation, accounting standards or listing requirements, and as and when necessary. All the Group's policies and other policy documents are available to all employees on the company's intranet. The Board of Directors monitors and ensures the quality of the company's internal control in accordance with the Board's Rules of Procedure and instructions to the Audit Committee. The Board of Directors has also adopted a number of fundamental guidelines that govern risk management efforts and internal control activities. These guidelines

include risk assessment, demands for control activities to manage the most material risks, in accordance with the aforementioned risk assessment and internal control process, and reporting. Bonava's control environment is comprised of responsibilities, authorisations and policy documents as well as laws and regulations. Within company management, relevant named document owners have primary responsibility for ensuring compliance with the relevant policy documents. In addition, the company considers that all employees have a responsibility to ensure compliance with all governing regulations and processes. The company makes it possible for employees to assume this responsibility by means of various information and training initiatives.

RISK ASSESSMENT

In accordance with the Board's Rules of Procedure, the Board of Directors and the Audit Committee review the company's internal control annually. This review is based on the new risk assessment and internal control process described above. The Group's overarching risk analysis primarily encompasses risks in the following areas:

- Bonava's operating environment
- Strategic
- Operational
- Health and safety
- Climate and environment
- Customer-related
- Financial
- Legal

The risks identified in each area are evaluated on the basis of their estimated probability and impact. The outcome of the risk analysis is part of the aforementioned risk assessment and internal control process and is included in the annual risk and regulatory compliance report. For more information about the Group's risks and risk management, see pages 63–66 and Note 23.

CONTROL ACTIVITIES

Bonava's risk management is based on a number of control activities being carried out at different levels



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throughout the business operations and within various functions. The control activities are intended to ensure that Bonava's processes are efficient and that the risks identified are managed efficiently. For the business operations, ERP systems form the basis of the control structure, focusing on key stages of the business operations such as investment decisions, production start and sales. Bonava places considerable emphasis on monitoring its projects. It has established functions such as Human Resources Operations, which manages payroll administration for the Nordic countries, and a Treasury function that controls financial risks in various respects. In addition, there is the IT function that bears central responsibility for the most essential IT systems at Bonava. All these functions stipulate that processes must include control activities that manage identified risks efficiently.

Other control activities in addition to the risk assessment and internal control process described above primarily include quarterly Board meetings in each business unit. Central elements in these meetings include reporting and discussion of financial forecasts and outcomes, the structured risk assessment of the business units, etc. Bonava has also implemented a comprehensive compliance programme ("Our Foundation"). The programme aims to minimise risk relating to regulatory compliance and business ethics, and includes written guidelines on anti-corruption and competition legislation, central and local advisers on these issues, compulsory training in business ethics, annual group discussions, and a whistle-blower function. For more information, refer to pages 123–124.

INFORMATION AND COMMUNICATION

Bonava has established an organisation to ensure correct and efficient financial and non-financial reporting. The internal policy documents specify the division of responsibilities, and daily interaction between the individuals concerned means that relevant information and communication reaches all the relevant parties. Guidelines, instructions and manuals of significance to financial reporting are communicated to the relevant employees through Bonava's intranet. Instructions for non-financial reporting were developed during the year to ensure correct and efficient reporting.

The Board of Directors regularly receives financial reports regarding Bonava's financial position and earnings performance. The Executive Management Group receives weekly

and monthly financial information about the progress of Bonava's sales, profit, reviews and follow-up of ongoing and future investments, and liquidity planning.

The company's communication policy ensures that all external and internal information is accurate and is presented in a timely manner. Bonava's employees are invited to participate, directly or indirectly, in the preparation of internal policies and guidelines, and have thus been part of preparing these internal policy documents.

FOLLOW-UP AND IMPROVEMENTS

Follow-up continuously takes place at all levels of Bonava. The Board of Directors regularly evaluates the information provided by management and the auditors. The company's auditor also reports observations based on his review, as well as an assessment of internal control, directly to the Board of Directors and to the Audit Committee.

The Board assesses the information provided by the Executive Management Group on a continual basis. Bonava's financial position, investments and ongoing operations are discussed at each Board meeting. The Board is also responsible for monitoring and improving internal control, and ensuring that measures are taken to address any weaknesses or proposals that emerge. This work includes ensuring that measures are taken to handle any shortcomings, as well as following up on suggested measures arising from the external audit. The main basis for this Board monitoring consists of the previously described risk assessment and internal control process.

EVALUATION OF THE NEED FOR A DEDICATED INTERNAL AUDIT FUNCTION

Bonava does not currently have an internal audit function, apart from the established Risk Committee whose operations have some characteristics of an internal audit. The Board of Directors has reviewed the matter and considers the existing structures for follow-up and evaluation to be satisfactory. In conclusion, this means that it is currently not justified to establish an internal audit function. The matter is reviewed annually.

SUSTAINABILITY

The Board of Directors determines Bonava's sustainability agenda and overarching Group sustainability targets, and presents the Sustainability Report. The Sustainability Report

forms part of Bonava's Annual Report and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The Sustainability Report has been assured by PwC, the auditor for sustainability reporting. The period of the report is the full-year 2021 and the reporting cycle is annual. Read more about Bonava's sustainability agenda and reporting on pages 4–32, 49–50, 63–66 and 108–142, which constitute the statutory Sustainability Report.

SUSTAINABILITY ORGANISATION

The Board bears the ultimate responsibility for Bonava's sustainability agenda and its ongoing sustainability efforts. Bonava's CEO delegates operational responsibility to Bonava's Head of Sustainability, who coordinates the sustainability efforts with other Heads of Operations.

The Head of Sustainability leads two committees in the Group: a steering committee for the sustainability agenda and a council for preparing supporting documentation for the management team and the steering committee, and implementing decisions. In addition to the Head of Sustainability, in 2021 the steering committee included Bonava's CEO, CFO, Head of Legal, Head of HR, and Head of Marketing and Sales. In 2021, the steering committee was inactive and steering of the sustainability agenda was carried out within the scope of the work on the revised strategy. The Sustainability Council includes representatives from each business unit. The Head of Sustainability is also included in Bonava's Risk Committee and convenes, on a quarterly basis, Bonava's Sustainable Financing Committee, which otherwise comprises the Head of Strategy and the Head of Treasury.

In addition, Bonava has a Head of Health and Safety who has overarching responsibility for developing Group-wide processes and driving the development process for sustainability relating to health and safety. The Head of Health and Safety leads Bonava's Council for Health and Safety with the aim of preparing supporting documentation for the management team, and implementing decisions. The Council for Health and Safety includes representatives from each business unit. Bonava has a Head of Risk and Compliance, who is responsible for developing Bonava's procedures for deliberate and proactive work on risk and compliance management and leads Bonava's Risk Committee.



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Board of Directors



MATS JÖNSSON

Board member since 2020,
Chairman since 2021
Born in 1957

Education: M.Sc. (Eng.), KTH
Royal Institute of Technology in
Stockholm.

Previous experience: President
and CEO of Coor Service Manage-
ment (2004–2013), Business Unit
Director at Skanska Services
(2000–2004) and Division Head
at Skanska Sverige (1998–2000).

Other current assignments: Chairman of the Board of the
Tengbom Group and Lekolar, and Board member of NCC,
Assemblin and Coor Service Management.

Holdings in Bonava (incl. related parties): 30,000 Class B
shares.



VIVECA AX:SON JOHNSON

Board member since 2015
Born in 1963

Education: Social science
secondary education.

Other current assignments:
Chairman of Nordstjernan and
the Axel and Margaret Ax:son
Johnson Foundation for Public
Benefit. Board member of NCC,
Lideta, Rosti Group, the Axel
and Margaret Ax:son Johnson
Foundation and FPG Media.

Holdings in Bonava (incl. related parties): 25,000 Class A
shares and 123,000 Class B shares.



ÅSA HEDENBERG

Board member since 2015
Born in 1961

Education: M.Sc. (Eng.), KTH
Royal Institute of Technology in
Stockholm.

Current role: CEO of Special-
fastigheter Sverige AB.

Previous experience: CEO of
Huge Fastigheter, CEO of
Uppsalahem, Market Area Man-
ager of Stockholm Kommersiellt
Innerstad AP Fastigheter.

Other current assignments: Member of the Council,
Stockholm Chamber of Commerce.

Holdings in Bonava (incl. related parties): 9,710 Class B
shares.



ANGELA LANGEMAR OLSSON

Board member since 2020
Born in 1970

Education: M.Sc. (Econ.),
Stockholm School of
Economics.

Current role: Senior Advisor
at Nordstjernan, CFO Bonnier
Group.

Previous experience: Invest-
ment Director (2015–2021),
CFO at Nordstjernan (2000–
2015), Group Business

Controller at Hufvudstaden (1997–2000) and Assistant
Business Controller at Swedish Match (1996–1997).

Other current assignments: Board member of NCC.
Holdings in Bonava (incl. related parties): 0



PER-INGEMAR PERSSON

Board member since 2021
Born in 1956

Education: M.Sc. in Civil
Engineering, Lund University,
LTH Faculty of Engineering

Previous experience: CEO
of Veidekke Sweden (2005–
2016), CEO of NVS Installation
(2002–2005) and various senior
management positions within
the Skanska Group
(1987–2002).

Other current assignments: Chairman of the Board of ELU
Konsult AB and NEWS AB (Northern Environmental and
Water Solutions AB) and Board member of Veidekke and
Assemblin Group AB.

Holdings in Bonava (incl. related parties): 9,900 Class B
shares.



FRANK ROSEEN

Board member since 2018
Born in 1962

Education: M.Sc., MBA,
Business Administration,
Stockholm University

Previous experience: CIO/CFO
of WCM AG in Germany (2015–
2016), CEO of GE Capital Real
Estate in Germany and Central/
Eastern Europe (2012–2015),
and a number of management
positions within GE Capital
Real Estate in the Nordics, Europe and Asia (2002–2012).

Other current assignments: Chairman of the Board of WCM
GmbH (Germany), TLG Immobilien AG, Deputy Chairman of
the Board of Premia Properties Greece SA and Board mem-
ber of Stenhus Fastigheter i Norden and Aroundtown SA.

Holdings in Bonava (incl. related parties): 1,500 Class B
shares.

Auditor

PATRIK ADOLFSON

PwC
(Öhrlings PricewaterhouseCoopers AB)
Auditor in Charge since 2018
Born in 1973

Other significant assignments: Other
audit assignments include AcadeMedia
AB (publ), Attendo AB (publ), Nordstjer-
nan AB and Pandox AB (publ).
Member of FAR.

PROPOSED CHANGES AHEAD OF 2022 AGM:

The Nomination Commit-
tee proposes that
Andreas Segal and Nils
Styf be elected as new
Board members. Frank
Roseen has declined
re-election and will step
down from the Board in
conjunction with the
AGM. The Nomination
Committee proposes the
re-election of the other
members.





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Executive Management Group



PETER WALLIN

President and CEO since February 2021
Born in 1967

Education: M.Sc. (Econ.), Uppsala University.

Professional experience: CFO and Business Area Manager at Ratos. Prior to this, 18 years of experience from senior roles in the Skanska Group, including as CFO and Line Manager with responsibility for Skanska's construction operations in the UK, Poland and the Czech Republic. Executive Chairman of the Board of the Norwegian construction company HENT and Board member of the Norwegian offshore company Aibel.

Holdings in Bonava (incl. related parties): 22,450 Class B shares.



MICHAEL BJÖRKLUND

Business Unit President St Petersburg-Baltics since 2016
Born in 1969

Education: M.Sc. (Eng.), KTH Royal

Institute of Technology, Stockholm, B. Sc. (Econ.), Stockholm University.

Professional experience: 16 years' experience in senior positions in the property sector, including IKEA Real Estate Russia, Skanska International and NCC.

Holdings in Bonava (incl. related parties): 2,285 Class B shares.



LARS GRANLÖF

CFO since December 2020
Born in 1962

Education: M.Sc. (Econ.), Stockholm School of Economics.

Professional experience: CFO of Coop Sverige and prior to that held CFO roles at Saab and Gambro, among other companies.

Other current assignments: Board member of Team Olivia Group. Board member and CEO of Granlöv Consulting.

Holdings in Bonava (incl. related parties): 5,000 Class B shares.



JONAS GRANSTRÖM

Acting Business Unit President Norway since September 2021
Born: 1967

Education: M.Sc. (Eng.),

KTH Royal Institute of Technology in Stockholm.

Professional experience: More than 30 years' experience within residential development, construction, and management. Head of projects at ByggVesta and VP Technical Services at Scandic Hotels. Prior to this, 22 years in various senior roles within the Skanska Group, including CEO of housing development in Sweden. Owner of consulting company Dirlada AB.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 1,000 Class B shares.



SABINE HELTERHOFF

Business Unit President Germany since 2019
Born in 1962

Education: Law degree, Leipzig University.

Professional experience: General Counsel in Germany since 1999 and responsible for investor transactions in Germany since 2007.

Other current assignments: Board member of German building society Bauindustrieverband Ost.

Holdings in Bonava (incl. related parties): 5,833 Class B shares.



FREDRIK HEMBORG¹⁾

Business Unit President Sweden since 2016
Born in 1972

Education: M.Sc. (Eng.), KTH Royal Institute of

Technology in Stockholm.

Professional experience: A total of 19 years of experience from various positions in the NCC Group, including as Regional Manager in NCC Property Development.

Other current assignments: Board member of Ursviks exploaterings.

Holdings in Bonava (incl. related parties): 16,817 Class B shares.



RIKU PATOKOSKI

Business Unit President Finland since March 2021
Born: 1973

Education: M.Sc. (arch), University of Oulu.

Professional experience: A total of 19 years of experience in construction, residential and property development. Executive Vice President of Hoivatilat (2018–2020) with responsibility for the company's operations in southern Finland and Sweden. Prior to this, various senior positions at Peab and Skanska.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 1,780 Class B shares.



HEDVIG WALLANDER

Group Head of Legal since October 2021
Born in 1973

Education: Law degree, Uppsala University.

Professional

experience: Head of Legal at Bonava Sweden since 2016. Company lawyer at Peab and lawyer at Mannheimer Swartling.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 4,961 Class B shares.



ANNA WENNER

SVP Brand and Culture since February 2022
Born: 1971

Education: M.Sc. in Political Science 1994, Örebro University and

Marketing Communication Program (IHR) 1999, Stockholm University.

Professional experience: A total of 20 years of experience from leading roles within the Skanska Group, including HR, communication and marketing and Head of Media Relations at Skanska AB. Senior Vice President HR and Communication in Skanska Sweden 2016 – 2021.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 0.

COMMENTS

Anette Segercrantz, Interim Head of HR, was a member of the Executive Management Group from 1 January 2021 to 17 December 2021.

Sofia Rudbeck, SVP Marketing, Sales and Communication, was a member of the Executive Management Group until 31 January 2022.

Patrik Ström, Interim SVP Operations, was a member of the Executive Management Group until 16 January 2022.

¹⁾ Fredrik Hemborg will step down from the position of Business Unit President for Bonava Sweden on 30 April 2022. His successor, Alexandra Laurén, will assume the position in August 2022.



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Auditor's Report on the Corporate Governance Statement

Stockholm, 11 March 2022

Mats Jönsson
Chairman

Viveca Ax:son Johnson
Board member

Åsa Hedenberg
Board member

Angela Langemar Olsson
Board member

Per-Ingemar Persson
Board member

Frank Roseen
Board member

Peter Wallin
CEO

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN BONAVA AB (PUBL), CORPORATE IDENTITY NUMBER 556928-0380

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 44–53 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 11 March 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Lead Partner

Linda Andersson
Authorized Public Accountant



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Report of the Board of Directors

The Board of Directors and Chief Executive Officer of Bonava AB (publ.), corporate identity number 556928-0380, with its registered office in Stockholm, Sweden, hereby present the Annual Report and consolidated financial statements for the 2021 financial year.

Group

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 with stable local labour markets, which generates demand for new housing over time. Bonava develops land into affordable and sustainable neighbourhoods, where the housing units are adapted to customers' wants and needs as well as the unique circumstances of each location.

Bonava provides multi-family and single-family housing units, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. Bonava thus contributes to the creation of new and vibrant neighbourhoods.

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

GROUP PERFORMANCE

Net sales

Net sales amounted to SEK 15,491 M (16,997). Fewer housing units for consumers were recognised in profit compared with the preceding year. During the period, 3,712 (4,295) housing units for consumers were recognised in profit, with net sales of SEK 11,725 M (13,484). The average price per housing unit recognised in profit was in line with the year-earlier period, totalling SEK 3.2 M (3.1).

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

Sale of land during the period, excluding sale of land in Denmark of SEK 545 M which has been classified as an item affecting comparability, totalled SEK 446 M (411).

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

Operating profit

Operating profit amounted to SEK 1,156 M (1,121) and the operating margin was 7.5 per cent (6.6). Adjusted for items affecting comparability, operating profit was SEK 1,236 M (1,121) and the operating margin was 8.0 per cent (6.6). Items affecting comparability pertain to costs of SEK 117 M related to the wind-down

of operations in Denmark in the second quarter, capital gains of SEK 226 M from the sale of Bonava's building rights portfolio in Copenhagen in the fourth quarter, and costs of SEK 188 M in Sweden, Nordic and the Parent Company and adjustment segment resulting from the strategic review in the fourth quarter. For more information, refer to Note 24.

Excluding land sales, operating profit was SEK 1,160 M (1,100) and the margin was 7.7 per cent (6.6). The operating margin was strengthened year-on-year as a result of a higher gross margin for consumers.

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

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

Net financial items were SEK -136 M (-122). Costs were higher as a result of long-term financing being raised in September 2020 and of SEK 12 M pertaining to remuneration to NCC being charged to net financial items during the period. The payment to NCC pertains to a profit-sharing agreement in which NCC waives its dividend, instead receiving annual compensation of EUR 1.3 M that Bonava expenses on a regular basis.

Profit before tax for the period was SEK 1,020 M (999). Tax on profit for the period was SEK 212 M (267), corresponding to a tax rate of 21 per cent (27). The lower tax rate is attributable to the sale of a large part of the building rights portfolio in Copenhagen in corporate wrappers.

	2021	2020	2019	2018	2017
Net sales	15,491	16,997	15,474	14,008	14,479
Operating profit before items affecting comparability	1,236	1,121	1,202	1,654	1,946
Operating profit after items affecting comparability	1,156	1,121	946	1,654	1,946
Profit for the year	808	733	615	1,265	1,402
Net debt	3,313	3,311	6,873	5,542	4,165
Equity/assets ratio, %	35.1	34.6	32.1	34.9	33.7
Cash flow before financing	631	3,662	-138	-764	-26
Average no. of employees	2,136	2,082	2,045	1,852	1,696

FINANCIAL POSITION

Total assets

Total assets were SEK 23,711 M (22,874). The increase was primarily attributable to an increased volume of ongoing housing projects.

Net debt

Net debt was in line with the preceding year and amounted to SEK 3,313 M (3,311) at year-end. Indebtedness decreased as a result of the wind-down of Danish operations and through the sale of completed housing units in Sweden. Debts increased in the remainder of the group, primarily as the result of increased volumes in ongoing production.

Capital employed and return on capital employed

Capital employed amounted to SEK 12,794 M (12,640) at year-end. The changes are attributable to an increase in the volume of ongoing housing projects in Germany, which was offset to some extent by lower volumes of ongoing housing projects in Sweden and increased customer advances in Germany.

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

Equity/assets and debt/equity ratios

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

CASH FLOW

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

Sales of housing projects decreased to SEK 12,910 M (14,521), a decline across all segments. Investments in housing projects totalled SEK -13,270 M (-14,179), a decrease primarily in Germany and Nordic. Cash flow from other changes in working capital totalled SEK 88 M (2,054) caused by decreased cash flow from customer advances in Germany. In Germany, customer advances are received in various phases - both the point in time for project starts and the point in time for the delivery of housing units impact the cash flow. During the period, these points in time coincided in such a way that the cash flow was less positive year-on-year.



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HOUSING SALES, HOUSING STARTS AND BUILDING RIGHTS

Housing units in production

At the end of the period, there were 6,563 housing units (6,218) for consumers and 3,204 housing units (3,551) for investors in production. As of 31 December, the sales rate was 59 per cent (53) for housing units for consumers and 94 per cent (100) for housing units for investors. At the end of the period, the completion rate was 44 per cent (49) for consumers and 41 per cent (38) for investors.

Building rights

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

	2021	2020
Number of building rights	35,300	31,800
of which, off-balance sheet building rights	16,900	12,300
Housing development for consumers		
Number of housing units sold	4,267	3,854
Sales value of housing units sold	13,058	12,479
Number of housing units started	3,732	4,193
Number of housing units in ongoing production	6,563	6,218
Sales rate for housing units in ongoing production, %	59	53
Number of housing units recognised in profit	3,712	4,295
Housing development for investors		
Number of housing units sold	1,028	1,714
Sales value of housing units sold	2,870	4,373
Number of housing units started	1,223	1,517
Number of housing units in ongoing production	3,204	3,551
Sales rate for housing units in ongoing production, %	94	100
Number of housing units recognised in profit	1,566	1,519

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

The number of completed housing units sold but not recognised in profit at year-end was 125 (132). A large portion of these housing units pertains to a project in St. Petersburg which, owing to the scope of the project, will take three quarters to deliver to the customer.

Unsold completed housing units at year-end

The number of unsold completed housing units at year-end was 122 (441). Strong sales and a high level of demand resulted in a decrease in the number of unsold completed housing units in all segments.

SHARES AND 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. Share capital was SEK 434 M on the reporting date, divided among 108,435,822 shares and 210,180,660 votes. At 31 December 2021, Bonava had 11,304,982 Class A shares and 97,130,840 Class B shares. The number of Class B shares in treasury totalled 1,245,355, corresponding to 1.1 per cent of the capital and 0.6 per cent of the votes.

At year-end, Bonava had 30,738 (31,089) shareholders. Bonava's largest shareholders were Nordstjernan AB, with 24.5 per cent of the capital and 49.0 per cent of the votes, followed by the Fourth Swedish National Pension Fund with 7.8 per cent of the capital and 4.6 per cent of the votes and Swedbank Robur Fonder with 5.9 per cent of the capital and 3.1 per cent of the votes. The ten largest shareholders controlled 53.6 per cent of the capital and 65.0 per cent of the votes in total. More information on Bonava's share and owners can be found on bonava.com/investor-relations and page 151.

ORGANISATION AND EMPLOYEES

The average number of employees in the Group for the year was 2,136 (2,082).

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

For the 2022 AGM, Bonava's Nomination Committee has proposed two new Board members, which means an increase of one member. The Nomination Committee proposes the election of Andreas Segal and Nils Styf as new members, as well as the re-election of Mats Jönsson (chairman), Viveca Ax:son Johnson, Åsa Hedenberg, Angela Langemar Olsson and Per-Ingemar Persson. Board member Frank Roseen has declined re-election and will step down from the Board in conjunction with the AGM. The Nomination Committee's complete proposals are presented in the notice convening the AGM.

NOMINATION COMMITTEE

Bonava's 2021 AGM appointed the following Nomination Committee ahead of the 2022 AGM: Peter Hofvenstam, Nordstjernan AB, Lennart Francke, Swedbank Robur Fonder, Mats Gustafsson, Lannebo Fonder and Chairman of the Board as a co-opted Board member. Peter Hofvenstam was elected Chairman of the Nomination Committee. Since the Fourth Swedish National Pension Fund (Fjärde AP-fonden) subsequently increased its holding in Bonava, the Nomination

Committee decided in November 2021 to appoint Olof Nyström from The Fourth Swedish National Pension Fund as a new member of the Nomination Committee. For more information about the composition of the Board, refer to the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is included as a separate section of Bonava's Annual Report and does not constitute a part of the formal Annual Report documents; refer to the Corporate Governance section on pages 44–53.

SIGNIFICANT EVENTS DURING THE YEAR

On 1 February, Peter Wallin took office as President and CEO.

The Annual General Meeting of Bonava AB was held on 31 March. The Annual General Meeting passed resolutions in accordance with the proposals from the Board of Directors.

On 26 May, the decision to wind down Bonava's operation in Denmark to achieve increased efficiency and profitability was announced as an initial step in the strategic review that was concluded during the year. The cost of SEK 117 M was recognised as an item affecting comparability in the second quarter of 2021 and pertained primarily to provisions for guarantee commitments, costs related to termination of personnel and the remaining organisation.

On 3 June, Bonava expanded its green senior unsecured bond loan of SEK 200 M, maturing in March 2024, and an existing loan of EUR 30 M that was refinanced with Svensk Exportkredit, thereby qualifying as Bonava's green financing.

On 1 October, agreements were signed on the sale of the remaining land bank in Copenhagen to Ikano Bolig A/S for a purchase consideration in cash of SEK 545 M. The sale resulted in a positive earnings effect before tax of SEK 226 M, which was recognised as an item affecting comparability in the fourth quarter.

On 28 October, the decision of the Board on revised objectives and an updated strategy for Bonava for the purpose of promoting long-term value creation was announced. The strategic review resulted in costs of SEK 188 M that were recognised as an item affecting comparability in the fourth quarter. The costs are primarily attributable to impairment losses on both project-related and intangible assets, as well as organisational changes that have been decided.

SIGNIFICANT EVENTS AFTER THE YEAR

On 31 January, Bonava announced a number of changes in the Executive Management Group. For more information about changes to the management team, refer to the Corporate Governance Report. Alexandra Laurén will take office as Business Unit President for Bonava Sweden and a member of the Executive Management Group in August 2022. Fredrik Hemborg will be leaving Bonava and his role as Business Unit President for Bonava Sweden in the spring of 2022. Hedvig Wallander, Group Head of Legal at Bonava, and Anna



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Wenner, SVP Brand and Culture, will join the Executive Management Group, and Sofia Rudbeck left her role as SVP Marketing, Sales and Communication on 31 January 2022. The role as Head of Operations has been eliminated, and the responsibilities have been delegated among the various members of the rest of the Executive Management Group.

Due to the Russian invasion of Ukraine, Bonava has assessed that it is no longer possible to continue to pursue a sound residential development in St. Petersburg. For more information about the operations in St. Petersburg refer to note 27.

REMUNERATION

The Board has evaluated the application of its guidelines for determining basic and variable remuneration to the CEO and other members of management (Executive Management Group) approved by the 2020 Annual General Meeting, and the applicable remuneration structures and remuneration levels of the company. As a result of this evaluation of the overall remuneration package for the company's Executive Management Group, the Board of Directors proposes to the 2022 Annual General Meeting that the maximum outcome for variable cash-based remuneration be adjusted to total at most 60 per cent of fixed annual cash-based remuneration for the CEO and 50 per cent for other senior executives during the measurement period for such criteria. The basis for the applicable guidelines will be retained for 2022. These guidelines cover the Executive Management Group including the CEO, totalling ten (ten) senior executives.

Bonava applies remuneration levels and employment terms that are necessary to enable the recruitment and retention of a management possessing high competence and the ability to achieve the targets set. The remuneration principles and structures should motivate senior executives to do their utmost to safeguard the shareholders' interests. Accordingly, remuneration should be on market terms and competitive. It should be straightforward, long-term and measurable. The total remuneration package should support the company's long-term strategy. Remuneration to company management comprises fixed salary, variable remuneration, long-term performance-based incentive programmes, pensions and other benefits.

Fixed cash-based salary

Fixed salary to senior executives should be on market terms and based on areas of responsibility, experience and results achieved. Fixed remuneration is reviewed either annually or biannually.

Variable cash-based remuneration

Short-term variable remuneration is to be maximised and related to fixed salary, and based on the outcome in relation to the targets set, of which the absolute majority correspond to financial targets. In 2021, short-term variable remuneration to the CEO was capped at 50 per cent of fixed salary, and for other members of the Executive

Management Group maximised at 40 or 30 per cent of fixed salary. At maximum levels, the company's obligations to the individuals concerned would cost the company an estimated maximum of SEK 10.4 M excluding social security contributions.

Variable share-based remuneration

The Annual General Meeting on 31 March 2021 approved the Board of Directors' proposal to introduce a share-based incentive programme for the Executive Management Group and certain key executives, totalling some 50 individuals. Participation in the programme requires an independent shareholding in Bonava. The purpose of the programme is to align the interests of the shareholders and those of the Executive Management Group and specified key executives in order to ensure maximum long-term value creation. The Annual General Meeting also authorised the Board of Directors to repurchase Class B shares to ensure future commitments under the incentive programme. To date, the Board has not decided to utilise this authorisation.

The Board of Directors proposes that the Annual General Meeting authorise a long-term performance-based share programme (LTIP 2022) for senior executives and key individuals within the Bonava Group. This proposal is consistent with the long-term performance-based share programme previously adopted for 2021, with updates pertaining to three areas: the previous operational performance indicator ROCE is replaced with EBT, a proposed reduction in outcome possibilities, and a smaller portion of the outcome possibilities will be generated based solely on continued employment. It is the view of the Board of Directors that this type of incentive programme benefits the company's long-term progress. LTIP 2022 is proposed to cover a total of some 50 participants within the Bonava Group. More details on the proposal and previous long-term incentive programmes are available at bonava.com. See also Note 4, Number of employees, personnel costs and remuneration of senior executives.

Pensions and other benefits

With regards to pensions, Bonava offers defined contribution solutions, which means that Bonava pays premiums that comprise a specific proportion of the employee's salary. The members of Bonava's management that serve in Sweden and are not covered by pension benefits pursuant to the ITP plan (supplementary pensions for salaried employees) should receive a maximum of 30 per cent of annual basic salary in a yearly defined contribution pension provision. The members of Bonava's management that serve in other countries have pension solutions that are consistent with local practice.

Bonava provides other benefits to members of the Executive Management Group pursuant to local practice. The aggregate value of these benefits should equate to a limited value in relation to total remuneration, and correspond to what, in principle, is customary in the market.

Termination of employment

Dismissal pay and severance pay for senior executives should not exceed nine months' salary, or 12 months for the CEO, on termination by the company, and six months on termination by the senior executive. In this context, senior executives are defined as the CEO, CFO and other members of the Executive Management Group. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

PARENT COMPANY

Net sales and profit

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the period totalled SEK 280 M (281). Profit after financial items was SEK 393 M (431). The average number of employees for the year was 86 (92).

ENVIRONMENTAL IMPACT

Bonava does not conduct any operations subject to permits under the Swedish Environmental Code within the parent company or subsidiaries.

STATUTORY SUSTAINABILITY REPORT

The statutory Sustainability Report forms part of Bonava's Annual Report. Refer to Note S1 in the Sustainability Report for accounting policies and changes to this year's report. The Sustainability Report is issued by the Board of Directors and is externally reviewed and authorised. Refer further to page 107.

PROPOSED DIVIDEND

The Board of Directors proposes an ordinary dividend of SEK 3.50 (ordinary dividend 3.25, extraordinary dividend 2.00) per share. The record date for the right to receive the first dividend of SEK 1.75 per share is proposed to be 5 April 2022. The record date for the right to receive the second dividend of SEK 1.75 per share is proposed to be 3 October 2022. On condition that the AGM approves the dividend proposal, payment will be made on 8 April 2022 and 6 October 2022, respectively.

SEASONAL EFFECTS

Bonava recognises revenue 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.

AMOUNTS AND DATES

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). The relevant period is 1 January–31 December for income statement-related items, and 31 December for balance sheet-related items. Rounding differences may occur.



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Segments

Germany

The German housing market demonstrated a positive performance in 2021. Demand for newly produced housing units was high from both consumers and investors, and exceeded the existing offering. Bonava notes a continued impact on longer processing times for building permits, which in Bonava's case has resulted in delays to project starts. The number of housing starts for consumers was 1,344 (1,501) and the number of housing starts for investors was 146 (304), a lower total than expected since starts were postponed until 2022.

The number of housing units sold to consumers was in line with the preceding year: 1,263 (1,273). The sales rate for ongoing production was 57 per cent (62). The number of housing units sold to investors was 146 (332), with the transactions being conducted in Hamburg and Düsseldorf. The sales rate for ongoing production was 100 per cent (100).

Building rights increased during the year and amounted to SEK 9,700 M (8,400) at year-end. Agreements were signed on attractive land acquisitions in several regions including Berlin and Leipzig.

Net sales were slightly lower than the preceding year, totalling SEK 7,276 M (7,466). The number of housing units for consumers recognised in profit increased (1,449 cf. 1,350), but fewer housing units for investors (364 cf. 680) were recognised in profit compared with the preceding year.

Operating profit amounted to SEK 914 M (752) and the operating margin was 12.6 per cent (10.1). Excluding land sales, operating profit amounted to SEK 902 M (761) and the operating margin was 12.5 per cent (10.2). The gross margins for both consumers and investors were strengthened.

Capital employed amounted to SEK 4,393 M (4,128) and the return on capital employed was 21.0 per cent (16.7). The yield rose as a result of the higher operating profit.

	2021	2020
Net sales	7,276	7,466
Operating profit	914	752
Operating margin, %	12.6	10.1
Capital employed	4,393	4,128
Return on capital employed, %	21.0	16.7
Average no. of employees	911	905
Building rights		
Number of building rights	9,700	8,400
of which, off-balance sheet building rights	4,500	2,600
Housing development for consumers		
Number of housing units sold	1,263	1,273
Sales value of housing units sold	5,770	5,699
Number of housing units started	1,344	1,501
Number of housing units in ongoing production	2,521	2,595
Sales rate for housing units in ongoing production, %	57	62
Number of housing units recognised in profit	1,449	1,350
Housing development for investors		
Number of housing units sold	146	332
Sales value of housing units sold	474	1,066
Number of housing units started	146	304
Number of housing units in ongoing production	1,228	1,446
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	364	680



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Sweden

Demand and prices for homes trended positively, where prices increased at a somewhat slower pace during the second half of the year. The price trend for rental housing projects was also good, with significant interest from both Swedish and international investors. Three rental projects were sold and production on these was started: two in Umeå and one in Västerås. The number of housing starts for consumers was 711 (504) and the number of housing starts for investors was 420 (374).

The number of housing units sold to consumers was 693 (625). The sales rate for ongoing production was 64 per cent (65). Sales of previously completed housing units during the year were also strong. The number of housing units sold to investors was 420 (543). The sales rate for ongoing production was 100 per cent (100).

Building rights increased during the year and totalled 8,200 (7,600) at year-end. Land was acquired during the year in Stockholm, Gothenburg, Linköping and Umeå, where Bonava is planning a combination of new rental and tenant-owned apartments as well as Nordic Swan ecolabelled single-family homes.

Net sales totalled SEK 3,327 M (3,528), a larger number of housing units were recognised in profit and the proportion of housing units for investors that were recognised in profit increased year-on-year.

Operating profit before items affecting comparability amounted to SEK 292 M (283) and the operating margin was 8.8 per cent (8.0). Items affecting comparability for the period were SEK 44 M and consist of costs attributable to the strategic review that Bonava conducted during the year, primarily impairment losses on assets, sunk cost that could not be justified owing to the revised strategy, and provisions for organisational changes.

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

Capital employed amounted to SEK 3,135 M (3,020) and the return on capital employed before items affecting comparability was 9.1 per cent (7.7). The yield rose as a result of the higher operating profit.

	2021	2020
Net sales	3,327	3,528
Operating profit before items affecting comparability	292	283
Operating margin before items affecting comparability, %	8.8	8.0
Capital employed	3,135	3,020
Return on capital employed, %	9.1	7.7
Average no. of employees	223	188
Building rights		
Number of building rights	8,200	7,600
of which, off-balance sheet building rights	3,800	2,700
Housing development for consumers		
Number of housing units sold	693	625
Sales value of housing units sold	2,846	2,565
Number of housing units started	711	504
Number of housing units in ongoing production	1,055	724
Sales rate for housing units in ongoing production, %	64	65
Number of housing units recognised in profit	515	659
Housing development for investors		
Number of housing units sold	420	543
Sales value of housing units sold	795	948
Number of housing units started	420	374
Number of housing units in ongoing production	794	914
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	540	238



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Nordic

All markets in Nordic were marked by a robust demand and price trend. Interest from both consumers and investors was significant, but the offering of housing units has been too low to generate a satisfactory margin. Focus during the year was on the continued efforts to enhance the efficiency of the organisation, project governance and production for both Finland and Norway. As a stage in the Group's strategic review, it was also decided in the spring to wind down the Danish operations. The remaining land in Copenhagen was sold in the fourth quarter at a capital gain of SEK 226 M, which was recognised as an item affecting comparability.

The number of housing starts for consumers was 779 (653) and the number of housing starts for investors was 462 (839).

The number of housing units sold to consumers was 784 (927). The sales rate for ongoing production was 63 per cent (58). Sales of previously completed housing units during the year were also strong. The number of housing units sold to investors was 462 (839). The sales rate for ongoing production was 100 per cent (100).

Building rights decreased during the year as a result of the sale of the building rights portfolio in Denmark and totalled 7,100 (9,100) at year-end.

Net sales amounted to SEK 3,386 M (4,563). Significantly fewer housing units for consumers were recognised in profit compared with the preceding year.

Operating profit before items affecting comparability amounted to SEK 16 M (97) and the operating margin was 0.5 per cent (2.1). The items affecting comparability pertain to the cost of SEK 117 M attributable to the wind-down in Denmark, the capital gains of SEK 226 M in Denmark and costs of SEK 86 M attributable to the strategic overview that Bonava conducted during the year, primarily impairment losses on assets, and sunk cost that could not be justified owing to the revised strategy.

Excluding land sales, adjusted operating profit amounted to SEK –15 M (87) and the adjusted operating margin was –0.5 per cent (2.0). The operating margin was lower as the result of low volumes and continued high construction costs in the Finnish and Norwegian operations in order to deliver in accordance with Bonava's new financial targets. The strategic review showed that much remains to be done to increase profitability in projects through improved project governance and higher cost control, thereby increasing the volumes in Finland and Norway.

Capital employed amounted to SEK 3,518 M (3,427) and the return on capital employed before items affecting comparability was 0.3 per cent (2.2). The build-up of the Finnish and Norwegian operations in order to deliver in accordance with Bonava's new financial targets resulted in higher capital employed, even though the sale of the building rights portfolio in Denmark resulted in a decrease in the value of properties held for future development. The return on capital employed remained low, and the offering of housing units is currently too low to generate a satisfactory margin.

	2021	2020
Net sales	3,386	4,563
Operating profit before items affecting comparability	16	97
Operating margin before items affecting comparability, %	0.5	2.1
Capital employed	3,518	3,427
Return on capital employed, %	0.3	2.2
Average no. of employees	369	374
Building rights		
Number of building rights	7,100	9,100
of which, off-balance sheet building rights	3,900	4,900
Housing development for consumers		
Number of housing units sold	784	927
Sales value of housing units sold	2,713	3,092
Number of housing units started	779	653
Number of housing units in ongoing production	1,184	828
Sales rate for housing units in ongoing production, %	63	58
Number of housing units recognised in profit	525	1,019
Housing development for investors		
Number of housing units sold	462	839
Sales value of housing units sold	1,601	2,355
Number of housing units started	462	839
Number of housing units in ongoing production	987	1,027
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	498	601



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St. Petersburg-Baltics

Due to the highly uncertain situation in the world, caused by the Russian invasion of Ukraine, Bonava has in the beginning of March 2022 decided to close the operations in St. Petersburg. Bonava assessed that it is no longer possible to continue to pursue a sound residential development in St. Petersburg.

The housing markets in the Baltics continued to perform positively during the year, with rising prices. During the year, Bonava established operations in accordance with plans in Vilnius, a new market since the end of 2020.

The number of housing starts for consumers was 898 (1,535) and the number of housing starts for investors was 195 (0). The housing starts for investors are two projects that Bonava will build, retain and manage for a period of time instead of selling directly (build-to-hold).

The number of housing units sold to consumers was 1,527 (1,029). The sales rate for ongoing production was 57 per cent (37). During the year, zero (0) housing units were sold to investors owing to the fact that the two projects started are build-to-hold projects. The sales rate for ongoing production was 0 per cent (100).

Building rights increased during the year and totalled 10,300 (6,700) at year-end. Land was acquired in St. Petersburg, Riga, Tallinn and Vilnius during the year.

Net sales amounted to SEK 1,502 M (1,439). The slight decrease in deliveries of housing units for consumers was offset by a larger number of deliveries of housing units for investors.

Operating profit amounted to SEK 237 M (236) and the operating margin was 15.8 per cent (16.4). The gross margin was high and stable, even if it decreased as a result of a different product mix and a higher proportion of housing units delivered to investors. The build-up of operations in Lithuania resulted in higher selling and administrative expenses in accordance with plans, and the cost control in established countries is strong. Additional projects were started in Lithuania during the year, and delivery of the first housing units is expected in 2022.

Capital employed amounted to SEK 1,562 M (1,126). The increase was due to investments in Lithuania and investments in the building rights portfolio in all markets. The return on capital employed was 18.5 per cent (19.1) since the operating margin was somewhat lower and capital employed increased as a result of the investments.

	2021	2020
Net sales	1,502	1,439
Operating profit	237	236
Operating margin, %	15.8	16.4
Capital employed	1,562	1,126
Return on capital employed, %	18.5	19.1
Average no. of employees	545	524
Building rights		
Number of building rights	10,300	6,700
of which, off-balance sheet building rights	4,700	2,100
Housing development for consumers		
Number of housing units sold	1,527	1,029
Sales value of housing units sold	1,729	1,123
Number of housing units started	898	1,535
Number of housing units in ongoing production	1,803	2,071
Sales rate for housing units in ongoing production, %	57	37
Number of housing units recognised in profit	1,223	1,267
Housing development for investors		
Number of housing units sold		
Sales value of housing units sold		4
Number of housing units started	195	
Number of housing units in ongoing production	195	164
Sales rate for housing units in ongoing production, %		100
Number of housing units recognised in profit	164	



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Risks and risk management

Bonava is exposed to risks with varying degrees of impact on the company. These risks may be attributable to events or decisions beyond Bonava's control but may also be the result of decisions by the company. Through structured and proactive risk management, Bonava's ambition is to ensure that the risks are either minimised as much as possible or remain potential risks. The Audit Committee is tasked with monitoring and evaluating Bonava's risk management, including the internal control environment.

In the risk assessment process, a number of risks were identified and assessed based on the

probability that they could occur and the impact they would have on the operations. Additionally, the effectiveness of existing internal controls to mitigate risks has been evaluated. In the table below, Bonava presents selected risks that the company has identified to have an impact on operations and the ability to achieve set goals as well as factors to mitigate those risks. The residual risk exposure is a result of risk assessment and internal control process. Bonava has chosen not to include risks with both low probability and impact in the table. Qualitative and quantitative measurements have been applied to provide a

tangible and consistent approach in evaluating the effect of risks on Bonava's operations.

The risk evaluation considers the situation before the Russian invasion of Ukraine escalated on 24 February 2022. Bonava is currently assessing the conflicts' impact on its operations and may adjust its risk evaluation accordingly. Initial information about the immediate consequences for Bonava's business activities is available on page 94.

Information regarding the measures taken to mitigate increased risks attributable to covid-19 is included below the table on page 66. For more

detailed information on how Bonava's operations affect sustainability and what work is being done to minimise negative effects, refer to the Sustainability Report.

Bonava has a Risk Committee consisting of the company's CFO, General Counsel, Group Head of Sustainability, Group Head of Strategy and Analysis, and Group Head of Risk and Compliance. The Risk Committee is responsible for centrally organising, coordinating and driving Bonava's risk management work. The Risk Committee regularly reports to the Audit Committee and Executive Management.

MEASURES TO ASSESS RISK

	Probability	Impact	
		Effect on EBT	Reputational damages
High 	Certain or almost certain that risk will materialise in 2022	EBT decrease of >1000 MSEK over next 4 years	Sustained national and international negative media coverage (front page of business section) with impact on relationships with investors and public authorities
Medium 	Possible to likely that risk will materialise in 2022	EBT decrease of up to 500 MSEK over next 4 years	Negative media coverage in a specific region with limited impact on relationship with investors and public authorities
Low 	Highly unlikely that risk will materialise in 2022	EBT decrease of up to 50 MSEK over next 4 years	No press exposure

MACROECONOMIC RISK

Description	Mitigating factors
Regulation The company is faced with regulatory changes that significantly impact its operations (e.g., building permit regulations, construction guidelines or financing rules).	Bonava is in continual dialogue with stakeholders who have an influence over the political agenda. This is complemented by an external analysis focused on identifying causes, trends and ongoing changes to laws, ordinances, and other regulations. Bonava continually adjusts its processes, decisions, and its strategy as needed when significant changes occur.
Probability Impact	
Housing market and competition The company is faced with changes in the housing market that adversely affects the supply of land, services, and goods or demand for its housing units.	The housing market is continuously monitored by internal and external experts to foresee changing market conditions as soon as possible. Bonava carries out structured customer surveys and constantly optimises its production costs in order to always offer customers the products they demand.
Probability Impact	



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OPERATIONAL RISK

Description	Mitigating factors
-------------	--------------------

Portfolio management

The company takes multiple inopportune decisions regarding the investment and divestment in land and housing projects.

Investments in and divestments of land are regulated through a multi-level control environment that includes a properly developed due diligence process and requires Board approval in conjunction with larger contracts.

Probability Impact

Project development

The company is running housing projects that fall short of initially projected key performance indicators.

Project development risks are managed through a structured internal corporate governance process. Bonava evaluates and manages risks through operational systems and developed processes and routines concerning, for example, preliminary project and detailed project planning processes as well as centralised procurement.

Probability Impact

Procurement

The company's procurement operations do not ensure satisfactory supply with services and goods in terms of volume, price, and compliance principles (environmental, social and governance).

Bonava has established a centralised procurement organisation and created a framework for the selection and review of its suppliers to increase control over and improve the coordination of procurement. Bonava has identified the requirements that each supplier must fulfil to qualify as a supplier to Bonava, with the principles of the UN Global Compact and Bonava's Code of Conduct as a starting point.

Probability Impact

Design and production

The company's design and production organisation does not deliver the planned housing units within the time frame, at the quality, and at the costs that have been initially projected.

Bonava seeks to increase the industrialisation of its production. Increased repetition and a greater exchange of know-how within the Group reduces the risk of repeating mistakes.

Probability Impact

Description	Mitigating factors
-------------	--------------------

Environment and climate

The company's activities do not comply with internally decided and externally required environmental standards.

Bonava's internal corporate governance in each market ensures compliance with national and local directives. Bonava's long term climate risk scenario analysis has informed the decision to set full scope science-based targets for urgent climate action, aligned with the pathway to minimise global warming to 1.5 Degree Celsius. Responsibility to contribute to the targets is distributed according to business plan. Local and group-wide initiatives are initiated to support the targets. Bonava has internal local resources and/or employs external experts to plan and carry out soil remediation or post-treatment as well as planning of nature protection measures in close dialogue with local authorities. Bonava has Group-wide procedures and systems for alerts and communication regarding accidents and serious incidents as well as a professional Group-wide sustainability network.

Probability Impact

Staffing

The company does not maintain an attractive and motivating work environment that attracts and retains a competent workforce to enable the achievement of the company's business objectives.

Bonava has a structured recruitment process and places considerable emphasis on strengthening its reputation as an employer. The company offers competitive employment terms and has established a feedback culture that is complemented by anonymous employee surveys.

Probability Impact

Health and safety

The company's workplaces do not meet internal or external health and safety requirements.

Bonava makes no distinction between its employees and subcontractors' employees at sites managed by Bonava and adheres to a vision of "zero harm" with the ultimate objective of preventing the occurrence of all injuries and occupational illnesses. Bonava has established organisational structures and procedures to utilise synergies, govern operations and monitor occupational health and safety work across the Group. Bonava has implemented crisis management plans as well as Group-wide routines and systems for hazard and incident management that include notifications and alerts for severe accidents or incidents. A Group-wide health and safety network has also been established.

Probability Impact



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OPERATIONAL RISK cont.

Description	Mitigating factors
-------------	--------------------

IT

The company's IT environment does not meet operational requirements in terms of functionality, reliability, and data security.

Bonava has implemented a centralised IT organisation that continuously monitors and evaluates the company's business needs.

Probability Impact

Breach of internal and external regulations

The company significantly violates internal and external rules.

Bonava pursues a comprehensive compliance programme to manage compliance risks. Key elements of the programme include team discussions and online training programmes, extensive advisory services, a whistle-blower function, risk assessments as well as regular internal reporting and communication.

Probability Impact

Sales and marketing

The company's sales and marketing activities are inefficient and do not sufficiently promote sales of housing units.

The company benefits from centralised expertise that establishes marketing and sales processes supplemented by a well-established network of local experts and empirical analyses.

Probability Impact

Customer service

Bonava's customer service is not effective in guiding the customer through their journey until the end of the warranty period causing controversy with customers and is not providing the organisation with feedback on common defects.

The company works according to documented and monitored customer service procedures that include feedback to design & production functions and the measurement of KPIs such as average response times.

Probability Impact

Description	Mitigating factors
-------------	--------------------

Strategic development

The company's change initiatives do not facilitate Bonava's strategic development in the time and at the costs that they have initially been projected.

Bonava has established a project and change management function that prepares decisions on new strategic initiatives and supports ongoing initiatives through a PMO-process.

Probability Impact

Crises

The company is not able to adequately respond to crisis situations such as a global pandemic.

The company has established crisis management teams in all organisational units that ensure crisis preparedness and the management of crises based on documented procedures.

Probability Impact

FINANCIAL RISK

Description	Mitigating factors
-------------	--------------------

Liquidity

The company is unable to meet its payment obligations on time.

Bonava has stipulated a specific level relating to its payment capacity. The company also has a structured process for continuously monitoring and forecasting Group liquidity to ensure optimal financing and liquidity at any given time.

Probability Impact

Errors in reporting

The company submits inaccurate financial and non-financial (e.g., environmental and social sustainability, HR, and procurement) reports to the market or to authorities.

For financial reporting, Bonava applies the completed contract method, which implies that revenue and costs are known at the time of profit recognition. The company also has a structured process for budgeting outstanding costs at the time of profit recognition. A structured process is also used for non-financial items.

Probability Impact



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HANDLING OF COVID-19-RELATED RISKS

In 2021, uncertainties surrounding the ongoing covid-19 pandemic and its impact on future market conditions and opportunities to continue creating homes and neighbourhoods decreased. Experiences from previous years have however shown that the pandemic affected and will continue to affect the company's operations. Bonava's active mitigation of risks focused on ensuring business continuity while reducing the health risks for everyone to a minimum.

Interactions with customers

Mandatory contact restrictions and the care for the health of Bonava's customers and staff required increased efforts when it came to further development of alternative ways to present Bonava's homes to prospective buyers and the organisation of handovers. This included increased possibilities for private showings, digital sales starts and remote inspections where customers entered their future homes by themselves while being digitally connected with a Bonava representative.

These measures have been well received and enabled continued customer interactions. Sales numbers remained at a stable level throughout the year. A decrease in demand that was caused by the emerging pandemic in the beginning of 2020 did not play a role in 2021.

Maintaining productivity at Bonava's workplaces

Maintaining productivity while doing everything possible to keep staff, subcontractors, and customers safe has been the guiding principle in the planning and organisation of work.

The company took measures to address the fast-changing and continuously updated rules and regulations in Bonava's markets, including limitations on the number of people permitted at workplaces and enabling people to work from home where possible.

Bonava's IT environment, which is designed to enable office staff to work remotely, proved to be capable of enabling remote work on a large scale.

Extensive measures were maintained to protect the health and well-being of everyone working at Bonava's construction sites and offices. That included hygiene standards and guidance, following the instructions from local authorities. Contractor schedules and safe work procedures were adjusted to allow workers to maintain social distance.

Avoiding supply shortages and adapting to delayed processing times

Disruptions to the supply chains for construction materials and services were addressed at an early stage through the development and activation of contingency plans for individual procurement categories. That made it possible to manage rising prices and challenges in the supply chain without any major impact on ongoing projects.

Increased restrictions as a result of the pandemic had a certain impact during the year, mainly resulting from longer processing times – for example, for building permits – as well as delays to project starts.

The company expects that the described measures to mitigate covid-19-related risks will probably need to be largely upheld and adjusted at least during the first half of 2022.



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Consolidated Income Statement

	Note	2021	2020
	1, 11, 20		
Net sales	2, 3	15,491	16,997
Production costs	4, 5, 7, 9, 10, 14, 20	-13,373	-15,018
Gross profit		2,117	1,979
Selling and administrative expenses	4, 5, 6, 7, 9, 10, 20, 27	-882	-857
Operating profit before items affecting comparability	2	1,236	1,121
Items affecting comparability	24	-80	
Operating profit after items affecting comparability		1,156	1,121
Financial income		17	16
Financial expenses		-153	-138
Net financial items	8	-136	-122
Profit before tax		1,020	999
Tax on profit for the year	13	-212	-267
Profit for the year¹⁾		808	733
Per share data (before and after dilution)			
Profit after items affecting comparability, SEK	26	7.54	6.82
Cash flow from operating activities, SEK		6.71	35.30
Shareholders' equity, SEK		77.60	73.87
Number of shares at end of the year, million		107.2	107.2

¹⁾ Profit for the full year is attributable to Bonava AB's shareholders.

Consolidated Statement of Comprehensive Income

	2021	2020
Profit for the year	808	733
<i>Items that have been or may be reclassified to profit for the period</i>		
Translation differences during the year on translation of foreign operations	150	-330
Other comprehensive income for the year	150	-330
Comprehensive income for the year²⁾	958	403

²⁾ Comprehensive income for the full year is attributable to Bonava AB's shareholders.



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Consolidated Balance Sheet

	Note	2021	2020
ASSETS	1, 11, 22		
Fixed assets			
Goodwill	9	77	22
Other intangible assets	9	40	130
Real estate used in business operations	10	84	93
Right-of-use assets, buildings		211	143
Machinery and equipment	10	135	166
Right-of-use assets, machinery and equipment		42	65
Other non-current shareholdings		3	3
Non-current receivables	12	58	123
Deferred tax assets	13	227	103
Total fixed assets	23	877	847
Current assets			
Housing projects			
Properties held for future development	14	6,959	6,998
Ongoing housing projects	14	12,539	10,766
Right-of-use assets, ongoing housing projects		8	20
Completed housing units	14	706	1,706
Housing projects		20,211	19,489
Materials and inventories		25	11
Tax receivables		18	14
Accounts receivable		424	220
Prepaid expenses and accrued income		87	126
Other receivables	12	1,003	779
Cash and cash equivalents	22	1,066	1,387
Total current assets	23	22,834	22,027
TOTAL ASSETS		23,711	22,874

	Note	2021	2020
SHAREHOLDERS' EQUITY			
Share capital	15	434	434
Other capital contributions		4,569	4,569
Reserves		70	-80
Profit brought forward incl. comprehensive income for the year		3,245	2,996
Shareholders' equity attributable to Bonava AB's shareholders		8,318	7,918
Non-controlling interest		5	4
Total shareholders' equity		8,322	7,923
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	16	2,232	2,930
Non-current interest-bearing lease liabilities	16	164	132
Other non-current liabilities	18	462	227
Deferred tax liabilities	13	122	125
Provisions	17	775	680
Total non-current liabilities	23	3,755	4,095
Current liabilities			
Current interest-bearing liabilities	16	1,989	1,564
Current interest-bearing lease liabilities	16	88	91
Accounts payable		680	636
Tax liabilities		272	240
Accrued expenses and deferred income	19	1,335	1,180
Other current liabilities	18	7,269	7,146
Total current liabilities	23	11,633	10,857
Total liabilities		15,389	14,952
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,711	22,874



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Consolidated Statement of Changes in Shareholders' Equity

	Shareholders' equity attributable to Bonava AB's shareholders				Non-controlling interest	Total shareholders' equity
	Share capital	Other capital contributions	Translation reserve	Profit brought forward		
Opening shareholders' equity, 1 January 2020	434	4,569	250	2,283	5	7,540
Profit for the year				733		733
Other comprehensive income			-330			-330
Total comprehensive income	0	0	-330	733	0	403
Performance-based incentive programme				-1		-1
Purchase of treasury shares				-19		-19
Total transactions with shareholders	0	0	0	-20	0	-20
Closing shareholders' equity, 31 December 2020	434	4,569	-80	2,996	4	7,923
Profit for the year				808		808
Other comprehensive income			150			150
Total comprehensive income	0	0	150	808	0	958
Dividend				-563		-563
Performance-based incentive programme				4		4
Total transactions with shareholders	0	0	0	-559	0	-559
Closing shareholders' equity, 31 December 2021	434	4,569	70	3,245	5	8,322

Change in shareholders' equity

The change in shareholders' equity consists of profit for the year and other comprehensive income for the year, dividends, repurchases of treasury shares and effects of the long-term performance-based incentive programme.

Other capital contributions

Shareholders' equity paid up by shareholders.

Reserves

Reserves pertain to translation reserves that include all exchange rate differences from 1 January 2013 and onwards arising from the translation of the financial statements of foreign operations prepared in a currency other than that used in Bonava's financial statements, i.e. SEK.

Profit brought forward including comprehensive income for the year

This item includes accrued earnings in Bonava and transactions with shareholders such as dividends, repurchases of treasury shares and performance-based incentive programmes.



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Consolidated Cash Flow Statement

	Note	2021	2020
OPERATING ACTIVITIES			
Profit before tax		1,020	999
Adjustments for items not included in cash flow:			
- Depreciation/amortisation	5	223	228
- Exchange rate effects		-174	247
- Changes in provisions		82	92
- Other incl. items affecting comparability		106	12
Total items not included in cash flow		236	579
Tax paid		-265	-184
Cash flow from operating activities before change in working capital		991	1,394
Cash flow from change in working capital			
Sales of housing projects	14	12,910	14,521
Investments in housing projects	14	-13,270	-14,179
Other changes in working capital	22	88	2,054
Cash flow from change in working capital		-272	2,396
Cash flow from operating activities		719	3,790

	Note	2021	2020
INVESTMENT ACTIVITIES			
Business combinations			-32
Acquisitions of buildings and land		-80	-14
Acquisitions of property, plant and equipment and intangible assets		-20	-94
Sales of property, plant and equipment and intangible assets		11	1
Cash flow from investment activities		-88	-128
Cash flow before financing		631	3,662
FINANCING ACTIVITIES			
Dividend paid		-563	
Purchase of treasury shares			-19
Increase in interest-bearing financial liabilities		2,085	2,669
Decrease in interest-bearing financial liabilities		-2,439	-5,328
Increase (-)/decrease (+) in current interest-bearing receivables		-70	1
Cash flow from financing activities		-987	-2,676
Cash flow for the year		-356	986
Cash and cash equivalents at 1 January	22	1,387	499
Exchange rate difference in cash and cash equivalents		35	-98
Cash and cash equivalents at 31 December	22	1,066	1,387



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1 Significant accounting policies

Bonava's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations made by the IFRS Interpretations Committee (IFRIC), as adopted by the EU, the Annual Accounts Act (1995:1554), RFR 1 Supplementary Accounting principles for Groups and its associated interpretations, which were published by the Swedish Financial Reporting Board.

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 11 March 2022. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on 1 April 2022.

New standards applied by Bonava

None of the changes to IFRS that came into effect in 2021 had any material impact on Bonava.

New standards and interpretations that have not yet been applied by Bonava

None of the new or amended IFRS that have not yet come into effect are expected to have any material impact on Bonava.

CONSOLIDATED FINANCIAL STATEMENTS

Acquisition method

Business combinations deriving from parties who are not under joint control are recognised by applying the acquisition method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby Bonava indirectly acquires the subsidiary's assets and takes over its liabilities. The fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, is determined in the acquisition analysis.

Acquired and divested companies are included in Bonava's Income Statement, Balance Sheet and Cash Flow Statement during the holding period.

Subsidiaries

Companies in which Bonava has a controlling influence, in practice through a direct or indirect holding carrying more than 50 per cent of the voting rights, are consolidated in their entirety. A controlling influence is defined as influence over the company or association, the right to variable returns from its involvement with the company or association and the ability to exercise its influence over the company or association to affect returns. Bonava has a controlling influ-

ence over tenant-owner associations and housing companies which are consolidated in full.

Joint arrangements

Joint arrangements are defined as projects conducted in Bonava in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. In Bonava's financial statements, joint arrangements are recognised in accordance with the proportional method. Refer to Note 11.

Non-controlling interest

In companies that are not wholly owned subsidiaries, non-controlling interest is recognised as the share of the subsidiaries' equity held by external shareholders. This item is recognised as part of Bonava's shareholders' equity. The share attributable to non-controlling interests is recognised in profit or loss. Information about the share of profit attributable to non-controlling interest is disclosed in conjunction with the income statement. The effects of transactions with non-controlling interests are recognised in shareholders' equity if they do not result in any changes in controlling influence.

Foreign subsidiaries and joint arrangements

Foreign subsidiaries and joint arrangements are recognised using the functional currency and are translated to the reporting currency. For Bonava, the functional currency is defined as the local currency used in the reporting entity's accounts. The reporting currency is defined as the currency in which the Consolidated Financial Statements are reported, in Bonava's case Swedish kronor (SEK).

Elimination of Intra-Group transactions

Receivables, liabilities, revenue and expenses, as well as unrealised gains and losses that arise when an entity within Bonava sells a good or service to another Group Company, are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no need for impairment. The same applies to joint arrangements, to the extent this corresponds to Bonava's participating interest.

REVENUE

Bonava's net sales primarily comprise three revenue streams: sales of housing units to consumers, sales of housing projects to investors and – to a lesser extent – sales of land. For all revenue flows, estimated losses are charged in their entirety to profit or loss for the

period. IFRS 15 Revenue from Contracts with Customers describes a five-step model that deals with the entire revenue chain. For Bonava, the model is as follows:

1. Identify the contract with customer

Depending on the revenue stream, Bonava identifies a customer contract with, for example, a private individual or an investor.

2. Identify the performance obligations in the contract

For Bonava, the customer contract generates an asset (a right, that is a promise to receive compensation) and a liability (an obligation, that is a promise to transfer goods). Bonava's various obligations to its customers are not distinct and are viewed as one performance obligation in the form of transferring a housing unit to the customer.

3. Determine the transaction price

The transaction price is a fixed price stipulated in the contract. Bonava's customers pay advances at various points in the process and to varying extents depending on the market. Advance payments are conditional on the completion of Bonava's performance obligation and thus do not affect Bonava's assessment that the performance obligation is fulfilled only when the buyer takes possession of the housing unit.

4. Allocate the transaction price to the performance obligation

This step is not applicable as Bonava only has a single performance obligation to its customers: the transfer of a housing unit.

5. Recognise revenue when a performance obligation is satisfied

Bonava recognises revenue in the income statement when the performance obligation to the buyer has been fulfilled by transferring control of the housing unit to the buyer. For Bonava, this means that the performance obligation is fulfilled at a specific point in time for both the consumer and investor business areas, which usually happens when the customer takes possession of the housing unit.

Housing projects for consumers

Bonava's business model for sales of housing units with ownership rights entails that Bonava enters into an agreement to build a housing unit with each respective owner. During the construction of the housing unit, accrued costs are recognised in the "Housing projects" asset class. Revenue is recognised when the housing units are completed and the customer has taken up occupancy of the home.

In Sweden and Finland, Bonava also develops housing projects by entering into a construction contract with a client, either a tenant-owner association in Sweden or a housing company in Finland.

In Sweden, the end customer purchases a right of use in the tenant-



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owner association corresponding to an individual apartment. In Finland, the customer purchases shares in the housing company corresponding to an individual apartment. Bonava's business model means that control is transferred to the customer who acquires the housing unit when the customer takes possession of the housing unit. Since Bonava exercises control over both the tenant-owner association and the housing company during construction up until the sale to the end customer, these entities are consolidated. As a result, there is no contract with any external party until the end customer has signed a contract. Revenue is based on the actual revenue for the housing project sold. Recognised revenue per housing unit is offset by a share of the housing unit's estimated cost when the project is completed.

Housing projects for investors

Sales of housing projects to investors are recognised at the time when control is transferred to the buyer. Depending on the wording of the contract and local laws and regulations, this may occur on the signing date, continuously during production, or when the buyer takes possession of the housing units. For all projects during 2020 and 2021, Bonava's assessment is that control was transferred when the buyer took control of the housing units.

Sales of land

Sales of land are recognised on the date when control is transferred to the buyer, which normally coincides with the buyer taking possession of the land. Divestments of land that has not undergone project development are normally recognised in profit or loss on the date the customer takes possession of the land.

DEPRECIATION/AMORTISATION

Straight-line depreciation/amortisation according to plan is applied in accordance with the estimated useful life, with due consideration for any residual values at the end of the period, or after a confirmed decline in net asset value in those cases when the asset does not have an indefinite life. Goodwill that has an indefinite life is not amortised but is instead subject to systematic impairment testing. Bonava applies component depreciation/amortisation, whereby each asset with a considerable value is divided into a number of components that are depreciated/amortised on the basis of their particular useful life.

The period of depreciation/amortisation varies in accordance with the table below:

Software	1–5 years
Other intangible assets	3–10 years
Real estate used in business operations	8–25 years
Machinery and equipment	3–20 years

IMPAIRMENT LOSSES

When there is an indication of an impairment requirement, Bonava tests the carrying amount of fixed assets. An impairment requirement arises when the recoverable amount is less than the carrying amount. The term impairment is also used in connection with a reduced valuation of housing projects. Valuations of these projects are based on the "lower of cost or market" method, meaning the lower of cost and net realisable value.

LEASES

All contracts are recognised as leases in the consolidated accounts in the event that Bonava essentially has the rights to all economic benefits arising through use of the leased asset and if Bonava has the right to control the use of the leased asset. Leases are recognised in the balance sheet.

The right to use a leased asset is recognised either as property, plant and equipment (buildings, premises in which Bonava conducts its operations, machinery and equipment – primarily cars and office equipment) or a current asset (ongoing housing projects) depending on how the leased asset would be classified if it were owned instead. Leases for land (ongoing housing projects) are recognised only when there is a confirmed zoning plan or the building permit can no longer be appealed. Before that point, Bonava has neither control of the land nor the rights and obligations associated with the land.

The obligation to make lease payments is recognised as a long- or short-term financial liability depending on the length of the lease.

Lease expenses are recognised as depreciation and interest expenses in the income statement.

Variable costs such as property tax and maintenance costs, including electricity, heating and water, have been excluded from the calculation of lease liabilities to the extent they can be separated from rental costs. There are no substantial variable lease payments that depend on an index or rate.

With respect to land leases, Bonava applies the rate implicit in the lease. For the remaining leases, the incremental borrowing rate is applied; this is established by taking the geographical market and term of the lease into account.

The term of the leases is in turn established through the start and end dates in the leases. Bonava has essentially chosen not to consider the possibility of extending lease contracts. This is not financially beneficial because the assets are not business-critical or specialised, and other suitable alternatives are deemed to be available. In addition, the costs associated with not extending the leases (e.g. costs for negotiation and relocation or costs for identifying another appropriate asset) were deemed to be immaterial.

Bonava does not have any finance leases in the capacity of lessor, nor has it applied exceptions for assets of a low value or short-term leases.

GOVERNMENT ASSISTANCE

Bonava recognises government assistance in accordance with IAS 20. In 2020, Bonava received limited government assistance. This government assistance is recognised as a cost reduction when there is a reasonable amount of certainty that Bonava will meet the conditions associated with the grants. No government assistance was received in 2021.

ITEMS AFFECTING COMPARABILITY

This heading includes events and transactions such as substantial legal disputes, major impairment losses, restructuring and other substantial non-recurring costs or revenue, the profit effect of which is important to note when the profit/loss for the period is compared with earlier periods. Tax on items affecting comparability and tax items that are themselves classified as items affecting comparability are recognised under tax in the consolidated income statement. Items recognised as affecting comparability in one period are recognised consistently in future periods by any potential reversal of these items also being recognised as items affecting comparability. Refer also to Note 24.

TAXES

Income taxes comprise current tax and deferred tax. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in shareholders' equity, in which case the associated tax is recognised in other comprehensive income or in equity. Current tax is tax that is to be paid or received in the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is recognised on the basis of temporary differences between recognised and taxable values of assets and liabilities. For information on tax on profit for the year and deferred tax assets and liabilities, refer to Note 13.

Deferred tax assets and liabilities are calculated on the basis of the tax rate determined for the following year in each particular country. When changes occur in tax rates, the change is recognised in profit/loss for the year.

REPORTING OF OPERATING SEGMENTS

An operating segment is a part of Bonava that conducts business operations from which it generates revenue and incurs costs and for which independent financial information is available. Furthermore, the earnings of an operating segment are continuously monitored by



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the chief operating decision-maker (in Bonava's case this is the CEO) in order to evaluate results and allocate resources to the operating segment. The reporting of operating segments concurs with the reports presented to the CEO, in Bonava's case on the basis of the countries in which Bonava conducts operations. For more information, refer to Note 2.

INTANGIBLE ASSETS

Intangible assets are recognised at cost less accumulated amortisation and impairment losses. Goodwill has arisen from acquisitions of companies and operations. Goodwill is not amortised but is impairment tested on an annual basis instead. Refer also to Note 9.

PROPERTY, PLANT AND EQUIPMENT

Real estate used in business operations

Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. These properties are recognised at cost less accumulated depreciation and any impairment losses. Refer also to Note 10.

Machinery and equipment

Machinery and equipment is recognised at cost less accumulated depreciation and any impairment losses. Refer also to Note 10.

FINANCIAL FIXED ASSETS

Financial fixed assets are recognised at fair value or amortised cost. Impairment losses are posted if the fair value is less than the cost. Refer also to "Financial instruments" below.

CURRENT ASSETS

Housing projects

Bonava's property holdings designated as housing projects are recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. Property holdings are measured at the lower of cost and net realisable value.

Housing projects in Bonava are divided among:

- Properties held for future development
- Ongoing housing projects
- Completed housing units

For a distribution of amounts, refer to Note 14. Properties held for future development are reclassified as ongoing projects when construction on a project has started.

Properties held for future development

Properties held for future development refer to Bonava's holdings of land and building rights for future housing development and capitalised project development costs.

The valuation of properties held for future development takes into consideration whether the properties will be developed or sold. The valuation of land and building rights for future development is based on a capital investment appraisal. This appraisal is updated annually with regard to the established sales price and cost trend as well as when market trends or other circumstances so require. In the event that a positive contribution margin from the development cannot be obtained with regard to normal contract profit, an impairment loss is recognised. Development expenses related to land over which Bonava has control is capitalised.

Ongoing housing projects

In connection with the production start, the value of land and capitalised development expenses is reclassified to ongoing projects, together with costs incurred after the production start.

Completed housing units

Project costs for completed housing units are reclassified from ongoing housing projects to completed housing units at the date of final inspection. Completed housing units are measured at the lower of cost and net realisable value.

FINANCIAL INSTRUMENTS

Purchases and sales of financial instruments are recognised on the transaction date, meaning the date on which the company undertakes to purchase or sell the asset. Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, non-current receivables, accounts receivable, other non-current shareholdings and derivatives. Accounts payable, current and non-current borrowings, and derivatives are recognised under liabilities. Financial guarantees such as sureties are also included in financial instruments.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognised in the balance sheet when invoices have been sent. Accounts payable are recognised when invoices have been received.

A financial asset is derecognised from the balance sheet when the contractual rights have been realised or extinguished. The same applies to portions of financial assets. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or otherwise terminated. This also applies to portions of financial liabilities.

Classification and measurement

The classification of an instrument is dependent on Bonava's classification of the asset in its business models and the characteristics of the instrument. At initial recognition, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. This classification determines how the financial instrument is measured following the initial recognition, as described below.

Classification and measurement of financial assets

Bonava classifies its financial assets as follows:

Financial assets measured at fair value in profit or loss

This category includes Bonava's derivative instruments with a positive fair value. Changes in fair value are recognised in net financial items. Moreover, Bonava's other non-current shareholdings are measured at fair value through profit or loss.

Financial assets measured at amortised cost

Bonava has accounts receivable, non-current receivables and other receivables resulting from the collection of contractual cash flows measured at amortised cost (i.e. the amount at which they are expected to be received less doubtful receivables). Since the expected maturity of accounts receivable is short, a nominal value without discounting is recognised. Non-current receivables and other receivables are recognised at the amount in which they are expected to be received. Cash and cash equivalents are also recognised at amortised cost.

Bonava has not identified any financial assets measured at fair value through other comprehensive income.

Impairment of financial assets

The Group recognises a credit loss allowance for expected credit losses on financial assets measured at amortised cost. Bonava applies the simplified approach for the recognition of the allowance for expected credit losses for accounts receivable. The simplified approach means that Bonava measures the credit loss allowance for accounts receivable at an amount corresponding to the expected credit losses for the remaining term. The expected credit losses for accounts receivable are calculated using a provision matrix, which is based on past events, current conditions and forecasts of future economic conditions. For cash and cash equivalents, the allowance is based on the banks' probability of default.

The Group only enters into banking transactions with counterparties with a long-term credit rating of at least A- since these are deemed to have a low credit risk when testing for impairment. Infor-



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mation about credit ratings is provided by Standard & Poor's or an equivalent independent rating agency.

The Group defines default as meaning it is deemed unlikely that the counterparty will meet its obligations due to indications such as financial difficulties and missed payments. A default is always deemed to exist if a payment is more than 180 days past due.

Classification and measurement of financial liabilities

Bonava classifies its financial liabilities as follows:

Financial liabilities measured at fair value through profit or loss

This category includes Bonava's derivative instruments with a negative fair value. Changes in fair value are recognised in net financial items.

Other financial liabilities

Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, the liabilities are measured at amortised cost according to the effective rate method. This group includes non-current interest-bearing liabilities, other non-current liabilities, current interest-bearing liabilities, accounts payable and other current liabilities.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are revalued at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising from the translation of operational receivables and liabilities are recognised in operating profit, while exchange rate differences arising from the translation of financial assets and liabilities are recognised in net financial items.

REMUNERATION TO EMPLOYEES

Share-based remuneration

The Group's share-based remuneration programme consists of share rights and, as of 2020, synthetic shares. The fair value of allocated share rights at the time of allocation is recognised as a personnel cost with a corresponding increase in shareholders' equity. The fair value of allocated synthetic shares is recognised as a personnel cost with a corresponding increase in liabilities.

At each reporting date, Bonava AB judges the likelihood of performance targets being achieved. Expenses are measured based on the number of share rights and synthetic shares expected to be settled at the end of the vesting period.

When share rights and synthetic shares are to be settled, social security contributions are paid for the value of the employee benefits. These vary between the national markets where Bonava operates. In the period when services are rendered, provisions are made

for these estimated social security contributions based on the fair value of the share rights and synthetic shares at the reporting date. To fulfil Bonava AB's commitments pursuant to the long-term incentive programme, Bonava AB has repurchased Class B shares. These shares are recognised in treasury as a reduction in shareholders' equity. For a description of the Bonava Group's share-based payment programme, refer to Note 4.

Post-employment remuneration

Bonava differentiates between defined contribution and defined benefit pension plans. Defined contribution plans are defined as pension plans for which the company pays fixed fees to a separate legal entity and does not assume any obligations for payments of additional fees, even if the legal entity lacks sufficient assets to pay benefits accrued for employment up to and including the balance sheet date. Other pension plans are referred to as defined benefit plans. Bonava primarily has defined contribution plans.

Bonava's payments for defined contribution pension plans are recognised as a cost in the period when the employees perform the service the contribution relates to.

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of ITP2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined benefit plan.

For the 2021 financial year, the company did not have access to the information required for reporting its proportional share of the plan's commitment, plan assets and expenses, which made it impossible to report the plan as a defined-benefit plan. The ITP 2 Pension Plan that is secured through insurance in Alecta is therefore recognised as a defined contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis and depends on factors such as salary, previously vested pension and anticipated remaining term of employment. Anticipated fees during the next accounting period for ITP 2 insurance taken out with Alecta amount to SEK 7 M.

The collective solvency rate consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting methods and assumptions, which do not comply with IAS 19. The collective solvency rate is normally allowed to vary between 125 and 155 per cent. If Alecta's collective solvency rate falls below 125 per cent or exceeds 155 per cent, measures must be taken to create conditions for returning the solvency rate to the normal interval. In the event of low solvency, one measure could be raising the agreed price for new subscriptions and increasing existing benefits. In the event of high

solvency, one measure could be introducing premium reductions. At the end of 2021, Alecta's surplus in the form of its collective solvency rate was 172 per cent (148).

Remuneration on termination of employment

In conjunction with notice of employment termination, a provision is recognised only if the company is contractually obliged to terminate employment before the normal time, or when payments are made as an offering to encourage voluntary termination. For cases in which the company implements personnel cutbacks, a detailed plan is prepared that covers the workplace concerned, positions, and the approximate number of employees affected and disbursements for every personnel category or position, and the schedule for the plan's implementation, in the least. If severance payment requirements arising from personnel cutbacks extend beyond 12 months after financial year-end, such payments are discounted.

PROVISIONS

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or the size of the amount required to settle the provision. Provisions are recognised in the balance sheet when a legal or informal commitment exists due to an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the commitment and the amount can be estimated reliably.

Guarantee commitments

Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date.

BORROWING COSTS

Borrowing costs attributable to qualifying assets are capitalised as a portion of the capitalised asset's cost when the borrowing costs are significant. A qualifying asset is one for which a substantial period of time is necessary to prepare the asset for its intended use (in Bonava's case, more than one year). Other borrowing costs are carried as expenses in the period in which they are incurred. SEK 0 (0) M was capitalised in the year. Transaction costs for loans raised are assigned to periods over the term of the loan according to the effective rate method.

PLEDGED ASSETS

Bonava recognises collateral provided by the company or the Group as pledged assets for liabilities and/or obligations. These may be liabilities, provisions included in the balance sheet or obligations not recognised in the balance sheet. The collateral may be tied to assets in the balance sheet or mortgages and is limited to the legal entity



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providing the collateral. Assets are recognised at their carrying amount and property mortgages at their nominal value, regardless of whether the associated liability is lower. For type of collateral, refer to Note 21.

Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava. Such guarantees are to be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association has been established.

CRITICAL ESTIMATES AND ASSESSMENTS

The consolidated financial statements include certain assessments and assumptions about the future. These are based in part on historical information and in part on expectations concerning future events and thus may, at a later date, be changed because of, for example, changes in factors in the business environment. This must particularly be taken into account given the current circumstances and the uncertainty caused by the COVID-19 pandemic. The assessments that are most critical to Bonava are described below.

Revenue

Bonava's assessment is that the consumer business has a controlling influence over tenant-owner associations and housing companies, which are therefore consolidated in full. This means that there are no contracts with external parties before the end customer has signed a contract.

Bonava's business model and the agreement structure of housing projects thus mean that control is transferred to the buyer at the time of delivery of the housing unit or project. Bonava satisfies the undertaking to transfer the housing unit or project upon delivery and recognises revenue and profit from sales of housing projects in full at this point. No revenue is recognised on the basis of forecast sales of housing projects. This applies to both housing units for consumers and investors.

Depending on the wording of the contract and local laws and regulations, control of residential properties may be transferred to investors on the signing date, continuously during production, or when the housing units are delivered to the buyer. Bonava's assessment is that control is transferred upon taking occupancy of the property, and revenue during 2020 and 2021 is recognised at that date.

Valuation of housing projects

Bonava's housing projects are recognised at the lower of cost and net realisable value. The assessment of net realisable value is based on a series of assumptions such as sales prices, production costs, the price of land, rent levels and yield requirements as well as the possible timing of production start and/or sale. Bonava continuously monitors market conditions and tests the assumptions made on an

ongoing basis. In some cases, the difference between the carrying amount and the estimated net realisable value is minor. A change in the assumptions made could give rise to impairment requirements. Uncertainty regarding market conditions and the impact on customers' purchasing power are indicators that a decline in value has occurred. However, the housing market displayed a continued robust trend despite the ongoing pandemic. Sales of completed housing units have been favourable and the value of Bonava's completed unsold housing units has decreased year on year.

No need for impairment has been identified as a result of market conditions. On the other hand, the strategic review that was conducted during the year resulted in impairment losses; refer to Note 24 for more information.

Leases

Bonava assesses the possibility of extending its leases when they are signed, if conditions have materially changed and when less than one year remains in the lease term. Bonava's current assessment is that it is essentially not financially beneficial to extend the leases, since the assets are not business-critical for Bonava or specialised, and other suitable alternatives are deemed to be unavailable. In addition, the costs associated with not extending the leases (e.g. costs for negotiation and relocation or costs for identifying another appropriate asset) were deemed to be immaterial.

With respect to land leases, Bonava applies the rate implicit in the lease. For the remaining leases, Bonava is of the opinion that the discount rate can be established by using an incremental borrowing rate adjusted for geographical market and the term of the lease.

Guarantee commitments

At year-end, guarantee provisions amounted to SEK 497 M (474); refer to Note 17. Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date. This estimate is based on historical outcomes. The scope of the provisions is based on such factors as the number of housing units per project and is adjusted as needed in accordance with prevailing conditions. The assessments by company management can also have an impact on individual cases based on experience from previous transactions, or in conjunction with other specific events that could impact the estimated amount required to settle Bonava's commitments.

Surety and guarantee obligations, legal disputes, etc.

Within the framework of Bonava's regular business operations, Bonava occasionally becomes a party in legal disputes. In such cases, an assessment is made of Bonava's obligations and the probability of a negative outcome for the company. Bonava's assessment is based on the information and knowledge currently possessed by the company.

In a number of cases, these assessments are difficult and the final outcome could differ from the assessment. Refer also to Note 17.

Sensitivity and risk analysis

For a sensitivity analysis of Bonava's interest rate risk and exchange rate risk, refer to Note 23.

Business environment factors

Bonava's Board of Directors and management continued to monitor the progress of the pandemic and responded to recommendations from government authorities. The pandemic impacted Bonava's risk exposure over the year, even if the effects were minor as management of the pandemic was incorporated into procedures and work methods. Production during the year has largely proceeded as usual.

The previously assessed heightened financial risks have been reduced to pre-pandemic levels. The impacts on Bonava's financial position and payment capacity continue to be routinely monitored and assessed.

The housing market continued to display a robust performance, and the number of completed unsold housing units continued to decrease during the year. Bonava has not identified any need for impairment as a result of increased uncertainty owing to the pandemic.

Since Bonava's revenue recognition entails recognising revenue only in conjunction with the delivery of completed housing units to the customer, minor disruptions in the logistics and production chain can lead to earnings being reported in a later period than planned. This risk remains high as a consequence of the uncertainty brought about by the pandemic, even if income for the year was not appreciably impacted.

The short-term uncertainty around cement production on Gotland decreased somewhat after the Supreme Administrative Court rejected a motion for suspension that was presented in the judicial review of the Government's decision regarding Cementa AB. This means that the Government's decision on extending the permit to excavate limestone through 31 December 2022 remained in force pending a final decision in the case. Bonava is working actively to identify measures and alternate solutions to safeguard future project starts.

Bonava's Board of Directors and management are following developments in the geopolitical situation in St. Petersburg and on 3 March 2022 announced the decision to close the operations in St. Petersburg. Please refer to note 27 for further information.



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2 Reporting of operating segments

Bonava's operations are divided into four operating segments based on the parts of the organisation monitored by the CEO, the chief operating decision-maker. Each operating segment has a manager who is responsible for the daily operations and regularly reports the results of the operating segment's performance to the CEO. On the basis of this internal reporting, Bonava has identified the following segments: Germany, Sweden, Nordic (Finland, Denmark and Norway) and St. Petersburg-Baltics (St. Petersburg, Estonia, Latvia and Lithuania). All segments develop and sell housing units. Sales between the segments are not material.

2021	Germany	Sweden	Nordic	St. Peters- burg-Baltics	Parent company and adjustments	Total
Net sales, consumers	6,331	2,149	1,904	1,341		11,725
Net sales, investors	876	965	1,306	147		3,293
Net sales, land	68	212	161	5		446
Other revenue		1	14	10		26
Selling and administrative expenses (including depreciation/ amortisation)	-296	-129	-205	-69	-182	-882
Depreciation/amortisation	-100	-8	-36	-9	-69	-223
Operating profit before items affecting comparability	914	292	16	237	-223	1,236
Items affecting comparability		-44	23		-58	-80
Operating profit after items affecting comparability	914	247	39	237	-280	1,156
Net financial items						-136
Profit before tax						1,020
Fixed assets	252	140	194	50	241	877
Capital employed	4,393	3,135	3,518	1,562	185	12,794

Net sales by country	Germany	Sweden	Finland	Denmark	Norway	St. Petersburg	Latvia	Estonia	Lithuania
2021	7,276	3,327	1,842	757	787	745	387	371	
2020	7,466	3,528	2,718	935	910	884	320	236	

No customer accounts for net sales corresponding to over 5 per cent of the Group's net sales.

2020	Germany	Sweden	Nordic	St. Peters- burg-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
Selling and administrative expenses (including depreciation/ amortisation)	-284	-128	-177	-63	-206	-857
Depreciation/amortisation	-99	-8	-34	-9	-78	-228
Operating profit before items affecting comparability	752	283	97	236	-247	1,121
Items affecting comparability						0
Operating profit after items affecting comparability	752	283	97	236	-247	1,121
Net financial items						-122
Profit before tax						999
Fixed assets	332	223	123	34	136	847
Capital employed	4,128	3,020	3,427	1,126	940	12,641





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3 Revenue

Estimated completions per quarter

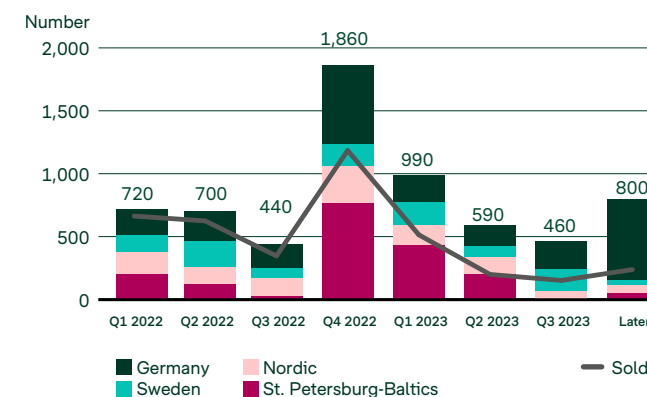
The diagrams illustrate the estimated completion dates for housing units for consumers and investors. Changes such as the date for receiving building permits, disruptions in the logistics and production chain or other factors could positively or negatively impact the estimated time of completion. This risk of changes to the estimated time of completion has increased as a consequence of the uncertainty caused by the ongoing pandemic.

The number of housing units have been rounded off since they are estimates of the point in time of completion. The curves illustrate the percentage of units sold at 31 December 2021.

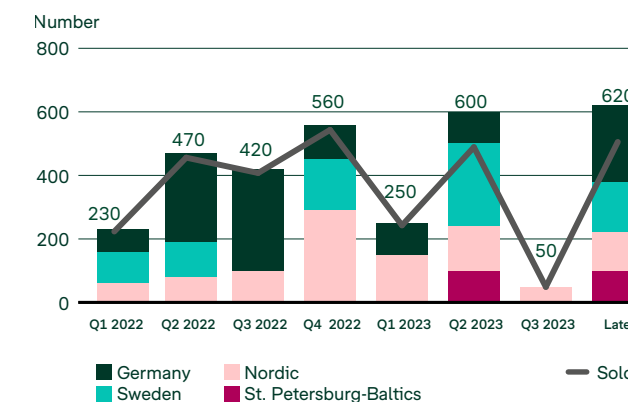
The value of housing units in production sold and completed housing units sold but not yet recognised in profit at 31 December 2021 was SEK 14,548 M (12,558) for consumers and SEK 7,157 M (7,861) for investors.

Customer advances	2021	2020
Carrying amount on 1 January	6,227	5,171
Advances paid in	10,649	17,022
Advances recognised in profit	-10,441	-15,507
Other changes in customer advances	-4	3
Translation differences for the year	165	-461
Carrying amount on 31 December	6,597	6,227

Consumers



Investors



4 Number of employees, personnel costs and remuneration of senior executives

Average number of employees	2021		2020	
	No. of employees	Of which, men	No. of employees	Of which, men
Sweden	311	136	280	161
Germany	911	620	904	629
Finland	231	133	250	109
Denmark	56	43	66	44
Norway	82	51	58	38
St. Petersburg	314	167	327	169
Estonia	73	47	65	20
Latvia	144	96	125	87
Lithuania	14	6	6	3
Total	2,136	1,299	2,082	1,260

Percentage women, %	2021	2020
Distribution of management by gender		
Total		
Board of Directors	43	43
Senior executives	30	40

Senior executives are defined as the individuals who, together with the CEO, constitute the Executive Management Group.



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TERMS AND REMUNERATION FOR SENIOR EXECUTIVES

The Chairman of the Board and the other directors elected by the Annual General Meeting receive remuneration only at an amount resolved by the Annual General Meeting. No pensions are paid to the Board of Directors.

Remuneration of the CEO is proposed by the Chairman of the Board and decided by the Board of Directors. Remuneration to other members of Bonava's senior management is proposed by the CEO and approved by the Chairman of the Board.

Remuneration to the CEO and other senior executives consists of a fixed salary, variable remuneration, share-based remuneration, other benefits and pensions. At the end of 2021, the number of senior executives was ten. Of these, six were employed by the Parent Company, three by subsidiaries and one as a consultant.

Peter Wallin assumed the role of Chief Executive Officer on 1 February 2021.

VARIABLE REMUNERATION

For CEO Peter Wallin, variable remuneration is capped at 50 per cent of fixed salary. The variable remuneration was based on financial targets established by the Board of Directors. Remuneration for the 2021 financial year amounted to SEK 2.7 M. The variable remuneration payable to former CEO Joachim Hallengren for 2020 was SEK 2.5 M. For other members of the Executive Management Group, variable remuneration is capped at 30 or 40 per cent of fixed remuneration.

PENSION TERMS FOR THE CEO

CEO Peter Wallin has a defined-contribution pension plan with a premium amounting to 30 per cent of fixed salary. Peter Wallin's retirement age is 65.

PENSION TERMS FOR OTHER SENIOR EXECUTIVES

Other senior executives employed in Sweden have a defined-contribution ITP plan with a retirement age of 65.

For other senior executives employed outside Sweden, defined-contribution supplementary pension terms apply ranging from 0 to 10 per cent of pensionable salary depending on the country of employment.

Salaries and other remuneration allocated between the Board and senior executives, and other employees

	2021			2020		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
Salaries and other remuneration	45	1,329	1,374	60	1,286	1,346
Social security expenses			351			329
of which, pension costs			115			105

Remuneration, provisions and other benefits in 2021

SEK 000	Total salary, remuneration and benefits ^{1) 2) 4)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration	Pension cost
CEO Peter Wallin	10,074	5	2,654	314	1,980
Former CEO Joachim Hallengren	564	6			170
Chairman of the Board Mats Jönsson	660				
Former Chairman of the Board Mikael Norman	193				
Director Viveca Ax:son Johnson	308				
Director Åsa Hedenberg	383				
Director Samir Kamal	75				
Director Angela Langemar Olsson	458				
Director Per-Ingemar Persson	289				
Director Frank Roseen	308				
Other senior executives, Group (nine individuals) ⁴⁾	31,962	461	5,023	1,653	5,014
Total senior executives	45,107	471	7,511	1,967	7,164

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and, when appropriate, severance pay and invoiced remuneration.

²⁾ Board fees have been allocated from the date of the 2021 Annual General Meeting and onwards. At the 2021 Annual General Meeting, Mikael Norman resigned and Per-Ingemar Persson was elected. Mats Jönsson replaced Mikael Norman as the Chairman of the Board. Audit Committee fees were paid to Angela Langemar Olsson (Chairman), Åsa Hedenberg and Per-Ingemar Persson.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

⁴⁾ One senior executive invoiced their remuneration during the year.



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Remuneration, provisions and other benefits in 2020

SEK 000	Total salary, remuneration and benefits ^{1) 2)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration ⁴⁾	Pension cost ⁵⁾
CEO Joachim Hallengren	24,432	73	2,494		1,982
Chairman Mikael Norman	775				
Director Viveca Ax:son Johnson	300				
Director Carl Engström	112				
Director Åsa Hedenberg	375				
Director Mats Jönsson	225				
Director Samir Kamal	300				
Director Angela Langemar Olsson	338				
Director Frank Roseen	300				
Director Anna Wallenberg	75				
Other senior executives, Group (ten individuals)	32,452	689	5,298		7,550
Total senior executives	59,684	762	7,792	0	9,532

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and, in the case of outgoing CEO Joachim Hallengren, expensed severance pay amounting to SEK 14,786,000.

²⁾ Board fees have been allocated from the date of the 2020 Annual General Meeting and onwards. At the 2020 Annual General Meeting, Carl Engström and Anna Wallenberg stepped down from the Board, and Mats Jönsson and Angela Langemar Olsson were elected. Audit Committee fees were paid to Angela Langemar Olsson (Chairman), Åsa Hedenberg and Mikael Norman.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

⁴⁾ In 2020, the assessment of the outcome of the 2019 programme for share-based remuneration was adjusted downward by SEK 1 M.

⁵⁾ The pension cost for other senior executives includes a final payment to the ITP plan for a senior executive who retired in 2020.

SEVERANCE PAY

The period of notice for the CEO is six months. A period of notice of 12 months is in effect in conjunction with termination by the company. Severance pay amounts to 12 months. Other senior executives are subject to between nine and 12 months' notice from the company, or six months' notice if the senior executive resigns of his/her own accord. Severance pay for between nine and 12 months is payable if employment is terminated by the company. The severance pay will be reduced by an amount corresponding to any remuneration received from a new employer or own business. During the period of notice, senior executives may not take up a new position with another employer or conduct their own business activities without the company's written consent. Should the senior executive resign on his/her own accord, severance pay is not payable. When employment ends, the senior executive becomes subject to a prohibition on competition or employees for a period of 12 and nine months respectively.

Joachim Hallengren left the role as CEO of the company on 31 January 2021 and his employment by the company ended on 30 September 2021. The company is subsequently paying severance pay for 12 months in accordance with the principles stipulated above.

LONG-TERM INCENTIVE PROGRAMME

Bonava has three outstanding long-term performance-based share programmes for senior executives and key personnel in the Bonava Group (LTIP 2019, LTIP 2020 and LTIP 2021). The purpose of the programmes is to align the interests of the shareholders and Executive Management to ensure maximum long-term value creation and a long-term Group-wide focus on profit performance and to facilitate the recruitment and retention of members of the Executive Management Group and other key executives.

LTIP 2019

LTIP 2019 encompasses 50 senior executives and key personnel in the Bonava Group. LTIP 2019 is a three-year performance-based programme that involves participants receiving no-cost share rights that confer entitlement to Class B shares. Participants in LTIP 2019 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2019. The participants are divided into four categories: The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is six share rights for category (1), five share rights for category (2), and four and three share rights for category (3) and (4) respectively.

Performance-based targets

The share rights are divided into Series 1, Series 2 and Series 3 and are weighted 30 per cent, 35 per cent and 35 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2019 are related to Bonava's average return on capital employed (Series 1), total shareholder return on Bonava's Class B share (Series 2), and relative total shareholder return on Bonava's Class B share in relation to a comparison group of 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights amounts to approximately SEK 32 M including social security contributions.

Repurchase of treasury shares

The 2019 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2019 incentive programme. The company has not exercised this right.

LTIP 2020

LTIP 2020 encompasses 52 senior executives and key personnel in the Bonava Group. LTIP 2020 is a three-year performance-based programme that involves participants receiving no-cost performance-based share rights that confer the right to Class B shares, and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2020 without being required to immediately divest the shares. Partici-



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pants in LTIP 2020 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2020. The participants are divided into four categories: The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is three share rights and three synthetic shares for category (1), two and a half share rights and two and a half synthetic shares for category (2), two share rights and two synthetic shares for category (3), and one and a half share rights and one and a half synthetic shares for category (4).

Performance-based targets

The share rights and synthetic shares are divided into Series 1, Series 2 and Series 3 and are weighted 40 per cent, 30 per cent and 30 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2020 are related to Bonava's average return on capital employed (Series 1), total shareholder return on Bonava's Class B share (Series 2), and relative total shareholder return on Bonava's Class B share in relation to a comparison group of approximately 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 37 M including social security contributions.

Repurchase of treasury shares

The 2020 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2020 incentive programme. In 2020, the company exercised this right and repurchased 430,294 Class B shares at a total value of SEK 19 M.

LTIP 2021

LTIP 2021 encompasses 45 senior executives and key personnel in the Bonava Group. LTIP 2021 is a three-year performance-based programme that involves participants receiving no-cost share rights that confer the right to Class B shares and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2021 without being required to immediately divest the shares. Participants in LTIP 2021 are required to invest in independent shareholdings in Bonava AB

(known as investment shares) that are allocated to LTIP 2021. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is three share rights and three synthetic shares for category (1), two and a half share rights and two and a half synthetic shares for category (2), two share rights and two synthetic shares for category (3), and one and a half share rights and one and a half synthetic shares for category (4).

Performance-based targets

The share rights and synthetic shares are divided into Series 1, Series 2 and Series 3 and are weighted 40 per cent, 30 per cent and 30 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2021 are related to Bonava's average return on capital employed (Series 1), total shareholder return on Bonava's Class B share (Series 2), and relative total shareholder return on Bonava's Class B share in relation to a comparison group of approximately 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 31 M including social security contributions.

Repurchase of treasury shares

The 2021 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2021 incentive programme. The company did not exercise this right during the year.

Share rights	Group	Parent Company
Outstanding at the beginning of the period	426,239	198,625
Allocated in the period	82,423	35,023
Forfeited in the period	-273,473	-159,338
Outstanding at end of period	235,189	74,310

Allocation in the 2018 long-term incentive programme

The results for the 2018 incentive programme did not reach the minimum level for the performance measures. No share rights were therefore allocated to the participants in accordance with the conditions of the 2018 incentive programme.

LTIP 2018

Objective	Weight, %	Share allocation	
		Outcome, %	Allocation, %
EPS	70	0	0
ROCE	30	0	0
Total allocation			0



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Fair value and assumptions

	2021		2020	
	Group	Parent Company	Group	Parent Company
LTIP 2019				
Fair value at valuation date, SEK 000	3,100	1,141	0	0
Share price, SEK	118.20	118.20	118.20	118.20
Exercise price, SEK	0	0	0	0
Term of the share rights, years	0.5	0.5	1.5	1.5

	2021		2020	
	Group	Parent Company	Group	Parent Company
LTIP 2020				
Fair value at valuation date, SEK 000	2,765	597	0	0
Share price, SEK	41.57	41.57	41.57	41.57
Exercise price, SEK	0	0	0	0
Term of the share rights and synthetic shares, years	1.5	1.5	2.5	2.5

	2021	
	Group	Parent Company
LTIP 2021		
Fair value at valuation date, SEK 000	1,493	721
Share price, SEK	104.94	104.94
Exercise price, SEK	0	0
Term of the share rights and synthetic shares, years	2.5	2.5

	2021		2020	
	Group	Parent Company	Group	Parent Company
Personnel costs for share-based remuneration				
Share rights and synthetic shares	6	2	-1	-1
Social security expenses	1	1		
Total personnel cost for share-based remuneration	7	2	-2	-1



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5	Depreciation/amortisation		
	2021	2020	
Other intangible assets	71	77	
Real estate used in business operations	13	11	
Right-of-use assets, buildings	47	54	
Machinery and equipment	40	38	
Right-of-use assets, machinery and equipment	51	48	
Right-of-use assets, ongoing housing projects	1		
Total depreciation/amortisation	223	228	

6	Remuneration and fees to audit firms		
	2021	2020	
PwC			
Audit assignment	8	9	
of which, Parent Company auditors	4	4	
Audit-related activities in addition to audit assignment	0		
Tax advice	0		
Other fees	1		
of which, Parent Company auditors	1		
Total PwC	9	9	
Other audit firms			
Audit assignment			
of which, Parent Company auditors			
Other audit firms			
Audit assignment	1	1	
Total remuneration and fees to auditors and audit firms	10	10	

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment).

7	Operating expenses distributed by cost type		
	2021	2020	
Production-related goods and services, and raw materials and consumables	12,308	13,973	
Change in inventories		-1	
Personnel costs	1,724	1,675	
Depreciation/amortisation	223	228	
Total production costs, and selling and administrative expenses	14,255	15,875	

9	Intangible assets				
2021			2020		
	Goodwill	Other		Goodwill	Other
Recognised cost at 1 January	67	472	Recognised cost at 1 January	67	437
Investments		14	Investments		42
Divestments		-6	Reclassification		-3
Reclassification ¹⁾	55	-7	Translation differences for the year		-3
Translation differences for the year		2	Recognised cost at 31 December	67	472
Recognised cost at 31 December	122	475	Accumulated amortisation at 1 January		-237
Accumulated amortisation at 1 January		-312	Reclassification		-77
Amortisation according to plan during the year		-71	Amortisation according to plan during the year		2
Divestments		6	Accumulated amortisation at 31 December		-312
Reclassification		2	Accumulated impairment losses at 1 January	-45	-31
Translation differences for the year		-1	Accumulated impairment losses at 31 December	-45	-31
Accumulated amortisation at 31 December		-375	Residual value at 1 January	22	168
Accumulated impairment losses at 1 January	-45	-31	Residual value at 31 December	22	130
Impairment losses for the year		-29			
Accumulated impairment losses at 31 December	-45	-60			
Residual value at 1 January	22	130			
Residual value at 31 December	77	40			

The item “Other” refers mainly to capitalised development expenses for IT systems.

Amortisation is included in the following lines in the income statement

¹⁾ This amount has been transferred from another item in the balance sheet.

8	Net financial items		
	2021	2020	
Financial income	17	16	
Interest expense on financial liabilities measured at amortised cost	-126	-113	
Interest expense on financial liabilities held for trading purposes	8	10	
Net exchange-rate changes	0	2	
Other financial expenses	-35	-37	
Financial expenses	-153	-138	
Net financial items	-136	-122	

The item "Other" refers mainly to capitalised development expenses for IT systems.

Amortisation is included in the following lines in the income statement

	2021	2020
Production costs	29	30
Selling and administrative expenses	41	47
Total	71	77



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9 Intangible assets cont.

Impairment testing

The need for impairment pertaining to the carrying amount of goodwill and other intangible assets with an indefinite useful life and intangible assets that cannot be used yet is tested annually, and otherwise whenever events indicate that the carrying amount of an asset cannot be recovered. The value in use is measured as the expected future discounted cash flow generated by the asset. The calculations are based on forecasts approved by company management as well as assessments from company management given the best information available. The key assumptions in the calculation are: when the relationship began, units sold and recognised in profit and investments in housing projects in relation to net sales, unchanged gross margin per unit and weighted average capital cost (WACC).

The carrying amount of goodwill was allocated across reportable segment and cash-generating unit with material goodwill amounts as follows: Sweden SEK 22 M and Nordic SEK 55 M.

Based on calculations made for Sweden and Nordic, no need for impairment has been identified.

10 Property, plant and equipment

2021	Real estate used in business operations	Machinery and equipment	Total
Recognised cost at 1 January	148	415	563
Investments	3	53	56
Divestment and disposal		-59	-59
Reclassification	7		7
Translation differences for the year	4	6	10
Recognised cost at 31 December	162	415	577
Accumulated impairment losses and depreciation on 1 January	-55	-249	-304
Divestment and disposal		17	17
Depreciation during the year	-13	-40	-53
Impairment losses for the year	-7	-8	-15
Reclassification	-2		-2
Translation differences for the year	-1		-1
Accumulated impairment losses and depreciation on 31 December	-78	-280	-358
Residual value at 1 January	93	166	259
Residual value at 31 December	84	135	218

2020	Real estate used in business operations	Machinery and equipment	Total
Recognised cost at 1 January	128	375	502
Investments	27	68	95
Divestment and disposal		-14	-14
Reclassification	3		3
Translation differences for the year	-10	-14	-24
Recognised cost at 31 December	148	415	563
Accumulated impairment losses and depreciation on 1 January	-49	-226	-275
Divestment and disposal		7	7
Depreciation during the year	-11	-38	-48
Translation differences for the year	4	8	12
Accumulated impairment losses and depreciation on 31 December	-55	-249	-304
Residual value at 1 January	78	148	227
Residual value at 31 December	93	166	259

12 Non-current receivables and other receivables

	2021	2020
Non-current receivables		
Other non-current receivables	58	123
Non-current receivables	58	123
Other receivables classified as current assets		
Receivables from housing projects sold	251	247
Advance payments to suppliers	62	33
Derivative instruments not used for hedge accounting	5	55
Receivables in tenant-owner associations	96	144
Other current receivables	588	299
Other receivables classified as current assets	1,003	779

11 Participations in joint operations

Bonava's financial statements include the following items that constitute interests in the net sales, costs, assets and liabilities of joint operations.

	2021	2020
Revenue	58	21
Expenses	-29	-25
Profit/loss	29	-4
Fixed assets	41	27
Current assets	358	488
Total assets	399	515
Non-current liabilities	205	22
Current liabilities	153	172
Total liabilities	358	194
Net assets	41	321

Specification of joint operations	Shareholding, %
Tipton Brown AB	33
NVB Beckomberga KB	33
NCC Kaninen Projekt AB	30
Stora Ursvik KB	50
Ursvik Exploaterings AB	50
KB Öhusen	50
AB Broutsikten	50
Sigtuna Stadsängar Exploaterings AB ¹⁾	53
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna II KB	33
Solberg Øst Tomteutvikling AS	50

¹⁾ The company has not been consolidated because of a shareholder agreement stipulating that Bonava does not exercise control over the company.



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13 Tax on profit for the year, deferred tax assets and deferred tax liabilities

	2021	2020
Tax on profit for the year		
Current tax cost	-287	-273
Deferred tax revenue/cost	74	7
Total recognised tax on profit/loss for the year	-212	-267

	2021		2020	
	Tax, %	Profit/loss	Tax, %	Profit/loss
Effective tax				
Profit before tax		1,020		999
Tax according to company's current tax rate	-21	-210	-21	-214
Effect of other tax rates for non-Swedish companies	-6	-60	-4	-44
Amended tax rates in Sweden and Norway				-2
Non-tax deductible costs	-4	-36	-2	-22
Non-taxable revenues ¹⁾	10	98	1	14
Tax effect resulting from non-capitalised tax loss carry-forwards				-1
Tax effect of revaluation of tax loss carry-forwards		1		-1
Tax attributable to prior years		-4		6
Tax deducted at source for dividends in St. Petersburg		-2		-3
Average tax rate/recognised tax	-21	-212	-27	-267

¹⁾ Relates primarily to tax-free sales of shares in subsidiaries.

Current tax has been calculated based on the nominal tax prevailing in the country concerned. When the tax rate for future years has been amended, that rate is used for calculating deferred tax.

Change in deferred tax in temporary differences and tax loss carry-forwards

	2021	2020
Opening carrying amount	-22	-15
Sale/acquisition of subsidiaries	1	-35
Recognised tax on profit/loss for the year	74	7
Reclassification	54	15
Translation differences for the year	-3	6
Closing carrying amount	104	-22

	Assets		Liabilities		Net	
Deferred tax asset/tax liability	2021	2020	2021	2020	2021	2020
Ongoing housing projects	3	28			3	28
Properties held for future development			-87	-117	-87	-117
Untaxed reserves	6			-9	6	-9
Provisions	89	38			89	38
Tax loss carry-forwards	103	43			103	43
Other	7		-17	-6	-10	-6
Deferred tax asset/tax liability	208	109	-104	-132	104	-22

Capitalised tax loss carry-forwards are expected to be used within a five-year period. There are non-capitalised tax loss carry-forwards of SEK 14 M in the Group.



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14 Housing projects

	Properties held for future development	Ongoing housing projects	Completed housing units	Total
2021				
Recognised cost at 1 January	7,293	10,804	1,737	19,834
Investments ¹⁾	2,717	10,553		13,270
Divestments	-711	-10,038	-2,161	-12,910
Reclassification	-2,218	983	1,127	-109
Translation differences for the year	266	275	36	577
Recognised cost at 31 December	7,346	12,577	739	20,662
Accumulated impairment losses at 1 January	-294	-38	-31	-364
Impairment losses for the year	-87		-2	-90
Translation differences for the year	-6			-6
Accumulated impairment losses at 31 December	-387	-38	-34	-459
Residual value at 1 January	6,998	10,766	1,706	19,470
Residual value at 31 December	6,959	12,539	706	20,203

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

	Properties held for future development	Ongoing housing projects	Completed housing units	Total
2020				
Recognised cost at 1 January	7,456	11,778	2,045	21,280
Investments ¹⁾	3,645	10,392	142	14,179
Divestments	-509	-11,138	-2,873	-14,521
Reclassification	-2,873	337	2,535	0
Translation differences for the year	-426	-566	-112	-1,104
Recognised cost at 31 December	7,293	10,804	1,737	19,834
Accumulated impairment losses at 1 January	-307	-38	-32	-377
Translation differences for the year	13		1	13
Accumulated impairment losses at 31 December	-294	-38	-31	-364
Residual value at 1 January	7,149	11,740	2,013	20,903
Residual value at 31 December	6,998	10,766	1,706	19,470

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

15 Share capital

Changes in share capital	No. of shares	Share capital, SEK 000
Number of shares, 1 January 2021	108,435,822	433,743
Number of shares, 31 December 2021	108,435,822	433,743

The shares are divided between 11,304,982 Class A shares and 97,130,840 Class B shares. Class A shares confer the right to ten votes each and Class B shares confer the right to one vote each. The quotient value per share is SEK 4.

In order to meet its commitments under its long-term incentive programmes, Bonava AB holds 1,245,355 (1,245,355) Class B treasury shares as of 31 December.

On 9 June 2016, NCC AB distributed all of the shares in Bonava AB to the shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations that will mature in 2027. On the basis of this option, the German company is being consolidated in its entirety. According to a profit-sharing agreement, NCC AB will waive its dividend and instead receive annual compensation of EUR 1.3 M, which is expensed on a regular basis.



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16 Interest-bearing liabilities

	2021	2020
Non-current liabilities		
Liabilities to credit institutions and investors	2,065	2,176
of which, green bond	1,200	997
Lease liabilities	164	132
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	64	623
Other non-current loans	103	131
Total	2,396	3,063
Current liabilities		
Liabilities to credit institutions and investors	822	905
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	1,166	646
Lease liabilities	88	91
Other current liabilities	1	13
Total	2,076	1,655
Total interest-bearing liabilities	4,472	4,718

For repayment schedules and terms and conditions, see Note 23.

17 Provisions

	Guarantees	Other	Total
2021			
On 1 January	474	206	680
Provisions during the year	140	127	267
Amount utilised during the year	-124	-57	-181
Reversed, unutilised provisions	-8		-8
Reclassification	4		4
Translation differences for the year/during the year	12	2	14
On 31 December	497	278	775
2020			
On 1 January	358	224	582
Provisions during the year	304	11	315
Amount utilised during the year	-186	-102	-288
Reversed, unutilised provisions	-27		-27
Reclassification	48	74	123
Translation differences for the year/during the year	-23	-2	-25
On 31 December	474	206	680

GUARANTEES

Guarantee provisions pertain to assessed future costs. To estimate a future guarantee cost, individual assessments are made per project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. The guarantee cost is posted individually for each project. The longest term for a guarantee provision is ten years, while a majority have maturities of approximately two to three years.

OTHER

The increase during the year consisted primarily of costs related to the wind-down of operations in Denmark. For more information, refer to Note 24. In previous years, other provisions comprised primarily commitments in projects sold in Bonava Sweden. A majority have a term of approximately six years.

18 Other liabilities

	2021	2020
Other non-current liabilities		
Liabilities, property acquisitions	211	187
Other non-current liabilities	251	40
Total	462	227
Other current liabilities		
Customer advances	6,597	6,227
Liabilities, land acquisitions	262	505
Derivative instruments not used for hedge accounting	46	1
Other current liabilities	364	414
Total	7,269	7,146

19 Accrued expenses and deferred income

	2021	2020
Payroll-related costs	216	220
Project-related costs	1,014	907
Administrative expenses	75	35
Interest expenses	6	9
Other expenses	23	10
Total	1,335	1,180



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20 Leases

	2021	2020
Interest expenses for lease liabilities	8	8
Total cash flow for leases	106	108

For other disclosures on leasing, refer to Notes 1 (Leases), 5 and 16.

21 Pledged assets and contingent liabilities

	2021	2020
Pledged assets		
<i>For own debt:</i>		
Property mortgages	1,491	869
Restricted bank funds	15	7
Other pledged assets	10	6
Total pledged assets	1,516	882
Surety and guarantee obligations		
<i>Own obligations:</i>		
Deposits and concession fees ¹⁾	3,416	3,913
Total surety and guarantee obligations	3,416	3,913

¹⁾ Deposit guarantees constitute collateral for deposits and concession fees paid to tenant-owner associations formed by Bonava Sverige AB. Such guarantees are to be restored one year after the final acquisition cost of the tenant-owner association's building has been established.

Rental guarantees comprise minor amounts.

22 Cash flow statement, cash and cash equivalents

Other change in working capital	2021	2020
Increase (-)/decrease (+) in inventories	-38	-6
Increase (-)/decrease (+) in receivables	-204	-61
Increase (-)/decrease (+) in liabilities	330	2,121
Total other change in working capital	88	2,054

Cash and cash equivalents	2021	2020
Cash and bank balances	1,066	1,387
Total according to balance sheet and cash flow statement	1,066	1,387

Cash and cash equivalents are recognised at amortised cost. Fair value corresponds to the carrying amount. In accordance with IFRS 9, cash and cash equivalents are subject to impairment using the model for expected credit losses. No impairment took place in 2021.

Short-term investments have been classified as cash and cash equivalents based on the following considerations:

- They are subject to an insignificant risk of value fluctuation.
- They can easily be converted into cash funds.
- They have a maturity of up to three months at the time of acquisition.

INFORMATION ABOUT INTEREST PAID/RECEIVED

Interest received during the year amounted to SEK 17 M (20). Interest paid during the year amounted to SEK 107 M (100).

	2020	Cash flow	Exchange-rate changes	2021
Non-current interest-bearing receivables	2			2
Current interest-bearing receivables	17	70	3	90
Total interest-bearing receivables	19	70	3	92

	2019	Cash flow	2020
Non-current interest-bearing receivables	2		2
Current interest-bearing receivables	19	-1	17
Total interest-bearing receivables	21	-1	19

	2020	Cash flow	Non-cash items	2021
			Exchange-rate changes	New leases
Non-current interest-bearing liabilities	2,930	-714	16	2,232
Interest-bearing lease liabilities	223	-123	5	252
Current interest-bearing liabilities	1,564	-484	-60	1,989
Total interest-bearing liabilities	4,718	-354	-39	4,472

			Non-cash items			
	2019	Cash flow	Exchange-rate changes	Companies acquired	New leases	2020
Non-current interest-bearing liabilities	1,208	1,738	-16			2,930
Interest-bearing lease liabilities	257	-108			74	223
Current interest-bearing liabilities	5,927	-4,289	-87	13		1,564
Total interest-bearing liabilities	7,393	-2,659	-103	13	74	4,718



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FINANCE POLICY (PRINCIPLES FOR RISK MANAGEMENT)

Bonava is exposed to financial risks through its business operations. Financial risk is defined as refinancing risk, liquidity risk, interest rate risk, exchange rate risk, credit risk, counterparty risk and guarantee capacity risk. Bonava's Treasury function assumes responsibility for compliance with the Finance Policy. Bonava's Finance Policy for managing financial risks has been decided by Bonava's Board of Directors and provides a framework of guidelines and regulations in the form of risk mandates and limits for the finance operations.

Within Bonava's decentralised organisation, the finance operations are centralised in the Group's Treasury function, in part to monitor the Group's overall financial risk position but also to achieve cost efficiency and economies of scale, to accumulate competence and to protect Group-wide interests. The Treasury function manages Bonava's interest rate, exchange rate, credit, refinancing, counterparty and liquidity risk. Customer credit risk is managed by the relevant business area.

REFINANCING RISK

Refinancing risk is defined as the risk that Bonava will not be able to obtain financing at a given time or that creditors will have difficulty in fulfilling their commitments. According to its Finance Policy, Bonava is to strive to spread its risks among various sources of financing to secure its long-term access to borrowed capital.

Bonava's policy is that the company's debt portfolio is to have a maturity structure that minimises exposure from the perspective of refinancing risk. The debt portfolio consists of project financing and corporate debt. Project financing relates to construction by Finnish housing companies and Swedish tenant-owner associations as well as housing projects in St. Petersburg. Project financing is to be linked to individual housing projects, and the term must reflect the projects' completion dates. The maturity periods of the rest of the debt portfolio are to be well diversified over time and the weighted average remaining maturity must be at least 18 months.

In relation to the financing of construction of Finnish housing companies and Swedish tenant-owner associations totalling SEK 1,229 M (1,270), tied-up capital is linked to individual housing projects and averaged 10 (11) months. As of 31 December 2021, tied-up capital was 27 (30) months for the rest of the company's debt portfolio.¹⁾ Tied-up capital was 22 (25) months for total interest-bearing liabilities.¹⁾ For unutilised facilities, including overdraft facilities, the average maturity was 21 (27) months.

CAPITAL STRUCTURE

Bonava defines capital as shareholders' equity including minority share as indicated in the balance sheet. Capital thus amounted to SEK 8,322 M (7,923) as of 31 December 2021. Bonava's objective is to achieve a capital structure that results in an efficient weighted cost of capital and a credit rating that secures the operations' needs and potential future acquisitions.

When monitoring its capital structure, Bonava uses key measures, including the current and forecast equity/assets ratio and cash and cash equivalents. Bonava reviews its capital structure and makes changes when financial circumstances change. To retain or change the capital structure, Bonava's Board of Directors may propose an adjustment of the dividend paid to shareholders, pay an extra dividend, buy back shares, complete a new share issue or sell assets in order to reduce its liabilities.

Maturity structure of tied-up capital 2021¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2022	1,839	44
2023	339	8
2024	1,320	31
2025	210	5
2026	308	7
2027	205	5
Total	4,221	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

LIQUIDITY RISKS

Liquidity risk refers to the risk of being unable to meet payment obligations due to insufficient liquidity.

To achieve adequate flexibility and cost-effectiveness, while ensuring that future financing requirements are satisfied, Bonava's Finance Policy states that payment capacity must correspond to at least 10 per cent of annual sales. Payment capacity is defined as cash and cash equivalents, short-term investments and unutilised committed credit facilities. Available cash and cash equivalents are to be held in banks or invested in interest-bearing instruments with good credit ratings, and a liquid secondary market.

As of 31 December, Bonava's cash and cash equivalents and short-term investments amounted to SEK 1,066 M (1,387).

As of 31 December, Bonava's payment capacity was 29 per cent (35) including available cash and cash equivalents of SEK 1,030 M (1,368) and unutilised committed credit facilities of SEK 3,626 M (4,520).

The following table shows Bonava's financial assets and liabilities (including interest payments) and derivative instruments classified as financial assets and liabilities. For financial instruments carrying variable interest rates, the interest rate prevailing on the balance sheet date has been used.

The amounts in the tables are contractual undiscounted cash flows.



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23 Financial instruments and financial risk management, cont.

Analysis of maturities (amounts including interest)

2021	Carrying amount	Total future payment amount	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
Other non-current shareholdings	3	3					3
Interest-bearing receivables	3	3			3		
Accounts receivable	424	424	424				
Cash and cash equivalents	1,066	1,066	1066				
Total	1,496	1,496	1,491	0	3	0	3
Interest-bearing liabilities	2,991	3,149	19	869	1,526	528	206
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	1,229	1,247	248	782	212	5	
Interest-bearing lease liabilities	252	330	22	68	116	78	46
Accounts payable	680	680	680				
Currency derivatives	41						
inflow		4,141	3,169	971			
outflow		-4,182	-3,208	-974			
Total	5,194	5,406	932	1,716	1,855	611	252
2020	Carrying amount	Total future payment amount	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
Other non-current shareholdings	3	3					3
Interest-bearing receivables	2	2			2		
Accounts receivable	220	220	220				
Cash and cash equivalents	1,387	1,387	1,387				
Currency derivatives	54						
inflow		3,268	2,624	645			
outflow		-3,212	-2,579	-633			
Total	1,666	1,669	1,652	12	2		3
Interest-bearing liabilities	3,225	3,416	19	967	1,008	1,016	406
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	1,270	1,296	202	560	520	12	2
Interest-bearing lease liabilities	223	330	22	68	116	78	46
Accounts payable	636	636	636				
Total	5,353	5,678	879	1,595	1,644	1,106	454

INTEREST RATE RISK

Interest rate risk is the risk that changes in market rates will adversely affect Bonava's cash flow or the fair value of financial assets and liabilities. Bonava's main financing sources are shareholders' equity, cash flow from operating activities and borrowing.

Interest-bearing borrowing exposes Bonava to interest rate risk.

According to Bonava's Finance Policy for managing interest rate risk, the remaining fixed-rate term for liabilities concerning construction projects by Finnish housing companies and Swedish tenant-owner associations must not exceed the scheduled completion date for the project. For the rest of the company's debt portfolio, the fixed-rate term must be between one and 18 months.

The fixed-rate term for debt in Finnish housing companies and Swedish tenant-owner associations of SEK 1,229 M (1,270) was three months (3). Interest-bearing liabilities for the rest of the company's debt portfolio amounted to SEK 2,993 M (3,230) and the average fixed-rate term was two months (2). As of 31 December 2021, Bonava's total interest-bearing gross debt was SEK 4,222 M (4,500) and the average fixed-rate term was two months (2)¹⁾.

The fixed-rate term for financing in Finnish housing companies and Swedish tenant-owner associations and the rest of the company's debt portfolio follows the Finance Policy.

There were no interest rate swaps outstanding as of 31 December 2021 or 2020.

An increase in interest rates by one percentage point would result in a change of SEK -19 M (-19) in net profit/loss for the year after net financial items, given the interest-bearing assets and liabilities that existed on the balance sheet date.

Interest rate sensitivity¹⁾

Profit/loss	Profit effect, SEK M	
	2021	2020
Market interest rate ± 1%	19	19

Maturity structure, fixed-rate term 2021¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2022	4,222	100
Total	4,222	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.



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EXCHANGE RATE RISK

Exchange rate risk is the risk that fluctuations in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. Exchange rate risk can be managed using derivatives or forward agreements and is to be limited to the currencies to which the Group is exposed.

Transaction exposure

In accordance with Bonava's Finance Policy, transaction exposure must be eliminated as soon as it becomes known and material. Contractual flows are to be hedged.

Because Bonava's business units receive and make payments in local currency, the extent of the transaction exposure is limited.

The following table shows Bonava's interest-bearing liabilities in various currencies.

Interest-bearing liabilities 2021¹⁾

Counter-value in SEK	Amount	Proportion, %
EUR	1,451	34
NOK	617	15
RUB	147	3
SEK	2,006	48
Total	4,222	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Translation exposure

Up until 2016, translation exposure in foreign net assets was hedged. The following table shows Bonava's net investments by currency.

Counter-value	2021 Net investment	2020 Net investment
Currency		
DKK	433	277
EUR	2,013	1,746
NOK	589	681
RUB	666	528
Total	3,710	3,232

As of 31 December, a 5 per cent depreciation of the SEK in relation to other currencies would result in a change in shareholders' equity of SEK 186 M (161).

Currency sensitivity

	2021 Effect on shareholders' equity	2020 Effect on shareholders' equity
DKK ± 5%	22	14
EUR ± 5%	101	87
NOK ± 5%	29	34
RUB ± 5%	33	26

CREDIT RISK

Credit and counterparty risk in financial operations

Bonava's investment regulations for financial credit risks are revised continuously and characterised by caution. Banking transactions are only entered into with creditworthy counterparties with credit ratings of at least A- (Standard & Poor's) or the equivalent international rating, as well as local banks with a minimum rating equal to the credit-worthiness of the country in which Bonava conducts operations. The

International Swaps and Derivatives Association (ISDA) master agreement on netting is used with all external counterparties with respect to derivative trading. The investment regulations specify maximum credit exposures and maturities for various counterparties.

The total counterparty exposure relating to derivatives, calculated as net receivables per counterparty, amounted to SEK 0 M (87) at the end of 2021. Net receivables per counterparty is calculated in accordance with the market valuation method, i.e. the market value of the derivative plus a supplement for the change in risk (1 per cent of the nominal amount). The calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 1,066 M (1,387).

Credit risk in accounts receivable

The risk that Bonava's customers will not fulfil their obligations, meaning that payment is not received from customers, constitutes a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit information companies. Essentially, the right of ownership of the product the customer is paying for is not transferred until full payment has been made. This means that Bonava's risk is low, as it is limited to changes in market value.

Age analysis of accounts receivable including receivables for divested housing projects at 31 December 2021

	Gross amount	Expected default rate, %	Credit loss allowance	Total
Not due accounts receivable	434	0.3-4	2	431
Past-due accounts receivable 1-30 days	174	0.3-5	1	174
Past-due accounts receivable 31-60 days	11	2.4-50	1	10
Past-due accounts receivable 61-180 days	51	3-100	5	46
Past-due accounts receivable >180 days	22	3-100	7	15
Total	692		16	676

Bonava has grouped its accounts receivable into portfolios corresponding to the respective Group operating segment, as these items are deemed to have a similar credit risk. Each operating segment in the Bonava Group has prepared a matrix for accounts receivables, which examines historical losses and has been adjusted for current and forward-looking conditions. This means that the intervals represent the lowest and highest credit loss allowance percentage applied in the Group for each period.

Change in credit loss allowance

	2021	2020
Opening balance as at 1 January	14	19
Provision for the year	0	9
Reversal of previously posted impairment losses	8	-13
Translation differences for the year	-7	-1
Closing balance as at 31 December	16	14



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CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount and the fair value of financial instruments are presented in the following table.

The measurement at fair value of currency-forward contracts is based on published forward rates on an active market.

For financial instruments measured at amortised cost (accounts receivable, other receivables, cash and cash equivalents, accounts payable, other interest-free liabilities and other interest-bearing liabilities), fair value is considered equal to the carrying amount.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

2021	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		3				3
Non-current receivables			3			3
Accounts receivable			424			424
Other receivables			341			341
Cash and cash equivalents			1,066			1,066
Derivatives		5				5
Total assets		8	1,835			1,842
Non-current interest-bearing liabilities					2,396	2,396
Other non-current liabilities					462	462
Current interest-bearing liabilities					2,076	2,076
Accounts payable					680	680
Other current liabilities					262	262
Derivatives				46		
Total liabilities				46	5,876	5,922





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CLASSIFICATION OF FINANCIAL INSTRUMENTS

2020	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		3				3
Non-current receivables			2			2
Accounts receivable			220			220
Other receivables			247			247
Cash and cash equivalents			1,387			1,387
Derivatives		55				55
Total assets		58	1,857			1,915
Non-current interest-bearing liabilities					3,063	3,063
Other non-current liabilities					227	227
Current interest-bearing liabilities					1,655	1,655
Accounts payable					636	636
Other current liabilities					505	505
Derivatives				1		1
Total liabilities				1	6,086	6,086

In the following tables, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value and the financial instruments not measured at fair value in Bonava's balance sheet. The difference between fair value and carrying amount for long-term liabilities does not constitute a material amount and the carrying amount has therefore been deemed to correspond to the fair value. For current liabilities, the carrying amount has been deemed to correspond to the fair value. The fair value measurement divides assets into three levels. No transfers between levels occurred during the period and no significant changes were made with respect to measurement methods, data used or assumptions.

Level 1: according to prices quoted on an active market for identical instruments. The bond loan of SEK 1.2 Bn is measured at fair value according to level 1 of the fair value hierarchy, which involves measurement using direct or indirect market data.

Level 2: according to the method for Level 2, fair value is based on models that use other observable inputs for the asset or liability other than the quoted prices included in Level 1. For Bonava, these inputs include market interest rates and yield curves used to calculate fair value.

Level 3: on the basis of inputs that are not observable on the market. This category is not relevant for Bonava.



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	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value						
Derivative instruments not used for hedge accounting		5	5		55	55
Other securities held as non-current assets		3	3		3	3
Total financial assets		8	8	58	58	
Financial liabilities measured at fair value						
Derivative instruments not used for hedge accounting		46	46		1	1
Financial liabilities measured at amortised cost						
Other liabilities (interest-bearing liabilities) ¹⁾		3,020	3,020		3,498	3,498
Bond loans	1,200		1,200	997		997
Total financial liabilities	1,200	3,020	4,220	997	3,498	4,495

¹⁾ Excluding liabilities pertaining to leases.

OFFSETTING FINANCIAL INSTRUMENTS

Bonava has binding master agreements (ISDA) governing netting with all counterparties as regards derivatives. The table above shows reported gross financial assets and liabilities that can be off-set. Bonava has not offset any amounts in the balance sheet.

24 Items affecting comparability

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

During the year, Bonava conducted a strategic review that resulted in costs in Sweden, Nordic and the Parent Company and adjustments of SEK 188 M that are recognised as an item affecting comparability. The costs were primarily attributable to impairment losses on both project-related and intangible assets, as well as organisational changes that have been decided.

In total, net items affecting comparability of SEK -80 M have been distributed as follows: SEK -44 M in Sweden, SEK 23 M in Nordic and SEK -58 M in the Parent Company and adjustments.

The following items affecting comparability were recognised in 2021:

	2021
Wind up of the Danish operations	-117
Capital gains from sale of land	226
Impairment losses on land	-73
Wasteful expenditures	-57
Impairment of intangible assets	-29
Organisational changes	-29
Total items affecting comparability	-80

The income statement below shows the Bonava Group including items affecting comparability.

	2021
Net sales	16,036
Production costs	-13,914
Gross profit	2,122
Selling and administrative expenses	-965
Operating profit	1,156
Financial income	17
Financial expenses	-153
Net financial items	-136
Profit before tax	1,020
Tax on profit for the year	-212
Profit for the year	808



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25 Earnings per share

	2021	2020
Earnings per share before and after dilution, SEK	7.54	6.82
Earnings attributable to the Parent Company's shareholders, SEK M	808	733
Number of shares when calculating earnings per share before and after dilution, millions	107.2	107.2

26 Government assistance

Government assistance is recognised in profit or loss

SEK M	2021	2020
Employee-related costs		11
Other administrative expenses		1
Total		12

No government assistance was received in 2021.

In 2020, Bonava received limited government assistance, which was recognised as a cost reduction when Bonava, with reasonable certainty, had met the conditions associated with the grants. Bonava also received SEK 3 M for which the conditions for recognition have not yet been met, and consequently this has been recognised as a liability.

In addition to the above, various schemes related to the deferred payment of tax and social security contributions of SEK 6 M were utilised in 2020. These were paid in 2021.

27 Bonava St. Petersburg

Due to the highly uncertain situation in the world caused by the invasion of Ukraine, Bonava on 3 March 2022 announced that we are closing the St. Petersburg operations.

We will evaluate the best course of action for the company to responsibly conclude ongoing production. Bonava has 810 units in production and 370 employees in St. Petersburg.

It is not yet possible to assess the financial effect the closure of the St. Petersburg operations will lead to. See below for St. Petersburg Income Statement and Balance Sheet as of 31 December 2021 based on exchange rates used for consolidation. In local currency the consolidated equity of the operations was RUB 5 490 M.

Average rate 31 Dec 2021: RUB 0.12.

Rate on balance sheet day 31 Dec 2021: RUB 0.12.

INCOME STATEMENT	2021
Net sales	745
Production cost	-553
Gross profit	192
Selling and administrative expenses	-37
Operating profit	155
Financial income	15
Financial expenses	-9
Net financial items	6
Profit before tax	161
Tax on profit for the year	-33
Profit for the year	127

BALANCE SHEET	
Fixed assets	32
Properties held for future development	433
Ongoing housing projects	397
Completed housing units	231
Other current assets	343
Total assets	1,435
Equity	666
Non-current liabilities	261
Current liabilities	508
Total equity and liabilities	1,435

Bonava AB has guarantee commitments for project specific financing for the operations in St. Petersburg amounting to SEK 261 M and guarantee commitments to external guarantors and Group companies amounting to SEK 66 M. Bonavas projects are financed with foreign banks with licenses to operate in Russia.

Pledged assets in St. Petersburg amounts to SEK 1 M.



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Parent Company Income Statement

	Note	2021	2020
Net sales	1, 12	280	281
Production costs		-77	-74
Gross profit		203	207
Administrative expenses		-453	-431
Operating loss	2, 3, 4	-249	-225
Profit from financial items			
Profit from participations in Group companies	5	551	568
Other interest income and similar items		181	178
Interest expenses and similar items	6	-91	-90
Profit after financial items		393	431
Appropriations			
Changes to tax allocation reserve		-1	33
Group contributions received		-144	128
Profit before tax		249	591
Tax on profit for the year	9	68	-1
Profit for the year		316	590



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Parent Company Balance Sheet

	Note	2021	2020
ASSETS	1		
Fixed assets			
<i>Intangible assets</i>			
Capitalised expenditure for development work, etc.	7	35	113
Total intangible assets		35	113
<i>Property, plant and equipment</i>			
Equipment		4	7
Total property, plant and equipment		4	7
<i>Financial fixed assets</i>			
Participations in Group companies	8	2,575	2,615
Other non-current receivables		81	8
Total financial fixed assets		2,656	2,623
Total fixed assets		2,694	2,742
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		6,514	7,002
Prepaid expenses and accrued income		25	48
Other receivables		1,039	542
Cash and bank balances		636	899
Total current receivables		8,214	8,492
TOTAL ASSETS		10,908	11,234

	Note	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital		434	434
Fund for development expenses		35	54
Total restricted equity		469	488
<i>Non-restricted equity</i>			
Profit brought forward		6,682	6,631
Profit for the year		316	590
Total non-restricted equity	14	6,998	7,222
Total shareholders' equity		7,467	7,709
<i>Untaxed reserves</i>			
<i>Tax allocation reserve</i>			
Total untaxed reserves		0	0
<i>Provisions</i>			
Other provisions		10	6
Total provisions		10	6
<i>Non-current liabilities</i>			
Liabilities to credit institutions	10	1,918	2,176
Total non-current liabilities		1,918	2,176
<i>Current liabilities</i>			
Accounts payable		15	44
Liabilities to Group companies		544	321
Liabilities to credit institutions		822	904
Other liabilities		48	1
Accrued expenses and deferred income	11	85	73
Total current liabilities		1,513	1,343
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		10,908	11,234





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Parent Company Changes in Shareholders' Equity

	Restricted equity		Non-restricted equity		Total shareholders' equity
	Share capital	Fund for development expenses	Profit brought forward	Profit for the year	
Opening shareholders' equity, 1 January 2020	434	80	5,741	884	7,139
Appropriation of profit			884	-884	0
Transfer to/from fund for development expenses		-26	26		0
Performance-based incentive programme			-2		-2
Purchase of treasury shares			-19		-19
Profit for the year				590	590
Closing shareholders' equity, 31 December 2020	434	54	6,631	590	7,709
Appropriation of profit			590	-590	0
Transfer to/from fund for development expenses		-19	19		0
Performance-based incentive programme			4		4
Dividend			-563		-563
Profit for the year				316	316
Closing shareholders' equity, 31 December 2021	434	35	6,682	316	7,467



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Parent Company Cash Flow Statement

Note	2021	2020
OPERATING ACTIVITIES		
Profit after financial items	393	431
<i>Adjustments for items not included in cash flow:</i>		
– Anticipated dividend	–474	–392
– Depreciation/amortisation	3 60	66
– Impairment losses	5, 7 29	1
– Changes in provisions	3	2
– Other	2	–1
Total items not included in cash flow	–379	–324
Tax paid	9	–34
Cash flow from operating activities before change in working capital	23	73
Cash flow from change in working capital		
Increase (–)/decrease (+) in receivables	462	365
Increase (+)/decrease (–) in liabilities	26	54
Cash flow from change in working capital	488	419
Cash flow from operating activities	511	492
INVESTMENT ACTIVITIES		
Investments in shares in subsidiaries		–358
Sale of shares in subsidiaries	43	
Investments in intangible assets	7 –8	–37
Cash flow from investment activities	35	–396
Cash flow before financing	546	96
FINANCING ACTIVITIES		
Dividend paid	–563	
Purchase of treasury shares		–19
Increase (–)/decrease (+) in interest-bearing receivables	23	1,972
Increase (+)/decrease (–) in interest-bearing liabilities	–269	–1,209
Cash flow from financing activities	–808	745
Cash flow for the year	–263	841
Cash and cash equivalents at 1 January	899	59
Cash and cash equivalents at 31 December	636	899

	2020	Cash flow	2021
Current interest-bearing receivables	7,084	–23	7,062
Total interest-bearing receivables	7,084	–23	7,062

	2019	Cash flow	Group contributions	2020
Current interest-bearing receivables	8,929	–1,972	128	7,084
Total interest-bearing receivables	8,929	–1,972	128	7,084

	2020	Cash flow	Group contributions	2021
Current interest-bearing liabilities	1,222	–10	144	1,356
Non-current interest-bearing liabilities	2,176	–259		1,918
Total interest-bearing liabilities	3,398	–269	144	3,274

	2019	Cash flow	2020
Current interest-bearing liabilities	3,764	–2,542	1,222
Non-current interest-bearing liabilities	844	1,332	2,176
Total interest-bearing liabilities	4,608	–1,209	3,398

Group contributions are recognised as interest-bearing receivables or liabilities as they are recorded, but do not impact cash flow. This occurs the following year, when the Group contribution is settled.

Interest received during the year amounted to SEK 181 M (178).

Interest paid during the year amounted to SEK 66 M (63).



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Parent Company Notes

1 Accounting policies

The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the recommendation RFR 2, Accounting for legal entities and statements from the Swedish Financial Reporting Board.

The Parent Company's accounting policies differ from the Group's in the following ways:

Subsidiaries

For the Parent Company, shares in subsidiaries are recognised at cost less any impairment losses. Impairment losses for these shares and participations arise if the recoverable amount is lower than the carrying amount. Received and anticipated dividends are recognised as revenue.

Leases

In the Parent Company, all lease expenses are recognised in the income statement in conjunction with the cost arising.

Group contributions

Group contributions received and paid are recognised as appropriations in the Parent Company income statement, in accordance with the alternative rule in RFR 2.

Borrowing costs

The Parent Company recognises total borrowing costs as an expense in the period in which they arise.

2 Number of employees, salaries and other remuneration

The average number of employees for the year was 86 (92). 55 (57) of the employees are women and 31 (35) are men.

Gender division

	Percentage women, %	
	2021	2020
Board of Directors	43	43
Senior executives	30	40

Salary and other remuneration, and social security expenses including pension costs

	2021	2020
Salary and remuneration	109	119
Social security expenses	54	58
of which, pension costs	20	20

Salary and remuneration refer exclusively to personnel in Sweden. Refer also to Note 4 for the Group, Number of employees, personnel costs and remuneration to senior executives.

Salary and other remuneration divided among Board members, CEO and other employees

	2021		2020	
	The Board and CEO employees	Other	The Board and CEO employees	Other
Salaries and other remuneration	13	96	27	92
of which, bonuses, etc.	3	4	2	5

3 Depreciation/amortisation

	2021	2020
Intangible assets	57	63
Property, plant and equipment	3	3
Total depreciation/amortisation	60	66

4 Remuneration and fees to audit firms

	2021	2020
PwC		
Audit assignment	2	2
Other services	1	
Total remuneration and fees to auditors and audit firms	3	2

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment).

5 Profit from participations in Group companies

	2021	2020
Dividend	552	569
Impairment losses		-1
Total	551	568

6 Interest expenses and similar items

	2021	2020
Interest expenses, credit institutions	68	63
Other financial expenses	23	27
Total	91	90

7 Intangible assets

Acquired intangible assets	2021	2020
Recognised cost at 1 January	408	374
Investments	8	37
Recognised cost at 31 December	416	408
Accumulated amortisation at 1 January	-264	-201
Amortisation according to plan during the year	-57	-63
Accumulated amortisation at 31 December	-321	-264
Accumulated impairment losses at 1 January	-31	-31
Impairment losses for the year	-29	
Accumulated impairment losses at 31 December	-60	-31
Residual value at 1 January	113	141
Residual value at 31 December	35	113





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8 Participations in Group companies

Name, Corp. ID no., Reg. office	Proportion, %	No. of shares	Carrying amount	
			2021	2020
Bonava Danmark A/S, 32 65 55 05, Denmark	100	5,000	457	456
Bonava East Holding AB, 556495-9079, Stockholm	100	1,000		
Bonava Eesti OÜ, 11398856, Estonia	100	1	41	41
Bonava Holding GmbH, HRB 16608 FF, Germany	100	373	374	373
Bonava Industry AB, 559124-2309, Olofström				43
Bonava Latvija SIA, 40003941615, Latvia	100	15,780,000	176	176
Bonava Lietuva UAB, 305099434, Lithuania	100	250	9	9
Bonava Norge AS, 980 390 020, Norway	100	7,501	677	677
Bonava Suomi Oy, 2726714-3, Finland	100	10,000	301	300
Bonava Supply AB, 559261-2807, Stockholm	100	25,000		
Bonava Sverige AB, 556726-4121, Stockholm	100	1,000	159	158
Bonava Wohnbau GmbH, HRB 15662 FF, Germany	10	2,500	1	1
LLC Bonava Saint-Petersburg, INN7841322136, Russia	100		198	198
LLC Specialized Developer Bonava, INN7841089000, Russia	99		183	183
Total participations in Group companies			2,575	2,615

Only directly owned companies are reported in the table above. Apart from the companies listed above, Bonava AB indirectly controls a number of trading and dormant sub-subsidiaries.

After the end of the year and due to the Russian invasion of Ukraine, Bonava has made the assessment that Bonava cannot continue to pursue a sound residential development in St. Petersburg. For more information regarding St. Petersburg refer to Group note 27. The book value of the participations in Russian Group companies are shown in the Parent company note above.

9 Tax on profit for the year and deferred tax assets

	2021	2020
Tax on profit for the year		
Current tax cost	-2	-2
Deferred tax revenue/cost	70	1
Total recognised tax on profit/loss for the year	68	-1

	Profit/loss	
Effective tax	2021	2020
Profit before tax	249	591
Tax according to company's current tax rate	-51	-127
Non-tax deductible costs	-1	-2
Non-taxable revenues	122	129
Tax attributable to prior years	-1	2
Tax on dividends from Russia	-2	-3
Recognised tax	68	-1
Effective tax, %	-27	0



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10 Interest-bearing liabilities

	2021	2020
Non-current liabilities		
Liabilities to credit institutions	1,917	2,176
of which, green bonds	1,200	997
Total non-current liabilities	1,917	2,176
Current liabilities		
Liabilities to credit institutions	822	904
Liabilities to Group companies	534	318
Total current liabilities	1,356	1,222
Total interest-bearing liabilities	3,273	3,398

For repayment schedules and terms and conditions, see Note 23 for the Group, Financial instruments and financial risk management.

11 Accrued expenses and deferred income

	2021	2020
Payroll-related costs	43	52
Administrative expenses	34	10
Interest expenses	5	6
Other expenses	3	4
Total	85	73

12 Pledged assets and contingent liabilities

	Utilised amount	
	2021	2020
Counter guarantee to external guarantors	13,290	13,524
Guarantees for project-specific financing	1,201	811
Guarantees for Group companies	4,654	5,092
Other pledged assets	10	6
Total	19,155	19,443

Proportion of pledged assets and contingent liabilities that are on behalf of tenant-owner association and housing companies

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

Guarantees for project-specific financing regarding the operations in St. Petersburg amounts to SEK 261 M.

Guarantees to external guarantors and for Group companies regarding the operations in St. Petersburg amounts to SEK 66 M.

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

13 Information about the Parent Company

Bonava AB, corp. ID no. 556928-0380, is a registered limited company with its registered office in Stockholm, Sweden. Bonava AB's shares are listed on the Stockholm Stock Exchange (Nasdaq Stockholm Mid Cap).

The address of the head office is Bonava AB, Lindhagensgatan 72, Stockholm, Sweden.

The consolidated financial statements for 2021 consist of the Parent Company and its subsidiaries, jointly termed the Group. The Group also includes holdings in associated companies.

14 Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK 6,998,149,344

Be appropriated as follows:

Ordinary dividend to shareholders SEK 3.50 per share 375,166,634

Carried forward 6,622,982,710

Total SEK 6,998,149,344

Shares repurchased by Bonava AB do not confer the right to receive dividends. The total amount of the proposed dividend is calculated on the basis of the number of outstanding shares as of 23 February 2022.

For dividend payment dates and amounts, refer to the section "Proposed dividend" in the Report of the Board of Directors on page 58.



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Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK	6,998,149,344
Be appropriated as follows:	
Ordinary dividend to shareholders SEK 3.50 per share ¹⁾	375,166,634
Carried forward	6,622,982,710
Total, SEK	6,998,149,344

¹⁾ Shares repurchased by Bonava AB do not confer the right to receive dividends. The total amount of the proposed dividend is calculated on the basis of the number of outstanding shares as of 23 February 2022.

The Board of Directors and the Chief Executive Officer hereby give their assurance that the annual accounts and the consolidated accounts have been prepared in compliance with the international accounting standards referred to in the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and generally accepted accounting practice, and thus give a true and fair view of the financial position and results of operations of the Group and the Parent Company. The Report of the Board of Directors for the Group and Parent Company provide a fair review of the Group's and the Parent Company's operations, financial position and results of operations and describe the significant risks and uncertainties facing the Parent Company and the Group.

The Board of Directors and the Chief Executive Officer also submit Bonava AB's Sustainability Report for 2021. The Sustainability Report describes the Group's operations from financial, environmental and social aspects. The Report is prepared according to the Global Reporting Initiatives (GRI) Sustainability Reporting Standards. The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 23 February 2022. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on 1 April 2022.

Stockholm, 11 March 2022

Mats Jönsson
Chairman

Viveca Ax:son Johnson
Board member

Åsa Hedenberg
Board member

Angela Langemar Olsson
Board member

Per-Ingemar Persson
Board member

Frank Roseen
Board member

Peter Wallin
CEO

Our Auditor's Report was submitted on 11 March 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
*Authorised Public Accountant
Auditor in Charge*

Linda Andersson
Authorized Public Accountant



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To the general meeting of the shareholders of Bonava AB (publ), corporate identity number 556928-0380

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bonava AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 56-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Bonava AB (publ) is a housing development company. Operations comprise the development of suitable land into affordable and sustainable residential neighborhoods in Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia, Latvia and Lithuania. Bonava develops and sells multi-family housing and single-family housing to consumers and investors, mainly in metropolitan areas.

We have carried out an audit of consolidated operations for the business units in Germany, Sweden and Nordic as well as specific audit procedures related to parts of the St. Petersburg-Baltic business. These operations comprise 95 per cent of Group turnover and constitutes a majority of the Group's total assets. In addition, statutory audits are carried out for all relevant units in the Group. Key audit matters of the audit are valuation of housing projects and valuation of guarantee commitments, those areas are both affected by the estimates regarding future outcomes included in the forecasts for the Group. Our audit includes the following:

- Review of internal control over financial reporting, routines and processes focusing on key controls for financial reporting and accounting of housing projects;
- Summary review of the financial statements as of 30 September 2021 with the aim of providing a summary audit review opinion;
- Audit of year- end financial statements as of 31 December 2021 focusing on the valuation of properties held for future development and unsold properties, judgments and assumptions relating to ongoing housing construction projects, accrued costs, guarantee provisions, ongoing litigations, restructuring costs as well as items affecting comparability; and
- Final audit measures required for the presentation of this audit

report of the annual report in the parent company and Group and where applicable, other legal entities. In this context, we have also carried out a review giving our opinion on compliance with guidelines for senior executives, corporate governance of the parent company and sustainability reporting.

The review has been carried out by an audit team that is part of the PwC network. The work complies with local Auditing standards in the relevant countries and specific instructions relating to the consolidated accounts. With regard to the operations in St. Petersburg, the audit team working on the consolidated accounts carried out the Group review, while the statutory audit was carried out by a local auditing firm. In addition, team members from the audit core team held meetings with operations in St. Petersburg, Norway and Germany to acquire an understanding of operations in these units as well as routines and controls focusing on evaluating internal control and presenting a summary review of financial reporting on the basis of the Group's accounting principles. For other units in the Group that are not subject to statutory audit requirements, we have carried out other analytical audit measures as part of the review of the consolidated accounts.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.



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Key audit matter	How our audit addressed the key audit matter
<p><i>Accounting for winding up of operations in Denmark and readjustment to new business strategy</i></p> <p>Bonava describes the effects following the decision to wind up the Denmark operations and the subsequent sale of the total landbank as well as provisions made, and other costs related to the business strategy review in note 24:</p> <ul style="list-style-type: none">• During 2021 Bonava made the decision to wind up the operations in Copenhagen and to exit the Danish market in order to achieve higher efficiency and profitability for the group. The decision was the first step following their business strategy review. A total of MSEK 117 in costs for restructuring and wind down was accounted for as items affecting comparability in the second quarter.• As part of the wind up of the Danish business, the remaining land bank in Copenhagen, Denmark was sold at the purchase price of MSEK 545. The divestment has a positive effect on earnings before tax, including transaction costs, of MSEK 226 during the fourth quarter 2021 and has been included as an item affecting comparability.• As a result of the updated strategy, MSEK 188 including restructuring, write-down of intangible assets and land has been accounted for as items affecting comparability in the fourth quarter 2021. <p>Above mentioned items are material to the group accounts. The accounting for these items is complex and to a large extent based on judgments and assumptions. For this reason, the accounting and valuation for the provisions made and their classification in the statement of income constitutes a key audit matter.</p>	<p>Our audit regarding the accounting for items related to the winding up of operations in Denmark and readjustment to a new business strategy includes among others the following audit measures:</p> <ul style="list-style-type: none">• To meet with management and other responsible personnel and discuss implemented and planned measures as well as the related effects on the accounting;• Audit test of details and other analytical procedures• Audit of significant balance sheet and income statement items on a sample basis and compared to supporting documentation• Review of significant contracts and reconciled that their financial effects are reflected in the financial reporting.• Assess the classification of the items in the financial reporting and the application of the Bonava Group accounting principles <p>Based on our audit, no significant findings have been reported to the audit committee for this audit area. As shown in the financial statements, the outcome of some of these provisions is based on assumptions and therefore subject to inherent uncertainty. Our overall conclusion is that in all material aspects, the Bonava accounting principles as well as IAS 37 Provisions, contingent liabilities and contingent assets and related disclosures have been correctly applied for these items.</p>

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of housing projects</i></p> <p>Housing projects are described in the Annual Report in Note 14 and Note 1 Significant accounting policies under Critical estimates and judgments.</p> <p>As of 31 December 2021, housing projects totaled MSEK 20 211 , comprising 85 per cent of Group assets as of 31 December 2021.</p> <p>Housing projects consist of ongoing housing projects (MSEK 12 546), completed housing units (MSEK 706) and properties held for future development (MSEK 6 959).</p> <p>Housing projects are recognized in full at the lower of acquisition value and net realizable value. The assessment of net realizable value is by its nature associated with a degree of assumption, and changes in these assumptions can have a material impact on reported values. For completed housing units, the possibility to compensate by making cost savings no longer exists. Assumptions and judgments for completed housing units thus have a larger effect on the valuation on completed housing units. A cautious market and longer planning-, permit- and project processes may also affect the valuation of properties held for future development as those are valued from a final result of the project perspective. Assumptions and judgments affect all items mentioned but have the largest impact on the valuation of properties held for future development. In order for the accounting of these items to be representative, related cost reserves and provisions attributable to housing projects or completed housing projects are also of material significance.</p> <p>As housing projects comprise the most significant item in Bonava's accounts, the review of Bonava's valuation of this item, which is in part based on assumptions, constitutes a key audit matter.</p>	<p>Our audit is based on evaluating internal control and substantive testing as well as other analytical measures, including data-based transaction analysis of certain Balance Sheet and Income Statement items on a sample basis in housing projects of significant subsidiaries. To ensure the accuracy of the valuation in particular we have also carried out the following audit measures:</p> <ul style="list-style-type: none">• Evaluated the management process for project reporting, including audit of relevant parts of Bonava's operating system with the aim of determine the expediency of its processes and controls.• Examined key controls on a sample basis to ensure that relevant control processes have been carried out and documented in accordance with the stipulations of the operating system and to ensure that projects have been reported correctly.• Carried out an analytical review of a selection of projects where divergences have been identified between actual and forecast outcomes to create an understanding of the relevant causes. Analyzed trends over time to identify and, where applicable, understand the causes of trend breaks.• Examined project calculations and evaluated the reasonableness of project margins. With the support of PwC's valuation experts, we reviewed the reasonableness of assumptions such as sales prices, production costs, rent levels and yield requirements for the valuation of properties held for future development and, where necessary, other parts of housing projects.• On a sample basis, tested, evaluated and challenged the information used in the calculations of Bonava's hourly rates paid to staff and other reported costs associated with housing projects.• Evaluated Bonava's projects that necessitate specific judgments. Tested and evaluated Bonava's judgments on the basis of our own experience and Bonava's supporting documentation, and through discussions with Bonava's executives.• Carried out in-depth reviews of a selection of projects by following these through the full term of the project. Tested relevant control processes as projects progress, carried out in-depth forecast reviews.• Examined that requisite provisions and other reserves attributable to housing projects have been appropriately reported on the basis of supporting documentation and other assessments.• Assessed that the information contained in the annual report is correct on the basis of applicable disclosure requirements. <p>Apart from stating that the valuation of housing projects is associated with inherent uncertainty because reporting is partly based on assumptions that are subject to change, our review has not resulted in the reporting of any material observations to the Audit Committee.</p>



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Key audit matter	How our audit addressed the key audit matter
<i>Guarantee commitments</i> <i>Guarantee commitments are described in the Annual Report in Note 17 Provisions and Note 1 Significant accounting policies under Critical estimates and judgments.</i>	<p>Our audit of guarantee commitments included the following review measures:</p> <ul style="list-style-type: none">● Evaluated routines relating to provisions of guarantee commitments in our audit, including by evaluating the methods used.● Analyzed reported provisions and guarantee expenses in the year and previous years, changes made compared to previous judgments and discussed effects that could affect guarantee provisions with management.● On a sample basis, reviewed calculations and assumptions against supporting documentation and judgments on the basis of historical outcomes and other sources.● Judged that the information provided in the annual report is correct.
<p>Provisions for guarantee commitments totaled MSEK 497 (474) as of 31 December 2021.</p> <p>Provisions for future guarantee commitments have been reported at the amount judged to be required to settle the commitments on the Balance Sheet date. The estimate is based on calculations, management's judgment and experience of previously completed housing projects. This means that reporting is mainly based on management's judgments and is thereby associated with a degree of uncertainty attributable to these judgments.</p> <p>On the basis of the materiality of the item, and the fact that reporting is based on judgments, the review of the valuation of guarantee provisions constitutes a key audit matter.</p>	<p>On the basis of our audit, we assess that the assumptions that forms the basis for the guarantee commitments reported are within a reasonable range. However, we have noted that the scale of future guarantee costs for current and previous housing projects are dependent on future outcomes and are thereby associated with inherent uncertainty, and as such may come to deviate from the guarantee provisions made.</p>

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-53, 108-146 and pages 149-157. Other information also comprises the "Bonava remuneration report 2021" as published on the Bonava webpage at the same time as the release of this report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether

the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bonava AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable



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considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and con-

solidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Bonava AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Bonava AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Per-

form Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Bonava AB (publ) by the general meeting of the shareholders on the 31 March 2021 and has been the company's auditor since the 25 April 2018.

Stockholm 11 March 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Partner in charge

Linda Andersson
Authorized Public Accountant



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Sustainability is the foundation of our business. We meet the need for homes and contribute to a sustainable community with residential areas that function well both socially and environmentally.





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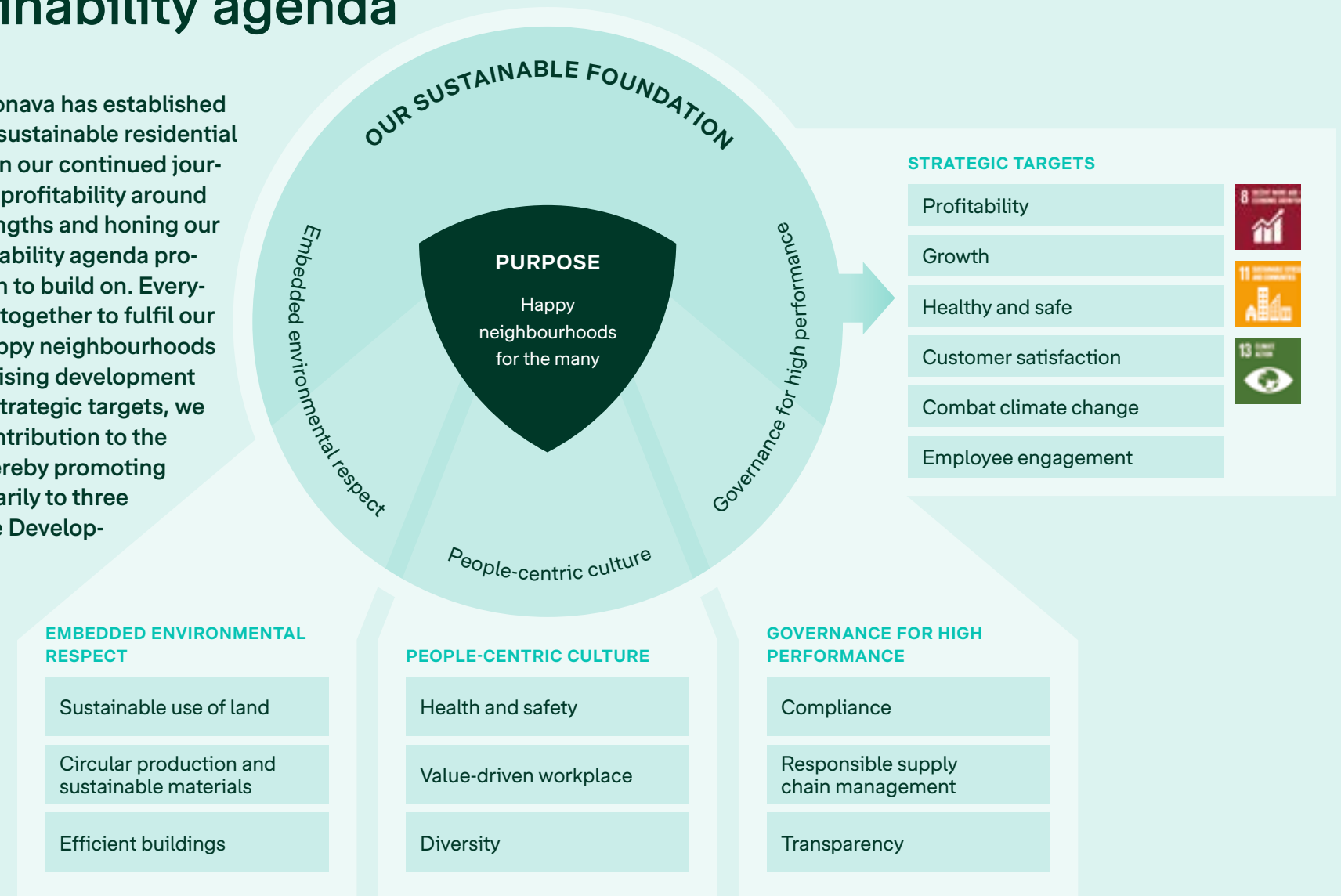
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Our sustainability agenda

In the last five years, Bonava has established a position as a leading sustainable residential developer in Europe. On our continued journey, where we will turn profitability around by building on our strengths and honing our operations, our sustainability agenda provides a solid foundation to build on. Everything we do must work together to fulfil our purpose of creating happy neighbourhoods for the many. By prioritising development and innovation as our strategic targets, we also strengthen our contribution to the UN's Agenda 2030, thereby promoting at an overall level primarily to three of the UN's Sustainable Development Goals.





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Conditions for companies, communities and markets are changing more rapidly than ever, both globally and locally. For players in residential development, this imposes stringent requirements on a sustainability perspective, speed and flexibility. By understanding and addressing these changes, Bonava can make the right choice and offer homes and neighbourhoods where people will feel happy.

There is a growing awareness of the global challenges we are facing and their potential impact on our operations if we do not act in time – both within Bonava itself and among all our stakeholders. Our sustainability agenda guides our long-term direction and identifies the sustainability topics we need to prioritise in order to succeed with our strategy over time, achieve our targets, and contribute to global sustainable development. Bonava identifies its sustainability agenda using a thorough materiality analysis that is revised annually and is adopted together with the targets by the Board of Directors. The materiality analysis is based on surveys of business environment factors and anticipated regulatory trends globally, in the EU and locally. It identifies long-term opportunities and risks for Bonava in its efforts to promote sustainable development in society at large, and points out how we can best contribute in line with our strategy.

In conjunction with Bonava's review of its business strategy during the year, we revised the names of the areas of

focus and the underlying aspects in the agenda so that these match the strategy better. Essentially, our assessment is that they are the same sustainability topics as in the past and that we continue to regard as key for Bonava.

Our sustainability agenda provides the structure for our sustainability reporting by indicating the most material social and ecological – and thus economic – aspects for Bonava, and clarifying how Bonava can best promote the global sustainable development goals.

For our sustainability reporting policies, refer to Note S1. Bonava conducts regular stakeholder dialogues with our key stakeholders. Read more about these dialogues under Note S2. For information on our sustainability disclosures, refer to the GRI Index and the UN Global Compact index on pages 143–146. Information about Bonava's material risks and how they are managed is presented on pages 63–66. An illustration of scenario analyses for Bonava's long-term climate risks is presented in Note S6 of the TCFD.

THE UN SUSTAINABLE DEVELOPMENT GOALS

In conjunction with the strategy review in 2021, we updated our mapping against the UN Sustainable Development Goals (SDGs). We have identified three of the global sustainability goals which, with our purpose of building happy neighbourhoods for the many and our strategic targets, we regard as overall targets to promote. These are goals 8, 11 and 13.

Many of the other SDGs are also clearly relevant for Bonava, and promoting their targets provide us with the conditions for delivering on the above goals; refer to Note S19.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Make cities and human settlements inclusive, safe, resilient and sustainable.



Take urgent action to combat climate change and its impacts.



In our efforts to develop happy neighbourhoods, we see that a lot of what ensures that people are content in a residential district is also what makes a sustainable lifestyle and promotes climate adaptation, such as green spaces, support for sustainable transport and the opportunity for a physically active life.



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Sustainability targets 2021

Our purpose is to create happy neighbourhoods for the many. At Bonava's founding, a Group-wide target was formulated that by 2020, 50 per cent of the housing units we develop would consist of homes in the affordable segment. This target was reformulated in the 2021 strategy revision

into a volume target that focuses on homes for the many. We will monitor and report this on a quarterly basis, as well as in Bonava's annual report.

The names of the areas of focus in the sustainability agenda have been changed, and future monitoring of several

of the targets have been adjusted in the revised strategy. Read more about all the strategic targets for Bonava on page 22. The outcomes for the goals that were in force for 2021 are presented in the table.

SUMMARY OF RESULTS FOR 2021 AND HOW THESE PROMOTE THE UN SDGs

Focus areas, Bonava's sustainability agenda	Bonava's Group target set by the Board	Outcome 2021	Outcome 2020	Outcome 2019	Contribution to UN SDGs
Happy neighbourhoods for the many	Half of our housing starts will be in the affordable segment ¹⁾	67%	54%	56%	Sustainable cities and communities
Embedded environmental respect (previous Protecting our planet)	Increase the availability of sustainable financing. For 2021 through 100% ecolabelled production starts in Sweden, Denmark and St. Petersburg, and increase in remaining markets	Sweden: 100% St. Petersburg: 100% Denmark: N/A Norway 59%	Other target applied	Other target applied	Sustainable cities and communities, Climate action and Responsible consumption and production
Embedded environmental respect (previous Protecting our planet)	In accordance with the approved Science Based Targets, halve the volume of GHG emissions by 2030 from base year 2018, within organisational control (Scope 1–2) with absolute measurements and for the entire value chain (Scope 3) per housing start	Scope 1–2: –27% Scope 3: –8% Scope 3 per unit: +21%	Scope 1–2: –24% Scope 3: –10% Scope 3 per unit: +2%	Scope 1–2: –17% Scope 3: –8% Scope 3 per unit: +34%	Climate action
People-centric culture (previous Passionate workplace)	Zero Harm ²⁾ 2023: LTIFR (total) = <5 ² Engagement index = >86	98% compliance with all Zero Harm targets for the year LTIFR = 7.2 Engagement index = 85	98% compliance with all Zero Harm targets for the year LTIFR = 6.3 Engagement index = 84	100% compliance with all Zero Harm targets for the year LTIFR = 7.1 Engagement index = 84	Decent work and economic growth
Governance for high performance (previous Reliable business)	Publish annual Sustainability Reports in accordance with the GRI standards and report progress to UN Global Compact	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report	Partnerships for the goals

¹⁾ The "Affordable Housing" target was reformulated in 2021 into a volume target that focuses on homes for the many. For more information, refer to Note S4.

²⁾ The Zero Harm Plan for the respective business units was followed up during 2021. The LTIFR was pursued in both 2021 and 2022 for gradual transition to a new long-term KPI: Severity reduction. LTIFR stands for Lost Time Injury Frequency Rate.

AWARDS AND RANKINGS

In 2021, Bonava was named the winner in the category of Consumer Goods and second overall out of the 133 largest companies on the Swedish stock exchange in the "Sustainable Companies" ranking conducted annually by Lund University in partnership with the industry periodicals Aktuell Hållbarhet and Dagens Industri.

The ranking consists of two parts that are expanded and reinforced each year: a study and analysis of the companies' public information, and a battery of questions regarding internal governance and methods. The ranking model has seven categories: sustainability strategy and UN SDGs; environment and climate; personnel; human rights; anti-corruption; capital market impact; and other. The report and web page study focuses on a total of 98 different KPIs and indicators.

During the year, Bonava raised its ranking in the CDP from A- to A and ranked at the top for the second consecutive year for supplier engagement. Bonava has a ranking of AA in the MSCI ESG 2021 sustainability ranking.



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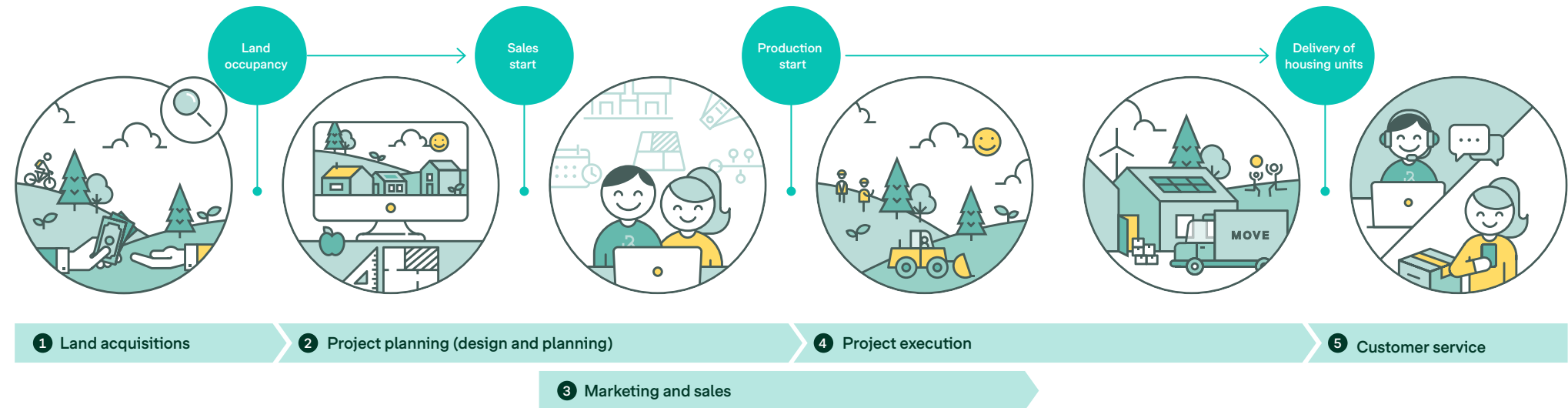
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THE SUSTAINABILITY IMPACT OF BONAVA'S BUSINESS

Land acquisitions

Land used and its location in relation to infrastructure and amenities have a significant impact on social and environmental aspects, directly in connection with production and indirectly through the future ability to live sustainably. Ahead of land acquisitions, we examine the conditions applying to the site we purchase and analyse its potential for long-term sustainability.

Project planning

The design and planning phase is key to our long-term indirect social and environmental impact. In collaboration with public authorities and other stakeholders, through dialogue with the local community and our customers, Bonava aims to create happy neighbourhoods for the many.

Our Code of Conduct and compliance programme provide support and guidance to ensure that contacts with authorities and suppliers are handled correctly, including minimising the risk of bribery or unethical practices. Design and decisions about materials choices determine whether planned housing units can be counted in the affordable segment,

the indoor environment they will provide and their environmental impact during production and the remainder of the neighbourhood's life cycle.

Project execution

Bonava's projects are carried out under own management, with turnkey contracts or split contracts. Our main direct impact on sustainability occurs during the execution of projects. Production of most housing units involves ground work that can affect the water table and surrounding areas. Remediation of earlier contamination may also be necessary. Transport to and from the construction site, energy for production, materials used and waste have a direct and indirect environmental impact. How the work is carried out has an impact on working conditions, including the health and safety of the people who spend time on the construction site. Noise, dust and light pollution can directly disrupt the lives of neighbours. Through demands on and control of our suppliers and subcontractors, Bonava can indirectly have a positive effect on human rights, working conditions, the environment and anti-corruption considerations outside its own operations.

Customer service

After completion, our impact is largely indirect. Final inspection, remedial measures, fine-tuning of installations, maintenance opportunities and instructions are key factors. Through collaboration agreements or by providing contracts, we can also have a significant indirect impact on sustainability, for example, by supporting customers in their choice of service and maintenance providers as well as power supply contracts. Bonava can have a further indirect social and environmental impact by facilitating cooperation among residents and by providing them with information and support in order to use their buildings and the surrounding area for a sustainable lifestyle.

Limitations

From the perspective of the entire value chain, Bonava's main impact on people and the environment primarily lies outside the organisation. A value-driven workplace is the aspect that primarily influences the organisation internally. A circular production model, health and safety, diversity and compliance have a significant impact within the organisation itself and in the surrounding world.



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SUSTAINABILITY ORGANISATION

Bonava's organisation and responsibility for the sustainability agenda is described in the Corporate Governance Report on page 44–53. Bonava participates in several organisations and partnerships. Refer to Note S3 for further information.

POLICY DOCUMENTS

The key policy document for Bonava's sustainability work is the Code of Conduct, which clarifies the principles for Bonava's compliance with the UN Global Compact and the sustainability agenda, and establishes the basis for counteracting discrimination and the Group's diversity commitments. The Code of Conduct aligns with the sustainability policy, which includes Bonava's com-

mitment to social and environmental responsibility. The Code of Conduct and all policies are authorised by the Board and revised annually. Bonava's supplier requirements apply to all suppliers. The aforementioned policies and supplier requirements can be found at bonava.com. In addition, we have Group-wide mandatory instructions with internal, detailed rules that are established by the CEO and apply to all business units. The mandatory instructions govern areas such as work environment, personnel issues, management of reports of violations of the Code of Conduct, various forms of purchasing, travel, motor vehicles, sponsorship, tax, alcohol and drugs, communication and the minimum standard for operational management related to the environment and health and safety.

FRAMEWORK FOR GREEN FINANCING

Bonava has green loans and issues green bonds, through which we offer the market an opportunity to be part of financing the transition we have committed to pursuing with our Science Based Targets, and specifically the investments we are making in order to deliver ecolabelled homes. The current framework facilitates green financing for projects that will be Nordic Swan ecolabelled or certified DNGB Gold or higher. The framework has been certified by Sustainalytics.

EU taxonomy for sustainable financing

Ensuring that the agenda leads to increased availability of external financing is an important component of our materiality analysis going forward, especially in relation to the EU taxonomy for sustainable financing. The purpose of the taxonomy is to help investors identify and compare environmentally sustainable investments using a shared classification system for environmentally sustainable economic activities. The reporting obligation for 2021 entails reporting the occurrence of activities that the EU taxonomy applies to. During the year, we analysed what the reporting policies of the taxonomy mean for Bonava and our conditions for reporting taxonomy-eligible economic activity going forward. Other key observations:

- Essentially, Bonava's operations are eligible for the criteria of the EU taxonomy: we develop new housing units.
- Even now, much of our production complies with the main criteria of the environmental objective of limiting climate change by delivering buildings that are at least ten per cent more energy-efficient than is required by the near-zero energy construction regulations implemented in the EU.
- For operations such as residential development with lengthy investment cycles, it may take several years before the full potential of EU taxonomy eligibility can be achieved, even if the main criteria for promoting one of the six environmental objectives in the taxonomy have been met from the start. This is due to the fact that several of the criteria for demonstrating that the activity does not significantly counteract any of the other environmental objectives assume documented analyses and investigations from before the start of the investment.
- The reporting policies based on the financial reporting mean that current assets – such as investments in properties to build on, in Bonava's case – will not be reported under the taxonomy. However, we assess this information as interesting and disclose this economic activity in a supplementary disclosure.

Refer to Note S7 for Bonava's reporting under the EU Taxonomy.

BONAVA'S KEY STAKEHOLDERS

Customers

Bonava's customers are consumers and real estate investors. Consumers look for safe homes in happy neighbourhoods while investors aim to avoid sustainability risks that could impact future cash flow.

Employees

Bonava has approximately 2,100 employees in eight countries and needs to attract and retain dedicated employees in order to drive change. Employees search for information about opportunities for individual development and commitment.

Investors, financiers and owners

Important stakeholders who are increasingly looking for information about how Bonava manages sustainability risks and opportunities in order to identify and analyse sustainable investments.

Suppliers

Bonava has some 12,500 suppliers, including suppliers of construction services, and is dependent on collaboration with these operators to achieve the desired results. Suppliers seek clarity, dialogue, and repeatability.

Public authorities

Bonava is influenced by public authorities as they often lead the way in terms of sustainability through regulation and granting permits. By contributing experience, testing and impact assessments to investigative research projects and in referral procedures in each country's legislative development as well as collaborating in industry organisations, Bonava contributes to the SDG targets.



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Happy neighbourhoods for the many

Happy neighbourhoods for the many

Providing happy neighbourhoods for the many is Bonava's overall purpose. That is why we build homes and neighbourhoods based on a genuine understanding of our customers' needs and driving forces.

The Happy Quest survey is conducted regularly with a representative selection of the general public in the respective countries to survey what is important for people to feel happy where they live. These surveys are conducted on a regular basis and provide us with insights that we use when we develop residential districts.

By applying Bonava's Happy Neighbourhood tool, we ensure that we systematically implement our aggregate knowledge and insights into what creates happy neighbourhoods in the neighbourhoods that we develop. This concerns, for example, solutions for safe and green outdoor environments, social interaction among neighbours-to-be and a sense of involvement.

55 per cent of all projects with a fixed production start in 2021 underwent Bonava's process, making use of the Happy Neighbourhood tool in order to identify potential for development and to plan initiatives.

One key initiative could be providing support for stakeholder dialogues and local community engagement. The decision as to which groups are vulnerable and risk being negatively affected by the project, or that can be strengthened by the project through involvement and the possibility of having an influence, is always made locally based on location and the conditions of the surrounding community.

HAPPY NEIGHBOURHOODS

We developed Bonava's Happy Index to be able to define and measure the degree of happiness in our residential districts. The index is statistically significant. Happy Index makes it possible to compare the degree of happiness among different groups of people, different places and different points in time. By identifying what characterises neighbourhoods with various Happy Index levels, Bonava has created a model for happy neighbourhoods: House of Happiness.

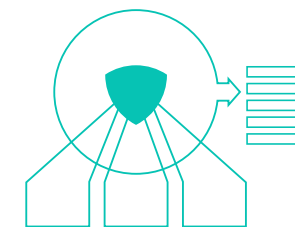
Evaluation and results

Happy Index is part of our customer satisfaction programme. Our customer service organisation, which is responsible for customers' experiences after they have moved in to their new homes, provides feedback on any shortcomings or suggestions for improvement to the design and production units so that we can continually increase our quality. Starting in 2022, we will continually monitor the Happy Index for everyone moving into our projects. Our customer satisfaction programme also includes the Net Promoter Score (NPS), which is measured for all new customers four to eight weeks after moving in. The Customer Satisfaction Index (CSI), which was previously measured and reported, will not be measured at the Group level going forward.

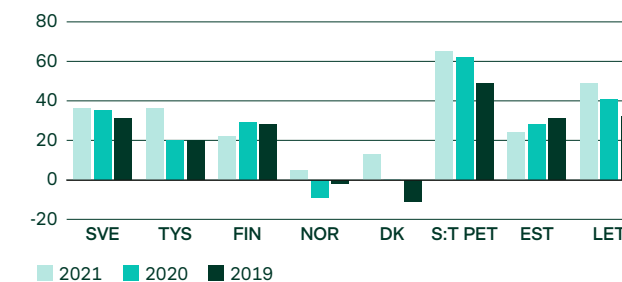
Customer satisfaction in Bonava is steadily increasing. The results for 2021 showed a positive trend in five months out of seven. St. Petersburg has already exceeded the goal of NPS 50, while Latvia, Germany and Sweden are not far behind. Once again, Bonava Sweden came in over the industry average (NPS 33) for residential developers in Sweden.

HOMES FOR THE MANY

The previous target of having half of our housing units in the affordable segment was reformulated in the 2021 strategy revision into a volume target that focuses on homes for the many. An evaluation of the application of Bonava's definition of affordable housing showed that, for some of Bonava's business units, it was difficult to calculate disposable income in the median bracket for a limited geographical market since there are no public statistics. In addition, our stakeholder analysis shows that the concept of affordable can be interpreted differently by different people. The Executive Management Group and Board of Directors monitors target fulfilment and analyses forecasts for the new goal ahead of each investment decision. For more in-depth information, refer to Note S4.



Net Promoter Score (NPS) for new customers



The graph illustrates the Net Promoter Score (NPS) based on all responses from new customers in the respective years.



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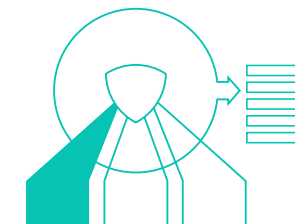
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Embedded environmental respect

By embedding environmental respect into everything we do, we encounter the fact that global overuse of natural resources and climate impact have created a need for change, especially for operations such as residential development. Resource-efficient and sustainable residential development are becoming increasingly important to both consumers and investors, as it is for being granted permits to develop land use.



Bonava has identified three aspects where our impact is the greatest, in every link of the value chain. It is important that our efforts to continuously improve help combat climate change through reduced climate impact:

SUSTAINABLE USE OF LAND

Bonava remediates land to make it suitable for housing units, and plans for the protection of biological diversity and other ecological values when previously undeveloped land is claimed. It is crucial for the climate that Bonava creates residential districts with large amounts of green spaces, which have a buffer effect on the climate.

CIRCULAR PRODUCTION MODEL WITH SOUND, SUSTAINABLE MATERIALS

The continual endeavour for increased resource efficiency and material selection that facilitates future recycling and ensures healthy indoor environments also reduces emissions of greenhouse gases from production and the transportation of construction materials.

EFFICIENT BUILDINGS

By using a life cycle perspective when considering emissions in both production and the operational phase, we reduce the greenhouse gas emissions throughout the buildings' life cycle.

Through sustainability and ecolabelling of its housing units, Bonava safeguards the precautionary principle and promotes an increase in the Group's assets that are available for green financing.

COMBAT CLIMATE CHANGE

Overall research shows that global warming as a result of human activity constitutes a serious threat to the ecosystems that ensure the conditions for life on our planet. The effects have become increasingly tangible in the business world as well. By also taking responsibility for our direct and indirect impact, Bonava becomes a real part of the solution for keeping global warming within the Paris Agreement target of 1.5°C.



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COMBAT CLIMATE CHANGE

In accordance with the IPCC's recommendation for limiting global warming to 1.5°C, we have signed on to the Science Based Targets initiative (SBTi) and are the first residential developer in Europe to have established scientifically based climate targets. This means that we have mapped our climate impact thoroughly. The SBTi follows strict scientific definitions and permits no purchasing of emissions rights or other compensation outside the company's own value chain as a method for achieving the targets.

For Bonava, the methodology of the Task Force on Climate-Related Financial Disclosures (TCFD) is an important part of our efforts to produce relevant targets for our operations. We present an overview of this analysis in the Sustainability Report, Note S6.

Governance

Reduced climate impact in line with our climate targets approved by the SBTi constitutes one of Bonava's strategic targets.

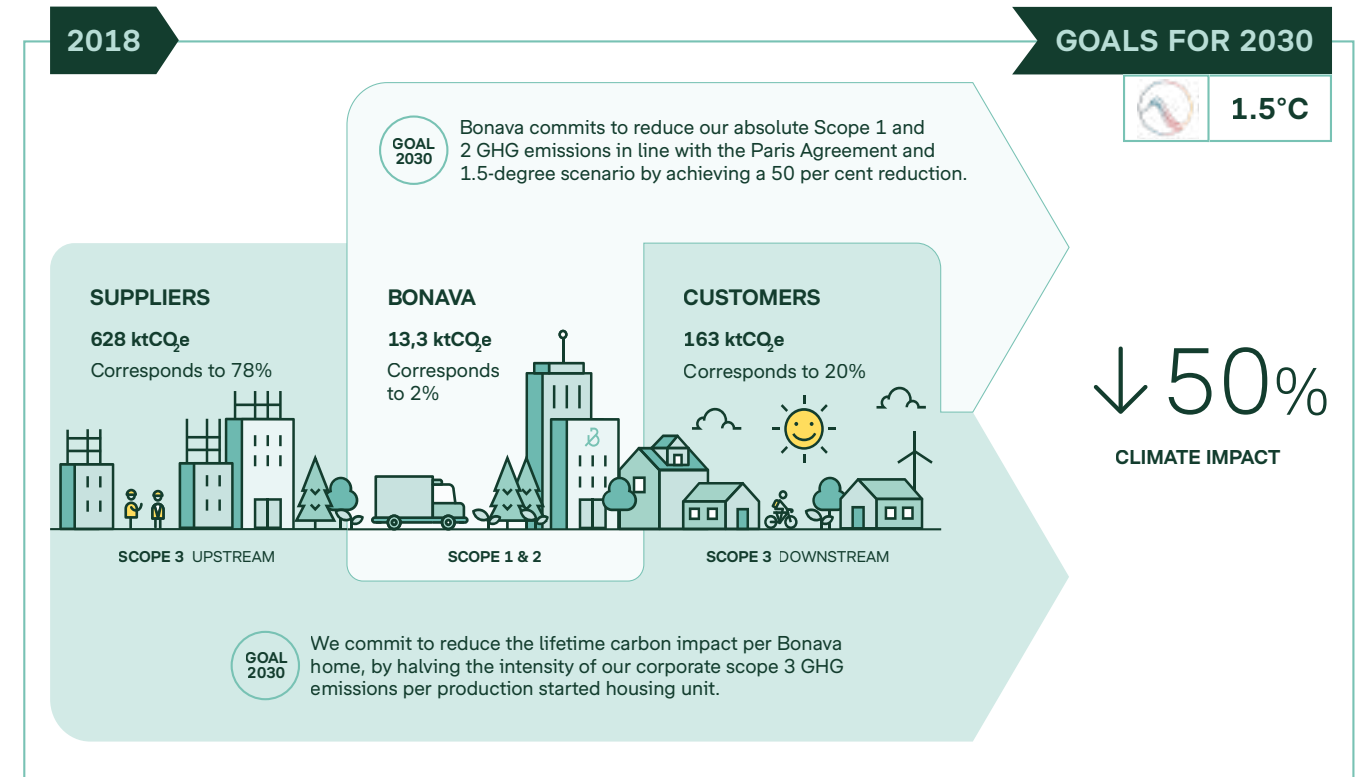
Emissions under organisational control (Scope 1 and 2)

In the climate impact survey, energy suppliers were identified as essential partners in the work to reduce climate impact. Measures were taken during the year to implement framework agreements for renewable energy for the Nordic region and Germany. Our internal emissions requirements for our vehicle fleet have also been tightened up, which will expedite electrification and reduce dependence on fossil fuels.

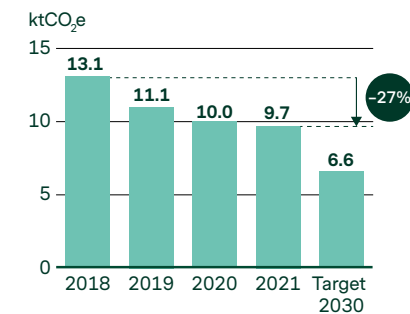
Climate impact of the value chain (Scope 3)

The single largest climate impact for us is the aggregate emissions from all purchased goods and services. A key factor in achieving change there is resource efficiency. During the year, we took measures to improve our forecasts and optimise the use of resources as early as the design phase. The next largest category under Scope 3 is the future climate impact from our buildings after our customers have taken over occupancy. Our achievements in this regard are described in more detail under the "Efficient housing units" topic on the following pages.

BONAVA'S SCIENCE BASED TARGETS FOR COMBATING CLIMATE CHANGE

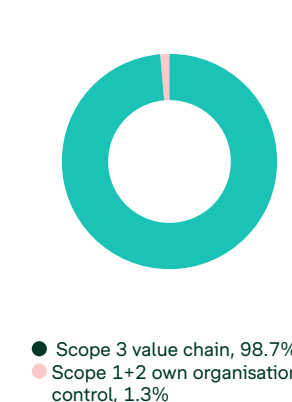


Greenhouse gas emissions, Scope 1 and 2

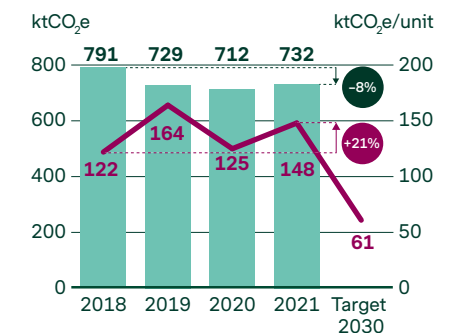


■ Greenhouse gases, total, Scope 1+2

Distribution of greenhouse gas emissions 2021



Greenhouse gas emissions Scope 3, total and per housing start



■ Greenhouse gases, total, Scope 3
■ Greenhouse gases Scope 3 per housing start



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Evaluation and results

We allocate the responsibility of enabling development in line with our climate targets, through a climate budget that is based on the initial mapping and growth forecast, to the respective business units, who are themselves responsible for the transition plans.

In 2021, the trend continued of decreasing emissions in own organisational control while emissions in the value chain increased somewhat compared with the preceding year. The category Climate impact from goods and services purchased has increased while the next largest category, Future use of products sold, has decreased. Overall, Scope 3 emissions declined by 8 per cent since the base year. It is not enough to be in line with our ambitious targets given that our target for Scope 3 is formulated in relation to housing starts. The correlation between the number of starts and the specific category Climate impact from goods and services purchased is weak, since purchases in practice take place throughout production. This development therefore needs to be monitored over time. For reporting on greenhouse gas emissions in Scopes 1, 2 and 3 as well as intensity, refer to Note S5.

SUSTAINABLE USE OF LAND

Our climate targets include changing land use as a direct negative climate impact, caused by former green spaces being built up in such a way that the capacity of the ground to capture carbon is impaired. This choice is supported by the UN Intergovernmental Panel on Climate Change (IPCC) in its Special Report, Climate Change and Land.

Using land in a sustainable way is becoming increasingly important due to its significance for climate change resilience, and for supporting biodiversity locally. The EU taxonomy for sustainable financing also clarifies the importance of these efforts.

Governance

Where needed, Bonava will remediate land and render it suitable for building homes. The need for land remediation and the risk of ecological impact is evaluated prior to a decision on investment. Where previously undeveloped land is claimed, the projects are designed to protect biological diversity and other ecological values.

Evaluation and results

To monitor governance, we analyse the information on sus-

tainable use of land that is central to the entire Group, and we evaluate the procedures for managing risk in our annual evaluation of risks and risk management. Refer to Note S8.

CIRCULAR PRODUCTION MODEL WITH SUSTAINABLE MATERIALS

Natural resources are limited and global overconsumption is evident. A circular production model requires optimised material streams, and Bonava seeks to minimise the use of newly produced commodities in its production as much as possible, with the ultimate aim of achieving a closed-loop system. The use of materials constitutes a significant portion of Bonava's indirect climate impact. Optimising the use of materials is therefore also important for achieving climate targets. Our ongoing digitalisation is the key to our future success when it comes to achieving a circular production model. Digitalisation provides a platform for improved control and opportunities to optimise the use of materials and resources.

Bonava defines sound materials as sustainable and non-hazardous materials that do the least harm to the external environment, are non-hazardous to the health of the people that handle them, and do not have a negative impact on the indoor environment. New variants of material and input substances are being developed, and legislation cannot always keep up; this is why the precautionary principle is central to environmental legislation as well as international standards and principles such as the UN Global Compact and ecolabelling.

Governance

The most important factor to govern is further development of our ability to automate the monitoring of the use of materials in order to further facilitate systematic enhancement of efficiency in building system development and the choice of construction methods as well as for governance. This ability is closely interlinked with digitalisation in general. Ecolabelling constitutes an excellent tool for ensuring sound materials, either directly as certification or as a reference against which we can measure our own procedures and requirements for suppliers.

Evaluation and results

Bonava has produced methods that combine design information in the digital models with information from the project calculations prior to start of construction in order to



The use of materials constitutes a significant portion of Bonava's indirect climate impact. Optimising the use of materials is therefore also important for achieving climate targets.

determine the use of materials also for the markets where not all materials are purchased directly by the company itself. This makes it possible for us to compare the use of materials in different building systems and different geographic markets in order to monitor governance and to identify potential for improvement.

During the year, we developed a method for covering greater amounts of construction components than previously. We have also continued our efforts to sign framework agreements with waste management suppliers in markets where no such agreements previously existed, allowing us to monitor and improve our circularity and climate impact. Refer to Note S9.



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EFFICIENT BUILDINGS

Residential developers, legislators and customers have long devoted considerable focus to the resource consumption of buildings during operation. This is linked with such legislation as the EU Directive on the energy performance of buildings, in which the framework requirement is that the defined level for near net-zero energy buildings for each EU country is to be incorporated into the law and the construction standards for new production of housing units in 2021. The EU taxonomy for sustainable financing will focus further on the operational phase. At the same time, the trend is moving toward an increased share of renewable energy and decreased dependence on fossil fuels in energy systems. This means that life cycle assessments will become increasingly important for ensuring that improvements implemented with the operational phase in mind do not generate large emissions of greenhouse gases and other costs during production itself.

Governance

We have long endeavoured to develop the most resource-efficient housing units possible, with good energy efficiency and low water consumption. Adapting our building systems to national environmental and certification standards also creates potential for more efficient utilisation of water resources. Countries do not have comparable definitions or requirement levels for energy use during the operational phase of a building, which complicates comparisons of energy intensity among buildings in different countries. The extent to which Bonava's housing units will be more energy-efficient than indicated in national construction regulations for new production is assessed and determined for the respective business units as part of the action plans for contributing to the SDGs, based on the conditions of the respective geographical markets. This includes assessments of national definitions and prevailing regulations for energy performance as well as access to renewable and fossil-free energy.

Evaluation and results

We monitor energy intensity per building both in the design phase and after completion in relation to the requirements in the respective building permits, in order to ensure that the more ambitious energy performance target is achieved. Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the construction regulations, Note S10.

Comments on the results

71 per cent of the housing units we began to construct during the year are at least 10 per cent more energy-efficient than the requirements in the respective building permits, which also provides an indication of future EU Taxonomy potential.

An analysis of the results under Bonava's climate targets shows that the expected future climate impact from the energy consumption of buildings completed in 2021 accounts for 18 per cent of our total climate impact. Going forward, future use of products sold therefore remains the second most significant category under Bonava's climate target for Scope 3.

SUSTAINABILITY LABELLING

Our primary method at present is packaging our offering to both customers and financiers through ecolabelling. Bonava applies sustainability labelling and certification, either directly or as a benchmark for internal processes and requirements. All projects undergoing production starts in Sweden and all new projects in Norway are Nordic Swan ecolabelled, if local authorities or customers do not require other certification. In individual cases, DGNB or BREEAM certification occur. Green Zoom is a Russian sustainability label that Bonava uses for all projects in St. Petersburg. Its structure is similar to international sustainability certifications such as BREEAM and LEED, which cover many different sustainability aspects, with compliance with legal requirements as a basic level and points awarded in accordance with increased performance.

For us, Nordic Swan ecolabelling is the most suitable label because it is a well-known consumer label that covers the most relevant measures and facilitates licensed ecolabelled production.

Governance

As of 2021, we have an indicator with the goal of increasing the assets available for green financing through our sustainability initiatives. Decisions on ecolabelling for all new projects apply to Sweden, St. Petersburg and – as of 2021 – Norway. In our largest market, Germany, there is no equivalent to the Nordic Swan, which facilitates licensed ecolabelled production at the procedural level and efficient control programmes on site. In Germany, our efforts are based on our own third-party verified procedures for the environment (ISO 14001), work environment (ISO 45001) and

quality (ISO 9001). Along with the technical criteria of the EU taxonomy, this also provides the option of sustainable financing for the operation there going forward.

Evaluation and results

Target achievement is followed up annually in the Executive Management Group and the Board of Directors. Bonava's Sustainable Financing Committee validates and follows up at the project level on a quarterly basis. The framework means that Nordic Swan ecolabelling, in addition to Bonava's overall science-based targets for combating climate change, comprises the main criterion for nominating sustainable assets.

The tables below show Bonava's implementation of ecolabelling and certification at the construction level.

Comments on the results

The target for 2021 was to maintain 100 per cent ecolabelled production starts in Sweden, Denmark and St. Petersburg, and to increase the proportion in other markets. During the year, a decision was taken to wind down operations in Denmark, which meant that no new projects were started. The goal was achieved in Sweden and St. Petersburg, and during the year Norway began ecolabelling all new projects in which construction has started.

Product information and labelling

	Share of ecolabelled housing units), %		
	2021	2020	2019
Housing starts			
Sweden	100	100	100
Denmark	N/A	100	100
Norway	59	0	0
St. Petersburg	100	100	100
	Share of ecolabelled housing units), %		
	2021	2020	2019
Completed housing units			
Sweden	100	67	50
Denmark	100	28	48
Norway	0	0	N/A
St. Petersburg	100	100	100



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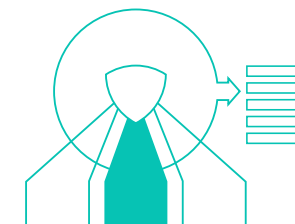
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People-centric culture

A people-centric culture is important to us. Committed employees who wish to pursue change in order to attain happy neighbourhoods for the many is a prerequisite for Bonava's success. At the same time, Bonava has the possibility of promoting the development of society by influencing an industry that generally needs to be very proactive in order to reduce the risk of accidents and increase diversity.



Bonava has identified the following three aspects where our impact is the greatest:

HEALTH AND SAFETY

With proper routines and a strong focus on both health and safety, Bonava will reach many more people than just directly employed staff, especially in the markets where the industry otherwise has not prioritised health and safety as highly.

VALUE-DRIVEN WORKPLACE

Through robust initiatives to build up a culture and focus on taking care of our employees and allowing them to grow, Bonava contributes to society by setting an example and facilitating development.

DIVERSITY

Initiatives for diversity make it possible for Bonava to reflect the communities we operate in while more people are given the opportunity to be part of and promote our culture.

HEALTH AND SAFETY

Working on construction sites continues to be associated with risks. Reducing these risks requires preventive work as well as efforts to strengthen the corporate culture.

Hazard identification, risk assessment, and incident investigation

It is important for Bonava to be aware of, assess and manage the risks and hazards that could negatively impact the health and safety of our own staff or that of our subcontractors. We therefore conduct thorough risk assessments at least once a year and ahead of major changes, and in projects before particularly hazardous work is begun. Risk analysis is a part of the basis for decisions in projects and ahead of changes. Risk analyses are always preventive in nature in order to assure the appropriate choice of activities and protective measures for the purpose of reducing the risk level. Contractors are invited to take part in safety inspections and are

encouraged to routinely report risks, incidents and accidents.

Hazards are identified and managed preventively and routinely through risk observation reporting, monitoring of the work environment by the managers responsible, and safety inspections. The hazards are assessed in BIA, Bonava's system support for health and safety. We consider health and safety reporting to be so important that it comprises part of Bonava's bonus programme. For purposes of follow-up in this regard, investigations are conducted for the purpose of identifying root causes, and ensuring that measures are taken as a result of accidents and incidents. Incidents are monitored through BIA. We also share information about serious incidents through safety alerts so that all business units can immediately verify that the identified risk does not exist in their operations.

Bonava also applies a tool we call "Time-Out", which allows people to stop and correct their work in the event of hazardous situations or behaviour. Everyone is encouraged

to be observant and, if necessary, to use this approved tool. If a time-out is needed, everyone should take one.

Risks and incidents, and serious incidents specifically, are continually reported to both the Executive Management Group and the Board of Directors. Monthly reports are sent out to all Business Unit Presidents.

In 2021, a global digital dashboard was implemented where all overarching health and safety indicators and goals are published. Data is transferred directly from the BIA reporting system that is updated on a daily basis, which has led to increased quality assurance of data.

Work environment

Health risks such as stress levels and the possibility of recovery are monitored at the company and Group level through the comprehensive Passionate workplace employee survey and accompanying workshops. Occupational health and safety audits and risk assessments are conducted annually



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People-centric culture

for the respective units in parts of the organisation and are monitored at unit meetings during the year. The health and work situation of individual employees is monitored through the performance and development process, using thorough reviews with their immediate supervisor on a quarterly basis and shorter reviews on a monthly basis. In addition, key metrics such as sick leave are monitored on a quarterly basis.

Occupational health and safety management system

Bonava's standard for occupational health and safety management systems was developed in accordance with ISO 45001 and contains most of the requirements in the international standard. Bonava's occupational health and safety management system pertains to the Group's entire business

model from land acquisition, design and production to customer service. When we purchase design and production services from external contractors, their management system applies provided that the terms of the contract and legal requirements are complied with.

Worker participation, consultation, and communication on occupational health and safety

Occupational Health and Safety Committee meetings are held in all business units, with participants representing both the employer and employees. Meetings are held on at least a quarterly basis, in accordance with a set agenda. Occupational health and safety work is addressed in collective agreements in the geographical markets where they exist.



The same health and safety requirements are imposed on subcontractor staff as on our own staff in order to protect health and safety for everyone connected with Bonava's work sites.

Worker training on occupational health and safety

Based on role, risk assessment and responsibility, courses in health and safety are mandatory for both our own staff and that of our contractors. A health and safety introduction is provided before entry into Bonava's construction sites.

Every year, an Awareness Day is held to train the organisation – including all staff and contractors at construction sites under Bonava's site management and Bonava's offices – in increased health and safety. For 2021, the day was a combination of digital and on-site activities. The theme this year was learning about what to do, and do correctly, in order to strengthen what we are doing well but also to make use of in our areas for improvement.

Promotion of worker health

Health and wellness, and social health and safety factors, are important focus areas at Bonava, and each business unit has a documented health and wellness programme. As part of this programme, employees are offered health check-ups, and health and wellness are encouraged through group health-promoting activities organised during and outside work hours. For privacy reasons, Bonava avoids storing health-related information about its employees. This is why documents such as doctor's certificates are managed by payroll contractors, and not by Bonava directly.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

As part of our supplier requirements, we require that all our suppliers – not just those who will be present at Bonava's construction sites – engage in systematic occupational health and safety work. Relevant indicators for comparison and monitoring levels are determined based on a risk assessment and purchase volumes.

High-risk areas that have been identified in Bonava's operations include work at heights, heavy lifting with cranes and working with heavy machinery. Preventive work is in progress here. The goal is to identify, in the procurement phase, which purchases can be associated with these risks. Requirements concerning a safe work environment that are linked to specific risks will be imposed on suppliers and monitored through collaboration over the course of the work.



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Workers covered by an occupational health and safety management system

All employees are covered by Bonava's standard for occupational health and safety management, with possible exceptions for employees in investment projects where the investor's health and safety requirements may take priority.

Governance

Bonava has previously adopted a long-term vision for health and safety, which was revised in 2021 for implementation in 2022 in order to further clarify the importance of proactive efforts to ensure a safe and healthy work environment for everyone – employees and subcontractors – everywhere in Bonava, and to ensure this work is done every day. Simply put: Everyone should go home safe and sound, every day.

The priority remains preventive health and safety initiatives that are reinforced through further development of the current Zero Harm programme. This is being replaced with an expanded program for the new target – Healthy and safe workplaces for everyone, everywhere, every day – which is based on the Everyone plans. The focus is now on actively creating conditions for a safe and healthy workplace with clearer ownership in the respective business units.

Three health and safety themes have been identified as part of the continued initiative:

- 1 Leadership – culture with consideration as a driver.
- 2 Proactive work through a systematic and standardized approach by integrating health and safety into all parts of our operation.
- 3 Learn from both incidents and what we did right, with a focus on reducing serious incidents.

Two updated long-term company-wide KPIs have been adopted for the strategy period up through 2026:

- 1 Everyone plan fulfilment >90%, which is a further development of the previous targets of the Zero Harm plan but with clearer ownership in the respective business units, clarification of activity delivery and that they pertain to improvement initiatives, as well as a reinforced procedure concerning development and monitoring. Improvement activities are linked to the three health and safety themes that have been developed.

- 2 Severity reduction >50% is a further development of the current target for LTIFR reduction. Focus is being shifted from accidents leading to absence (LTIFR) to reducing the number of serious incidents that include both accidents and incidents based on actual or potential consequences under Bonava's definition of serious incidents. The target is to reduce serious incidents by half by 2026, compared with the 2022 level.

In 2021, each business unit continued to work on the Zero Harm plans developed for 2021, with local activities and interim targets to deliver on during the year. The Board and Executive Management Group monitor progress on a continual basis, including how the aggregate plan is being fulfilled, as well as risks, serious incidents and accidents that have been identified. In addition, the business units are monitored on a monthly basis in the following four areas: compliance with occupational health and safety requirements at construction sites, risk reduction as a result of both preventive and assistance measures, frequency of management/closures of reported risk observations, and incident and accident frequency.

The same requirements are imposed on subcontractor staff as on our own staff in order to protect health and safety for everyone connected with Bonava's work sites. Examples of rules that must be followed include securing information on who is permitted entry into the workplaces and ensuring that these people have the correct authorisations, using complete and correct personal protective equipment, and documenting risk assessments prior to hazardous tasks. Safety instructions have been made available in a way that eliminates any potential confusion due to language, for example, through Bonava's Silent Book, which illustrates safe working methods without using words.

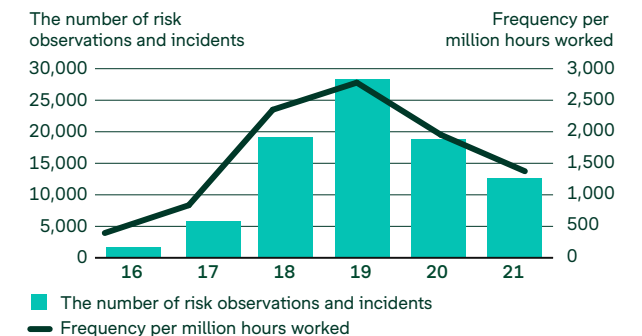
Evaluation and results

Bonava's Executive Management Group and Board of Directors continually monitor health and safety performance. Health and safety initiatives in 2021 continued to be influenced by the COVID-19 pandemic, for which we invested tremendous resources into preventive work and information for safe work. The theme of this year's Awareness Day was learning about what to do, and do correctly, in order to strengthen what we are doing well but also to make use of the lessons in

the areas for improvement. All business units conducted local workshops on identifying and discussing what we are doing correctly and why. Employees and subcontractors were invited to take part, and the day was summed up in a global broadcast with the CEO and Business Unit Presidents who shared their lessons from the day. A Hazard Hunt – an activity to identify risks at construction sites and offices – was held in conjunction with the World Day for Safety and Health at Work. We have developed and implemented several joint procedures in health and safety – for example, linked to quality assurance of the reporting process. Bonava's crisis management initiatives during the year included monitoring contingency planning in the respective business units, coordinating efforts linked to the covid-19 pandemic, and further development of the Group's crisis team through training and updated procedures.

Incidents are occurrences that could have led to an accident, but did not. The systematic task of identifying and investigating risks and incidents in order to improve routines and working practices to avoid accidents is key to creating safer workplaces. The fact that many risks and incidents are reported is therefore positive, but our methods of proactively looking for risks has been negatively impacted by the ongoing pandemic. With the new approaches for health and safety, these observations are expected to increase. Read more in Note S11 under Additional disclosures on health and safety.

Reported risks and incidents



The graph shows the number of risk observations and incidents per year (bars) and their frequency per million hours worked (line).



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VALUE-DRIVEN WORKPLACE

Because Bonava operates in markets in eight different countries, active efforts to strengthen our employees and corporate culture are particularly important. In order for every individual at Bonava to have the opportunity to grow, an environment that encourages positive performance and achievements is needed as well as opportunities to learn and develop under good leadership. Our strategy entails significant change processes, which further increases the need for change management. The Employee Net Promoter Score (eNPS), an employee loyalty and commitment index, is Bonava's most important employee-related indicator. During the year, we chose to highlight the most crucial of these, employee commitment, as an overall goal. The goal for 2021 was to maintain a high result (84). Beginning in 2022, the target has been raised for Bonava's results to be among the top ten per cent of companies. Our annual Passionate Workplace employee survey follows up on this and other aspects related to labour conditions at Bonava for the entire company. Strengths and areas for improvement are identified in the departmental evaluations, in which activity plans are drawn up and then monitored during the year. Our culture and our values are supported by a network of internal ambassadors.

Governance

Employee performance and development are monitored and coached in direct dialogue through a structured process in which each employee has a quarterly review with their immediate supervisor. Mutual expectations, goals and development plans are thoroughly checked during the review. In addition, every employee is supported through regular monthly meetings with their supervisor.

Bonava Academy is the Group's competence development hub. Bonava Academy provides, for example, mandatory courses and training on subjects such as health and safety and environmental responsibility. Bonava Academy also develops and runs strategic improvement programmes such as L.E.A.D. as well as networks for managers and other key executives (paused during the pandemic). All new employees participate in an onboarding programme that includes training and Group-wide introduction days, both at local Bonava offices and at Bonava's head office in Stock-

holm. During the pandemic, the joint onboarding sessions were conducted digitally.

The Bonava Change function, with change leaders who actively support projects for change throughout the Group, is important for improving our ability to lead and manage change. Bonava Change is part of Bonava's strategy and implementation division.

Evaluation and results

Our most important monitoring tool is our Passionate Workplace employee surveys. During the year, a further two pulse surveys were conducted in order to obtain information about the organisation and employee well-being and perceptions during a year when the strategy underwent a revision while the COVID-19 pandemic periodically impacted their daily work. The analysis showed stable, generally good results with continued high levels and an increasing trend as regards commitment, leadership and team efficiency. A negative trend for collaboration within the respective work teams was noted during the year. We feel that the COVID-19 pandemic is claiming its due.

During the year, we also implemented new system support for monitoring and coaching employee performance and development, which is directly linked to a module for identifying and meeting continuing education needs.

Additional disclosures about Bonava's indicator

The Bonava indicator is used to report interim results from the Passionate Workplace survey. For loyalty, this is defined by the Net Promoter Score, which measures the willingness to recommend an employer, and for commitment by the

Engagement Index. The Engagement Index is built on several questions developed by Brilliant Future, our partner for employee surveys. The benchmark is based on approximately 500,000 responses from over 200 organisations in the Nordics and internationally.

Comments on the results

The results from the Passionate Workplace employee survey showed a small increase in commitment during the year even though there is further work to be done before the goal for 2022 and onward is achieved. The limit for belonging to the top 10 per cent of companies with the highest commitment index for 2021 was 87. Employee willingness to recommend Bonava as an employer (eNPS) also increased somewhat and remained quite high compared with the global benchmark. With the COVID-19 pandemic and the work on the revised strategy during the year in mind, we are extremely proud of these results.

Percentage of employees receiving regular performance and career development reviews

Bonava's system for monitoring development plans shows that 71 per cent (42) of all employees have their personal development plans for 2021 identified and monitored in the system. In the annual employee survey, 76 per cent (75) of respondents said they had had performance reviews during the preceding six months. This is monitored at an overall level to determine whether managers need to be reminded, and we therefore do not have this information broken down by gender and occupational category.

COMMITMENT AND LOYALTY

	2021	Benchmark	2020	Benchmark	2019	Benchmark
Engagement index	85	80	84	79	84	77
eNPS ¹	32	14	27	11	32	9

¹ eNPS = Employee Net Promoter Score, the willingness to recommend an employer.



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DIVERSITY

Bonava aims to serve as an example when it comes to diversity, with the goal of ensuring access to a broad recruitment base and of our employees reflecting the population as a whole. This will make it simpler to carry out Bonava's mission: to create better homes and lives for the many. It is crucial for Bonava's ability to serve as an example that all our employees act based on our values. This includes acting with mutual respect. Internships and apprenticeships as well as various mentoring programmes are available in all of Bonava's markets. In Germany, for example, we have a programme in place that supports the integration, development and training of young refugees with the aim of offering employment at Bonava. Employees in Sweden are invited to participate

as mentors in the "Mitt Livs Chans" programme, a mentoring programme intended to be a bridge to the Swedish labour market for skilled immigrant labour. Through active skills development and internal recruitment for management positions, we set a good example and ensure that our entire pool of employees achieves its full potential so that Bonava's organisation becomes as effective and as dynamic as possible. This year, we once again earned a place on the Allbright Foundation's Green List as one of the most equitable companies in Sweden.

Governance

Bonava endeavours to be a welcoming workplace characterised by diversity and a focus on collaboration. Our Code of Conduct emphasises that



Bonava aims to serve as an example when it comes to diversity, with the goal of ensuring access to a broad recruitment base and of our employees reflecting the population as a whole. This will make it simpler to carry out Bonava's mission: to create better homes and lives for the many.

Bonava stands for equal opportunities regardless of gender, transgender identity or expression, ethnic origin, religion or other beliefs, disability, sexual orientation or age. The degree of our success in achieving this is monitored in the Passionate Workplace annual employee survey. We also conduct regular salary surveys to determine whether salaries are equal, and have a procedure for salary adjustment in addition to the normal annual salary review.

One of the most important things we do to create diversity is that we always make use of competence-based recruiting. This means that on the basis of job description, we identify which competences are required. These competences form the foundation of the entire procedure. The candidate with the highest level of the right competencies is the one offered employment. We also often make use of competence and skills tests to ensure an objective assessment.

Evaluation and results

This year's Passionate Workplace employee survey answered the question of whether all employees at Bonava were perceived as having equal opportunities and obligations regardless of gender, gender identity or expression, ethnicity, religion or other outlooks on life, disability, sexual orientation or age. The earlier positive trend continues and Bonava's results are better than the comparison index of the survey. We want to further boost our efforts on diversity and inclusion, and have begun by training our HR organisation to pursue these issues more actively.

For further information, refer to Note S13. Refer also to Note S12 for information on employees and S14 for employees covered by collective bargaining agreements.

Board of Directors 2021



● Women, 50%
● Men, 50%

Executive Management Group, 2021



● Women, 22%
● Men, 78%

Salaried employees, 2021



● Women, 43%
● Men, 57%

Skilled workers, 2021



● Women, 8%
● Men, 92%



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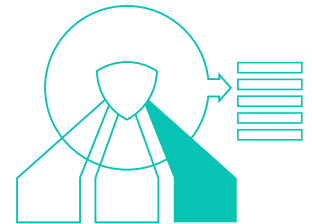
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Governance for high performance

Good governance is a prerequisite for the best results, and the allocation of responsibilities is clarified with the revised strategy. Expectations with respect to transparency and social responsibility are increasing among all our stakeholders as well, primarily as an effect of generally heightened awareness about the global challenges our world is facing. Another important driving force is the evolution of the digital information society. To be a credible business partner, it is becoming increasingly important that we openly disclose how we are complying with universal principles and contributing to the UN SDGs.



Bonava has identified the following three aspects where our impact is the greatest:

COMPLIANCE (INCLUDING TAX)

By training our employees and continually auditing ourselves, we ensure compliance both with our own values and with the principles of all external frameworks we have pledged ourselves to.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Using the principles of the UN Global Compact to create tangible requirements and gradually take more direct responsibility for purchasing creates the conditions for Bonava to contribute to many of the UN SDGs.

TRANSPARENCY

By developing such indicators and transparently reporting them, Bonava promotes the development of new ways to measure progress.

COMPLIANCE

Developing neighbourhoods and housing units involves extensive contact with a range of stakeholders such as customers and employees, but also public authorities, suppliers as well as shareholders and banks, who are particularly important. Bonava's ability to operate in the market is dependent on the confidence of its stakeholders. Predicting risks and being proactive in preventing the realisation of risks is crucial for the company's brand and profitability. Bonava's procedures for internal control of risks and compliance are important for ensuring the application of the precautionary principle and principle of continuous improvement. Raising the alarm about potential irregularities is encouraged as a way of helping the company, and anyone who does so has the expressed support of Bonava's top management. Whistle-blower protection is established directly in the Code of Conduct. Bonava's programme for compliance with the Code of Conduct includes training modules and different tools to

help employees make the right decisions. Ethical guidelines offer help concerning the most frequently asked questions, such as how entertainment and hospitality, personal gifts, conflicts of interest and competition legislation are to be managed in an ethically correct manner. We also have some 20 ethics advisers appointed in all business units and centrally for the Group, with access to a shared forum and legal competence.

Tax revenue is crucial for social progress in the markets where Bonava operates, and ultimately facilitates the creation of happy neighbourhoods where people have the highest quality of life. We also consider assuming tax responsibility to be an issue of trust. Bonava contributes to society's tax revenue primarily through corporate tax and other own taxes and fees, such as property tax or fees, transaction fees and social security contributions, but also indirectly through VAT and employee withholding taxes. We have a policy of avoiding tax risks. Refer further to Note S16.

Governance

Bonava's internal regulations and processes are defined in our Code of Conduct as well as our policies and business management system. The Code of Conduct has been updated to clarify responsibilities in relation to Bonava's sustainability agenda, values and principles for human rights, fair labour conditions, environment and anti-corruption. Everyone employed by Bonava is encouraged to turn to their ethics adviser as soon as any ambiguities arise as to what is the correct action for complying with Bonava's values and Code of Conduct. Our Ethics Committee, which consists of experienced employees from all business units and from the Group centrally, conducts regular meetings to discuss current ethical topics for the purpose of improving our procedures and continually strengthening the compliance programme.

Bonava's SpeakUp system, a whistle-blower function, enables employees and individuals outside the company to



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report suspected breaches anonymously via the internet or by phone. The system is run by an independent service provider. Reported deviations from the Code of Conduct and policies that come in through the whistle-blower function or other channels are investigated in accordance with an established procedure that determines who will be the investigator responsible based on the character of, and those involved in, the situation in question. If the investigation shows an actual deviation, measures are also established which, depending on the degree of severity and existence of intent behind the deviation, can include everything from amended internal routines to formal warnings, termination of employment and/or a police report.

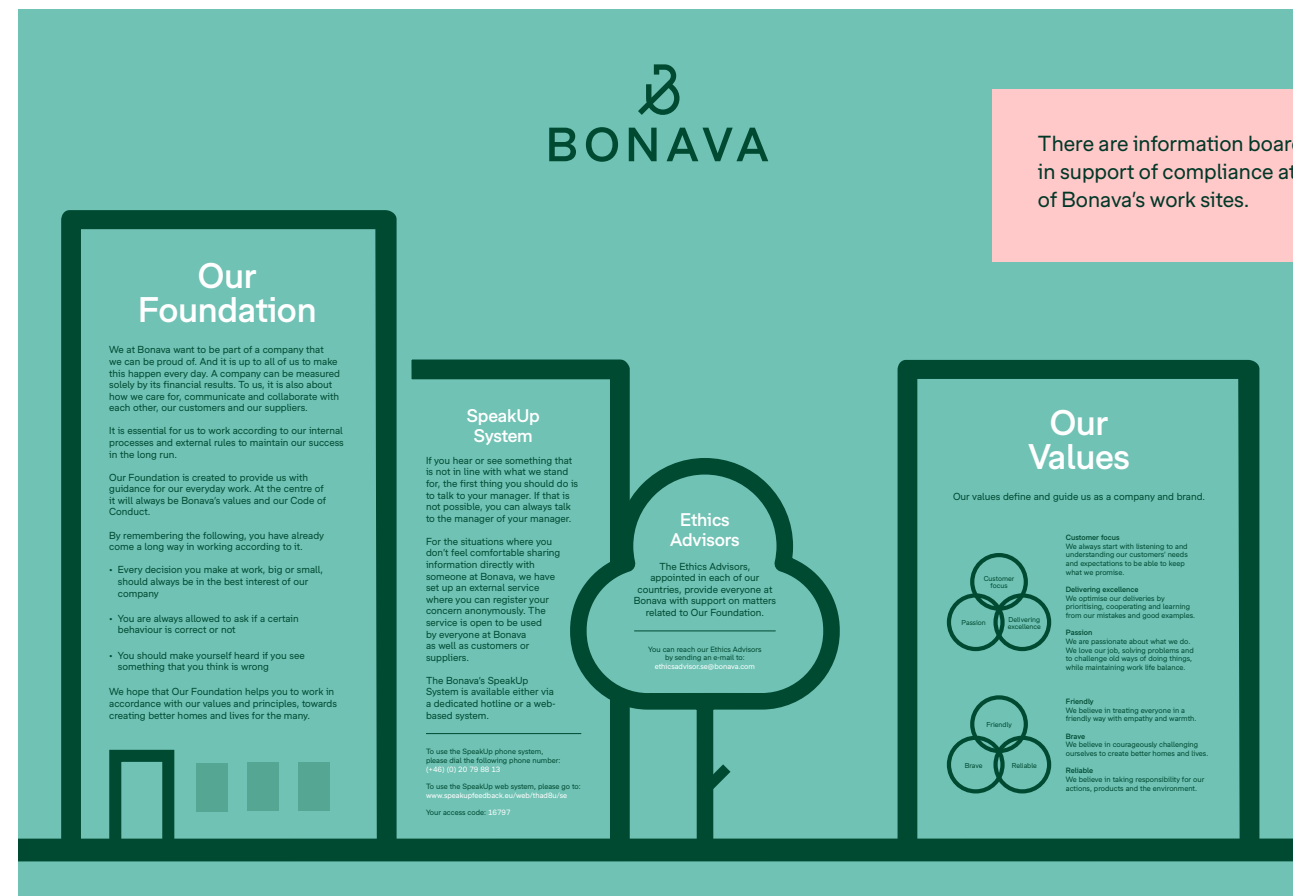
Bonava manages its financial and non-financial risks using an integrated procedure with a Risk Committee that is led by Bonava's Head of Risk and Compliance and includes the CFO, the Group Head of Legal, the Group Head of Strategy and the Group Head of Sustainability. Every year, the Risk Committee carries out an annual cycle in which all risks are reviewed for the materiality analysis, and all business units and central Group functions are involved in evaluating all the company's control functions in order to manage the risks. Over the long term, risks are evaluated as part of the annual review of Bonava's sustainability agenda. The Illustration in Note S6 shows examples of scenario analyses for long-term climate risks.

Evaluation and results

This year's evaluation shows that the questions to the ethical advisers were relatively evenly spread out among them over the past year, and primarily concerned handling of entertainment and hospitality as well as personal gifts. During the year, we also obtained good results in the further development of the system support that helps evaluate both existing risks in our operations and the effectiveness of the minimum controls to reduce these. The system facilitates supervision, monitoring of measures and reporting. Refer further to Note S15.

Communication and training about anti-corruption policies and procedures

All of Bonava's employees undergo web-based ethics training, which includes guidance on anti-corruption and avoiding conflicts of interest. This is followed up on a quarterly basis to ensure that new employees do not miss this step of the onboarding process. In 2021, Bonava launched a new training format for group discussions that replaces the ear-



There are information boards in support of compliance at all of Bonava's work sites.

lier physical training sessions that were led by the ethics counsellors. This provides opportunities for discussions and practical experience in handling ethical dilemmas. The group discussions are led by the respective line managers. The foremost advantage of the new format is the direct interaction between managers and members of the work teams in elaborating the issues that clarify the importance of acting ethically. Moreover, this makes a greater frequency of training possible for everyone as well as increased awareness of these issues in the organisation through shorter but more frequent training sessions. Each work team is to undergo such a training session on an annual basis.

The ethical guidelines are presented and communicated on the intranet. There are notice boards at all of Bonava's work sites which are used to convey the Code of Conduct, ethical guidelines and our values. In the supplier requirements that are included in all contracts with new suppliers, we specify the requirements for compliance with the UN Global Compact, our Code of Conduct and ethical guidelines, including counteracting corruption.

Comments on the results

Refer to the underlying figures in Note S15.



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RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Bonava collaborates actively with approximately 12,500 different suppliers yearly. A long-term perspective and mutual learning in relation to suppliers is crucial to our strategy and to reaching several of the targets in our sustainability agenda, in particular the climate targets. Our suppliers can be divided into three overarching categories: construction subcontractors, service providers and materials suppliers. Bonava imposes Group-wide requirements that all suppliers must meet. To qualify as a Bonava supplier, the company's supplier requirements must be met. This includes requirements for systematic environmental and health, safety, environment and quality (HSEQ) work and compliance with the UN Global Compact in the form of Bonava's requirements regarding acceptable salary levels, working hours and paid holiday, responsibility for human rights, anti-corruption and tax payments. Suppliers must also meet Bonava's requirements regarding documentation and opportunities for inspection. Bonava's supplier requirements also encourage suppliers to raise an alarm directly with the company or through SpeakUp, our whistle-blower system, if they believe Bonava or any of its employees are violating the Code of Conduct.

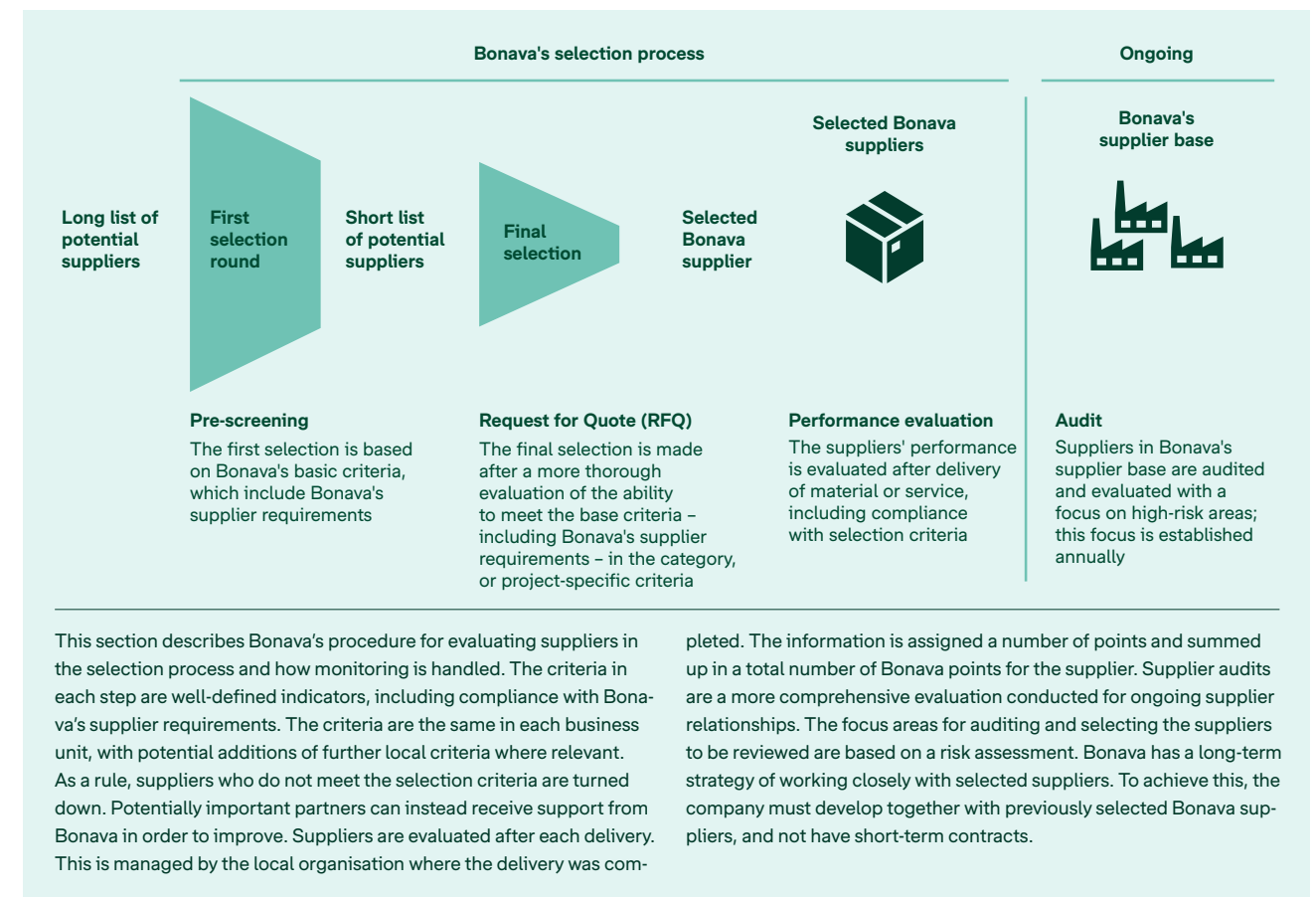
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We continuously develop our procurement procedures and tools to improve supplier evaluations. Over the past few years, Bonava has identified suppliers who are now part of the selected supplier base. Suppliers in the selected supplier base who perform poorly in terms of delivery or who, during supplier audits, show they do not meet the criteria for being a Bonava supplier are given the opportunity to correct their faults. In serious cases, the supplier is dismissed. In 2021, the purchasing organisation was restructured, and going forward the strategic purchasing initiatives will take place to a greater extent based on the respective local markets.

Evaluation and results

Like the preceding year, 2021 was strongly marked by the need to manage the risks that the ability of the supply chain to deliver to Bonava could be impacted. We also continued our efforts to ensure our ability to rapidly handle any deviations and work from a more long-term perspective with good control of the supply chain. In addition to the review prior to signing a contract, which is presented in Note S17, 520 suppliers with an

RESPONSIBLE SUPPLY CHAIN MANAGEMENT



aggregate contract value of SEK 2.6 Bn were evaluated during the year in connection with the conclusion of projects. Using a points system, suppliers who were complying properly with our requirements were identified, as were those that needed to improve to be hired again or alternately dismissed completely. No suppliers were dismissed completely in 2021.

Comments on the results

Comments on the results and underlying figures in Note S17.

TRANSPARENCY

The demand among internal and external stakeholders for relevant indicators to monitor sustainable development is steadily increasing. Bonava's Happy Index is an example of an indicator developed in-house where we are increasing our understanding of the design of residential districts for the whole community. For evaluation and results, refer to Note S18.



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S1 Sustainability reporting policies

This is Bonava's fifth annual Sustainability Report. It forms part of Bonava's Annual Report and has been prepared in accordance with the GRI Standards: Core option. Unless otherwise indicated, the report is based on the standard from 2016. The locations of the Sustainability Report disclosures in the Annual Report are indicated in the GRI and UN Global Compact index; refer to pages 143–146. The statutory Sustainability Report is found on pages 4–32, 49–50, 63–66 and 108–142. The Sustainability Report is issued by the Board of Directors and, in accordance with a decision by the Board, is reviewed and authorised by independent external sustainability auditors; refer to page 147.

The report covers 2021 and, unless otherwise indicated, the indicators reported refer to all of Bonava's units and the full year in the same manner as in the financial report. Bonava's latest Sustainability Report was for the 2020 financial year and was published in March 2021.

Changes in reporting

As in previous years, the report contains a general climate report in Indicator 305: Emissions. At the time of this Annual Report, parts of the climate report are still based on preliminary disclosures from suppliers. For the past several years, a detailed and final climate report has been released each year through the CDP. Changed conditions for reporting consist primarily of the strategy revision that was in progress during the year and is described in the front half of this annual report. The names of the areas of focus and aspects were changed when the sustainability agenda was more clearly integrated into the strategic framework. The strategy revision has also led to reorganisations that are described further in the Sustainability Report for the aspects concerned as well as the wind-down of Denmark as a market. To the extent operations are still being conducted in Denmark, the results there are included in the reported results unless otherwise specifically commented on.

3 March 2022 Bonava communicated the decision to close down operation in St. Petersburg, which does not impact the reporting concerning 2021.

S2 Stakeholder dialogue

Methods for stakeholder dialogue

To gather customer insights, we interact with our customers primarily as part of our housing projects, through customer surveys and through focus group dialogues. We have regular contact with investors and analysts through interim reporting, shareholders' meetings, capital markets days, meetings and presentations. The most important dialogue with employees takes place in day-to-day activities and regular meetings regarding development and performance planning as well as in employee surveys.

Bonava has close contact with its suppliers, including through dedicated supplier meetings. Finally, we work in close collaboration with public authorities, mainly within the framework of housing projects, in connection with referral procedures and through industry organisations. Bonava determines the stakeholders with whom it is important to engage in additional active dialogue based on their significance for the company's ability to deliver in accordance with its strategic initiatives and set goals. This assessment is integrated into the materiality analysis for Bonava's sustainability agenda.

Stakeholder dialogues are mainly part of the regular development of procedures for continual improvement. In addition to the above, exchanges of information with investors, sustainability analysts at banks and external sustainability rankings are important since they help to ensure that we report relevant indicators.

Analysis of current external stakeholder dialogues

The results of the Happy Quest surveys we have conducted to date correlate closely with the materiality analysis aimed at identifying Bonava's sustainability agenda. Read more about the conclusions in Bonava's latest Happy Neighbourhood report at www.bonava.com.

Aside from our customers, the external stakeholder groups deemed to be our highest priority for dialogues this year as well were major existing shareholders as well as potential investors and banks, for example, in conjunction with green lending and new green bonds. The meetings and interviews held during the year confirmed that investors and banks agree that we are prioritising the right topics for our sustainability agenda and continued progress. We have noted that these stakeholders appreciate Bonava's science-based targets for combating climate change, ecolabelling of housing units and data-driven approach to determining what makes a neighbourhood happy. During the year, our stakeholders' interest

in and need for help in understanding the coming interpretation and consequences of the EU taxonomy were clearly noticeable. External ESG ratings during the year have confirmed that Bonava's identified sustainability agenda and activities are relevant from their perspective as well.

For an internal stakeholder analysis, refer to the description of the strategy revision on page 18 and the evaluation of the respective focus areas and indicators. Refer also to the respective focus areas for descriptions of how governance and methods are developed in order to utilise insights from the stakeholder dialogues.

S3 Memberships in external initiatives and organisations

Bonava is a member of the UN Global Compact, Transparency International Sverige's Corporate Supporters Forum and the Swedish Standards Institute (SIS).

Bonava in Sweden is a member of the Sweden Green Building Council and supports the Construction and Civil Engineering Sector Roadmap for a Fossil Free Sweden. Bonava in Finland is a member of the Green Building Council Finland. Bonava in St. Petersburg is a member of the Russian Green Building Council and collaborates with the non-profit Research Institute for Sustainable Development in Construction (NIIURS). Bonava in Sweden is also a member of Sweden's Håll Nollan organisation and the Swedish Safety Culture Network (SÄKU). Bonava in Sweden is a partner of the organisation Mitt Liv, a community-driven company that works for a more inclusive society and a labour market that values diversity.

Bonava's Head of Marketing and Sales is Chairman of the steering committee for the Centre for the Future of Places (CFP) at KTH Royal Institute of Technology in Stockholm. CFP is an international hub for research relating to places of the future and has been established to promote sustainable urban development. The centre focuses on city planning and design in order to meet the challenges of today and tomorrow.

During the year, Bonava partnered with the Science Based Targets initiative in order to help them test and evaluate their new framework for scientifically relevant methods and requirements for establishing and communicating net-zero climate targets.



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S4 Homes for the many

At Bonava's founding, a Group-wide target was formulated that by 2020, 50 per cent of the housing units we develop would consist of homes in the affordable segment. This target was extended for 2021. This target was reformulated in the 2021 strategy revision into a volume target that focuses on homes for the many. An evaluation of the application of Bonava's definition of affordable housing showed that, for some of Bonava's business units, it was difficult to

calculate disposable income in the median bracket for a limited geographical market. There are no public statistics. In addition, our stakeholder analysis shows that the concept of affordability can be interpreted differently by different people.

A good balance among housing units in different price classes with various forms of use, with adaptations to the needs in the respective geographical markets, remains important. Going forward, focus will be on creating volumes with a Group-wide target of increasing the number of housing units so that more people have

the opportunity to live in Bonava's happy neighbourhoods. The underlying strategy stands firm, but going forward we will be measuring our progress in the number of homes we sell, and have a target of increasing the number of housing units sold to 8,000 a year by 2026. The Executive Management Group and Board of Directors assess the prognosis and analysis of target fulfilment ahead of each investment decision. The management approach (103-2) and Evaluation and results (103-3).

Significant indirect economic impacts, definition and measurement methods from previous years

Segment	2021			2020			2019		
	Affordable	Core	High-end	Affordable	Core	High-end	Affordable	Core	High-end
Housing starts, %	67	32	1	54	45	1	56	44	0
Completed housing units, %	57	42	1	51	42	7	47	46	7

S5 Greenhouse gas emissions, Scopes 1–3; GHG emissions intensity

Results, scopes as defined for Bonava's science based targets in line with the 1.5 °C scenario, base year 2018

	2021 ³			2020			2019			2018 ³		
	Greenhouse gas emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/MSEK)	Physical intensity, per production start (tCO ₂ e)	Greenhouse gas emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/MSEK)	Physical intensity, per production start (tCO ₂ e)	Greenhouse gas emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/MSEK)	Physical intensity, per production start (tCO ₂ e)	Greenhouse gas emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/MSEK)	Physical intensity, per production start (tCO ₂ e)
Scope 1 ¹	3,086	0.20		3,209	0.19		4,114	0.27		4,996	0.36	
Scope 2 ²	6,581 (7,270)	0.42		6,830 (7,154)	0.40		6,961 (6,555)	0.45		8,275 (7,337)	0.59	
Scope 3	731,531	47.2	147.6	711,930	41.9	124.7	729,019	47.1	163.8	791,239	56.5	122.1

¹⁾ Biogenetic emissions, tCO₂e, for Scope 1 = 123 (129 for 2020; 72 for 2019; 69 for 2018). ²⁾ Market-based (location-based). ³⁾ Based in part on preliminary supplier reports, updated and verified at a detailed level for the 2021 CDP Report.

Comments on the results

The results for the year indicate a positive trend for Scope 1 and 2 in absolute numbers. Our joint efforts are yielding results. The total climate impact under Scope 3 shows an increase year on year, but is eight per cent lower than the base year. Owing to fewer housing starts compared to the 2018 base year, the physical intensity of Scope 3 in tonnes of CO₂e per housing start has further increased. The category Emissions from goods and services purchased increased during the year. The second-largest category, Future emissions from the use of our products, decreased through greater energy efficiency and energy sources with lower greenhouse gas emissions. Factors, such as the build-up of operations in Lithuania prior to the large-scale commencement of housing starts, underlie the upswing in greenhouse gas emissions for Scope 3 in total.

Additional disclosures on greenhouse gases

Bonava complies with the GHG Protocol Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for measuring and reporting greenhouse gas emissions. We have chosen to apply the operational control consolidation approach. The climate impact inventory is based on carbon dioxide equivalents (CO₂e) and includes all greenhouse gases. Measurement of future biogenetic emissions for housing units in the buildings Bonava completed in 2021 (2020: 5,000 tonnes CO₂e) is not currently of importance.

The report is based on invoices, surveyed data, fuel and vehicle registers, and supplier reports. Where emissions factors from specific suppliers for emissions calculations were missing, emissions factors from the UK Department for Environment, Food and Rural Affairs (Defra) and Exiobase v. 3 (exiobase.eu) were used in which

the global warming potential (GWP) for one hundred years is based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (AR4 IPCC), which is the latest assessment report for climate impact potential.

Emissions are reported in accordance with the division between scopes established for the base year of 2018, for the climate targets that Bonava committed to under the SBTi. The 2021 emissions report in the table above is based in part on preliminary supplier reports. We will update with established figures for actual consumption for the year as such information becomes available. Bonava's annual report to the CDP is based on the final reports from suppliers and is reviewed externally at the level of reasonable assurance. In 2021, Bonava's CDP rating for its climate initiatives rose from A- to A – the highest rating – and Bonava also ranked at the top of the CDP for the second consecutive year for supplier engagement in climate initiatives.



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S6 TCFD

For Bonava, the methodology of the Task Force on Climate-Related Financial Disclosures (TCFD) is an important part of the effort to produce relevant climate goals for our operations. We present an overview of this analysis below.

TCFD index

Governance		Strategy		Risk management		Metrics and targets	
Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page
A. The Board's oversight of climate-related risks and opportunities.	63–65	A. Climate-related risks and opportunities that the organisation has identified.	13, 111, 130	A. The organisation's processes for identifying climate-related risks.	63–65	A. The metrics used by the organisation to assess climate-related risks and opportunities.	129
B. Management's role in assessing and managing climate-related risks and opportunities.	49–50	B. Impact of risks and opportunities on the organisation's business, strategy and financial planning.	17, 22, 29–30	B. The organisation's processes for managing climate-related risks.	63, 114–116	B. Scope 1, 2 and 3 GHG emissions.	115, 128
		C. Resilience of the organisation's strategy taking into consideration different climate-related scenarios.	130	C. Integration of the above processes into the organisation's overall risk management.	63–65, 124	C. Targets for managing climate-related risks and opportunities.	115

Additional TCFD disclosures

Balance

Financial category	Climate-related category	Metric	2021	2020
			Closing balance (SEK M)	Closing balance (SEK M)
Green assets	Adaptation and limitation	Total volume of green assets under Bonava's green financing framework, category Nordic Swan	3,956	3,901
Green assets used for external financing	Adaptation and limitation	Green loans	–316	–301
		Green bonds	–1,500	–1,000
		Project-specific financing, Nordic Swan ecolabelled TOA projects, Sweden	–708	–694
Green assets available	Adaptation and limitation	Remaining volume of green assets under Bonava's green financing framework, category Nordic Swan ecolabelled projects	1,432	1,906

Profit

Financial category	Climate-related category	Metric	Income/expenses (SEK M)	Income/expenses (SEK M)
Revenue	Adaptation and limitation	Sales of 1,432 (1,418) ecolabelled housing units (share of total sales)	3,911 (27%)	4,021 (24%)
Expenses	Energy	Cost of energy purchased (electricity, heating, district cooling): 36,247 MWh, of which 11,874 MWh renewable (35,855 MWh, of which 9,771 MWh renewable)	56	45 ²
Expenses	Fuels	Cost of fuel purchases, 1,038 m ³ diesel (1,093) and 105 m ³ petrol (112)	13	12
Expenses	Goods and services purchased	Cost of goods and services purchased with high GHG emission factor ¹⁾	6,784	6,994

¹⁾ High GHG emission factor, defined by Bonava as emissions factors belonging to the highest quartile of GHG emission factors in connection with input/output analysis of all completed transactions in the respective business units during Bonava's Science Based Targets base year (2018).

²⁾ corrected value for the comparison year, in accordance with the verified CDP report for 2020.



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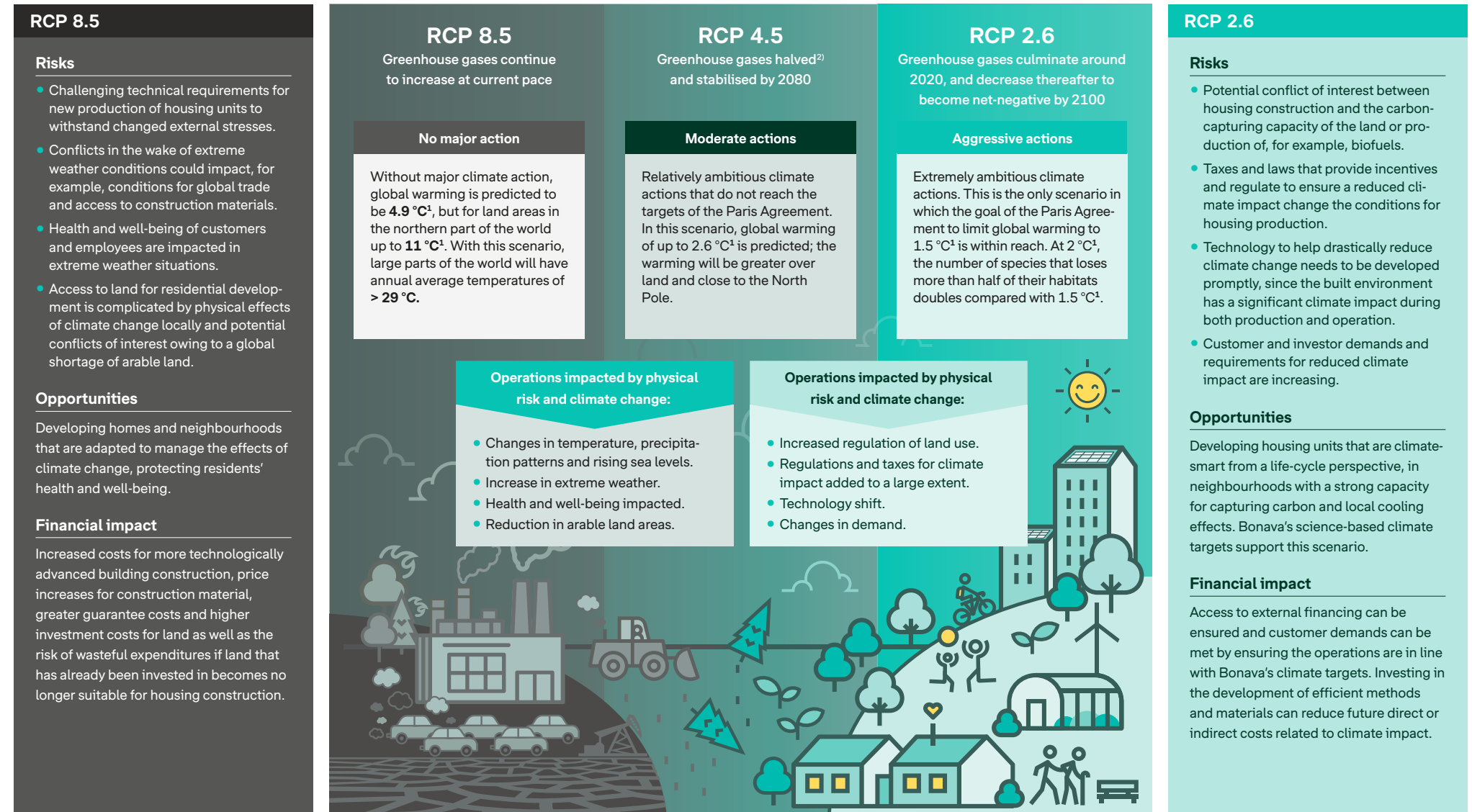
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S6 TCFD, cont.

RCP = Representative greenhouse gas concentration pathways that show future paths for development according to the latest UN Intergovernmental Panel on Climate Change (IPCC) evaluation report (AR5). Climate impact by 2100 according to AR5, the IPCC's special report on 1.5°C global warming; EEA; Gisstemp/NASA and KNMI Climate Explorer.

CLIMATE SCENARIOS



RCP 4.5: between RCP 2.6 and RCP 8.5, scenarios arise wherein risks from both of these development tracks are realised simultaneously.

¹⁾ Compared with pre-industrial temperatures (1880–1899).
²⁾ From 2010 levels.



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S7 Reporting under the EU taxonomy

The purpose of the taxonomy is to help investors identify and compare environmentally sustainable investments using a shared classification system for environmentally sustainable economic activities. The taxonomy is a tool for achieving the EU's climate goals and the objectives in the Green Deal, the EU's green growth strategy. Bonava's main operation, the new production of buildings, falls under taxonomy Category 7. Construction and real estate, 7.1 Construction of new buildings, and Bonava will primarily contribute to climate mitigation. The six environmental objectives that comprise the taxonomy fit well with what Bonava has previously identified as key environmental topics. However, the standardised approach of the taxonomy and its specific technical criteria – in particular the criteria for doing no significant harm to any of the other five environmental objectives – in part will require new procedures and systems for monitoring that are under development.

The Taxonomy Regulation, which was adopted in June 2020, constitutes a regulatory framework for determining which economic activities are to be regarded as environmentally sustainable in the taxonomy. For a given economic activity to be classified as environmentally sustainable, it must contribute materially to one or more of the six established environmental objectives, cause no significant harm for any of the other objectives, and meet the minimum requirements for social sustainability. In June 2021, a delegated climate act was adopted with technical screening criteria that are applicable to certain defined activities in order to meet taxonomy eligibility for two of the six environmental objectives: Climate change adaptation and Climate change mitigation, as well as the standards for not causing harm to the other objectives. Delegated acts that define the screening criteria for contributing to the objective "The protection and restoration of biodiversity and ecosystems", "The transition to a circular economy", "Pollution prevention and control", and "The sustainable use and protection of water and marine resources" will be added.

The reporting obligation for 2021 entails reporting the occurrence of activities that are taxonomy-eligible. Bonava's report complies with the interpretation of the ordinance for information available as of 31 January 2022. Subsequent years will report how much of these meet all the criteria for being classified as taxonomy-eligible. The formulation of the taxonomy's regulations and the financial accounting policies mean that current assets fall outside of the reporting requirements. For a housing development company, however, these investments are of greatest significance for whether or not the operation becomes taxonomy-eligible.

Bonava's operations fall under Category 7. Construction and real estate, 7.1 Construction of new buildings. Based on the taxonomy's regulations, revenue, capex (investments in fixed assets) and opex (defined as operating expenses attributable to fixed assets) fall as shown in the following table.

Taxonomy eligibility	Total, SEK M	Share of taxonomy-eligible activities, %	Share of taxonomy-ineligible activities, %
Sales ¹⁾	15,491	97	3
Capex ²⁾	135	90	10
Opex	11	100	0

¹⁾ Refer to Net sales under the consolidated income statement on page 67.

²⁾ Refer to Group Note 10 Property, plant and equipment under Investments (SEK 56 M) for real estate used in business operations as well as machinery and equipment. Bonava does not report gross changes in right-of-use assets in its financial reports. The additional right-of-use assets for the year, however, total SEK 65 M and pertain to Right-of-use assets, buildings.

Total sales

Bonava's net sales are reported in accordance with IFRS 15 Revenue from Contracts with Customers, and primarily comprise three revenue streams: sales of housing units for consumers, sales of housing projects to investors and – to a lesser extent – sales of land.

Eligible sales

Bonava has established its net sales that pertain to housing units for consumers and sales of housing projects to investors as taxonomy-eligible activities. Sales of land that occurs where the land is not subject to project development are not classified as taxonomy-eligible sales since they do not pertain to new production of buildings.

Total capex

Bonava's fixed assets are recognised in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IFRS 16 Leases. Intangible assets pertain to capitalised development expenses for IT systems. Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. Leased fixed assets pertain to premises in which Bonava conducts its operations as well as machinery and equipment (primarily vehicles and office equipment).

Eligible capex

Bonava has established that investments attributable to real estate used in business operations, right-of-use assets (buildings), machinery and equipment as well as to right-of-use assets (machinery and equipment) pertain to eligible activities. All investments are critical components for Bonava's operations and a condition for compliance with the criteria for 7.1, both so that the operations will contribute significantly to preventing climate change and comply with the standards so as not to cause material harm to any of the other objectives in the taxonomy.

Bonava has chosen to exclude investments attributable to other intangible assets and financial fixed assets from eligible activities since they are not directly attributable to Bonava's production and sale of housing units for consumers and investors.

Bonava's investments that could in and of themselves be eligible for any of the other goals of the taxonomy (besides 7.1) are at present not discernible.

Total opex

Since IFRS lacks clear guidance for which costs are to be regarded as business-related operating expenses, the term "opex" is not found in Bonava's financial reporting. Under the taxonomy, total opex consists of expenditure for research and development that is expensed during the period; renovation of buildings (owned or leased); expenditure for repairs and maintenance of property, plant and equipment (owned or leased); other direct expenditures such as service pertaining to routine maintenance of property, plant and equipment that is required to ensure the regular function of these assets; and expensed lease payments linked to short-term leases.

Eligible opex

Bonava has established that operation and maintenance costs pertaining to the fixed assets that are classified as capex under the taxonomy fulfil the requirements for eligible activities. Examples of these expenditures include renovation of buildings; maintenance and repairs; and other direct costs that are required for efficient daily operation of Bonava's property, plant and equipment.

Bonava's operation and maintenance expenditures that could in and of themselves be eligible for any of the other goals of the taxonomy (besides 7.1) are at present not discernible.

Additional disclosures

Bonava's primary investment pertains to housing and property projects. Bonava's property holdings are designated as housing projects and recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. The presentation of Bonava's housing projects is divided into property held for future development, ongoing housing projects and completed housing units, all of which are deemed to meet the criteria for eligible activities under 7.1. In accordance with IFRS, however, the investments that are made in the projects are reported in the balance sheet as current assets and not as investments in non-current assets. Under the Taxonomy's definition of capex, only fixed assets are included. If, on the other hand, current assets (Bonava's property projects in the balance sheet) are included as capex in accordance with the following table, 100% of these investments would fall under the taxonomy.



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S7 Reporting under the EU taxonomy, cont.

Additional disclosures	Total, SEK M	Share of taxonomy-eligible activities, %	Share of taxonomy-ineligible activities, %
Housing projects (current assets) ¹⁾	13,270	100	0

¹⁾ Refer to Group Note 14 under Investments.

S8 Sustainable use of land

Selection of indicators for sustainable use of land

Key performance indicators	2021	2020	2019
Of which, previously developed, %	47	56	62
Of which, previously undeveloped, %	53	44	38
Land remediation (of total), ha	12 (56)	11(44)	16(64)
Share of projects with significant initiatives aimed at preserving ecological values, %	20	28	23
Number of protected species affected	8	5	3

Comments on the results

The disclosure on land remediation pertains to land remediation carried out for all projects completed during the year. The corresponding area for total land developed is shown in brackets.

The protected species affected by projects for which Bonava was granted permission to start construction during the year include salmon, lizard, bat, starling, swallow and redstart species as well as tree species such as oak. None of these require protection above the lowest category (Least Concern) under the International Union for Conservation of Nature (IUCN) classification. Examples of preservation efforts for these and other ecological values include protection of existing trees and, in other cases, replanting of naturally occurring vegetation to support local biodiversity, nesting boxes, protection to prevent impact on watercourses and preservation of mating grounds for fish. In addition, the orchid species *Platanthera bifolia*, subspecies *kuenkelei*, has been found in Estonia. This species is listed as endangered and is being replanted in safer locations.

S9 Use of materials

The table on the right shows a breakdown by category of the materials used to build all the housing units that Bonava started constructing during the year, both materials purchased by Bonava directly and materials purchased by contractors and subcontractors. The model is built on information from design and purchasing calculations for projects where production was started during the year, as well as for extrapolation for some markets based on selected representative type buildings. During the year, the data collection method was developed and now covers greater amounts of construction components than previously, based on actual projects and not theoretical models, and it also facilitates a more granular analysis of input materials in prefabricated elements. Previous years included only load-bearing construction elements and façades. As of 2021, materials in roofs, inner walls and foundation constructions are included.

Comments on the results

Since the reporting now covers greater amounts of construction components and the methodology for information collection has been improved, it is natural that the reported materials used will differ from previous years. Previous methods underestimated the amount of construction blocks where such were used, and overestimated the amount of concrete. Construction blocks, which are based on chalky sandstone, are used primarily in Germany and the Baltics.

Out of the material types in this summary, only wood is completely renewable.

Materials used by weight or volume

Materials	2021		2020		2019	
	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area
Concrete (m ³)	111,739	24.9	103,898	29.1	84,752	28.2
Prefabricated concrete components (m ³)	114,937	25.6	101,341	28.4	83,805	27.9
Construction blocks (m ³)	123,553	27.5	26,888	7.5	26,406	8.8
Plaster (m ³)	28,311	6.3	972	0.3	809	0.3
Insulation (m ³)	125,644	28.0	51,469	14.4	41,902	13.9
Steel (metric tonnes)	16,574	3.7	4,203	1.2	4,420	1.5
Wood (metric tonnes)	4,205	0.9	2,513	0.7	1,627	0.5



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S10 Efficient buildings

Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the construction regulations, in the table below.

Housing starts

	Share of housing units with energy performance more than 10 per cent lower than requirements, %	Bonava's energy performance, kWh/m ²			Required energy performance, kWh/m ²			Better than requirement, %		
	2021	2021	2020	2019	2021	2020	2019	2021	2020	2019
Germany	88	32	38	30	47	44	38	32	13	21
Sweden	100	63	66	63	83	82	82	24	19	24
Finland	26	85	77	88	90	83	92	6	7	5
Denmark	N/A	N/A	26	27	N/A	33	34	N/A	23	20
Norway	59	88	93	93	95	96	95	8	3	2
St. Petersburg	100	67	60	51	99	97	95	32	38	46
Estonia	0	117	121	129	115	133	135	1	9	4
Latvia	83	37	40	44	47	56	60	29	28	28
Lithuania	N/A	N/A	27	N/A	N/A	32	N/A	N/A	17	N/A

N/A = Not Applicable

Completed housing units

	Bonava's energy performance, kWh/m ²			Required energy performance, kWh/m ²			Better than requirement, %		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Germany	37	35	40	48	46	48	22	24	17
Sweden	68	60	62	86	75	79	21	20	21
Finland	82	65	111	90	94	118	10	31	6
Denmark	27	31	26	33	38	28	18	19	8
Norway	92	N/A	N/A	95	N/A	N/A	2	N/A	N/A
St. Petersburg	59	57	49	97	95	92	39	40	47
Estonia	123	143	142	124	144	150	1	2	5
Latvia	39	N/A	40	57	N/A	64	32	N/A	37

N/A = Not Applicable



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S11 Health and safety

Work-related injuries

	Number of work-related injuries ¹⁾						Work-related injuries, frequency, time lost ²⁾						Work-related injuries, frequency, total ³⁾		
	2021 ⁴⁾	2021 ⁵⁾	2020 ⁴⁾	2020 ⁵⁾	2019 ⁴⁾	2019 ⁵⁾	2021 ⁴⁾	2021 ⁵⁾	2020 ⁴⁾	2020 ⁵⁾	2019 ⁴⁾	2019 ⁵⁾	2021 ⁴⁾	2020 ⁴⁾	2019 ⁴⁾
Germany	26	6	32	13	27	12	6.3	3.4	7.3	6.5	6.3	6.4	6.3	7.3	7.9
Sweden	7	1	4	0	5	0	7.6	2	4.6	0	5.1	0	10.8	6.9	7.2
Finland	21	1	14	1	25	1	24.2	2.7	13.4	2	18.7	1.6	27.7	26.8	29.2
Denmark	4	0	2	0	8	0	10.6	0	2.6	0	11.8	0	10.6	7.7	31
Norway	4	0					7.21	0					10.8		
St. Petersburg	1	1	2	2	1	1	0.8	1.8	1.3	3.6	0.5	1.6	0.8	1.3	0.6
Baltics	3	2	6	4	6	1	2.7	6.4	5.9	13.8	6.1	2.9	8.1	8.9	6.1
Total	66	11	60	20	72	15	7.2	3.0	6.3	4.9	7.1	3.5	8.7	8.6	10

¹⁾ Number of work-related injuries leading to sick leave.

²⁾ Number of work-related injuries leading to sick leave, per million hours worked (LTIFR). In 2021, the number of employee hours worked was reviewed. This has led to an adjustment pertaining to absence such as holiday that was previously included for Germany, Sweden, Norway, Denmark and Finland, which resulted in a decrease in hours worked for 2021. The adjustment was made for all months in 2021.

³⁾ Total number of work-related injuries requiring visits to health care or adjustment of work tasks (without working days lost) and those leading to sick leave, per million hours worked (TRIFR). In 2021, the number of employee hours worked was reviewed. This has led to an adjustment pertaining to absence such as holiday that was previously included for Germany, Sweden, Norway, Denmark and Finland, which resulted in a decrease in hours worked for 2021. The adjustment was made for all months in 2021.

⁴⁾ Bonava's employees and contractors under Bonava's site management.

⁵⁾ Bonava's employees.

Comments on the results

No work-related fatalities have occurred during the period in which Bonava has existed as an independent company, meaning since its listing in 2016. The LTIFR figure for Bonava increased in 2021, largely from the adjustment made to hours worked where previous absence such as holiday has now been removed for the majority of the business units. The number of accidents leading to absence increased from 59 (which includes correction of an accident that was incorrectly reported from the previously reported 60) in 2020 to 66 in 2021. The increase comes from our operations in Finland, Denmark, Sweden and Norway. The most common types of work-related injuries are cuts, sprains/dislocations/strains and crushing or other soft tissue injuries. The body parts most frequently injured were hands, wrists, fingers and feet. The injuries most often occurred as a result of stumbling on level ground, contact with sharp objects or injuries from objects being handled on one's own. The frequency for the total number of work-related injuries (TRIFR) reported is higher than the frequency of injuries resulting in sick leave (LTIFR), which is a positive development. This means, on the one hand, that injuries were tended to in a way that enabled sick leave to be avoided, and on the other hand, that the routines for reporting and categorising different types of injuries are strong. This indicator, which Bonava began reporting in 2019, follows the new updated GRI standard for health and safety and is still being implemented in several business units.



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S11 Health and safety, cont.

Work-related ill health

	Sick leave (%) ¹⁾			Work-related ill health, number ²⁾			Work-related ill health, frequency ³⁾		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Germany	6.52 (N/I)	6.1 (N/I)	6.6 (N/I)	N/I	N/I	N/I	N/I	N/I	N/I
Sweden	2.19 (0.4)	1.8 (0.4)	1.7 (0.2)	7	2	4	14.1	0	6.2
Finland	1.92 (0.4)	1.0 (0.4)	1.7 (0.8)	5	15	22	13.4	29.8	36.1
Denmark	1.62 (0)	2.0 (0.2)	2.4 (0.3)	0	4	5	0	17.3	23.9
Norway	2.58 (0.1)			3			13.4		
St. Petersburg	3.15 (0.04)	4.2 (0.0)	1.8 (0.0)	0	0	0	0	0	0
Baltics	1.54 (0.1)	1.3 (0.3)	1.5 (0.0)	0	0	0	0	0	0
Total	4.28 (0.1)	4.1 (0.2)	3.9 (0.4)	15	21	31	4	5.2	7.2

¹⁾ Number of hours of sick leave, both work-related and non-work related, in relation to total hours worked, Bonava employees (of which, work-related sick leave).

²⁾ Number of cases of wholly or partially work-related ill health, Bonava employees.

³⁾ Number of wholly or partially work-related ill-health reported per million hours worked (LTILFR), Bonava employees. In 2021, the number of employee hours worked was reviewed. This has led to an adjustment pertaining to absence such as holiday that was previously included for Germany, Sweden, Norway, Denmark and Finland, which resulted in a decrease in hours worked for 2021. The adjustment was made for all months in 2021.

N/I = No Information

Comments on the results

The greatest risks for work-related illnesses, as identified through Bonava's anonymous Passionate Workplace employee surveys and occupational health and safety audits, are having a heavy workload and lack of clarity on responsibilities and authority. The most common types of work-related ill health are stress-related illnesses. To reduce these risks, we have implemented various measures, such as more coordinated change processes, new job architecture for roles and role descriptions, and training. One of the most important measures to reduce workload and increase clarity on work tasks has been to strengthen the performance and development procedure. We can see that this has had a positive effect. Wholly or partially work-related sick leave, in brackets in the table above, includes sick leave resulting from accidents and/or illness. The proportion of sick leave hours owing to illness has already decreased significantly in this indicator. As of early 2021, all our managers received access to support for stress coaching, with the intent of further reducing work-related ill health.

The procedure for monthly reporting of work-related ill health is under development. Implementation is hindered by the fact that, for reasons of confidentiality, we do not have access to information on the cause of sick leave for some of our countries. Bonava therefore

does not report work-related ill health in Germany, since information on the causes of sick leave cannot be recorded there. Finland has also introduced restrictions as to what can be reported in connection with the number of cases of work-related ill health, and as of mid-year the occupational health service was unable to submit data. Nor do we have access to data related to sick leave for contractor employees.

Additional disclosures on health and safety

Hours worked are shown in the table on page 137. In 2021, 12,249 risk observations and 383 incidents were reported. The number of risk observations comes both from the shared reporting system and from separate reporting in Finland and Germany.

The downturn in reporting during 2021 is largely due to the effects of the pandemic, and the fact that fewer targeted initiatives – for example, workplace inspections by managers – could be carried out owing to the limitation on visits to construction sites.



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S12 Employees

Number of employees by occupational category at year end

				Salaried employees				Skilled workers			
				Total		Women		Men		Women	
Occupational category		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sweden	Permanent, full time	296	288	144	145	152	143	0	0	0	0
	Permanent, part time	10	7	7	4	3	3	0	0	0	0
	Line consultants, full time	24	19	10	7	14	12	0	0	0	0
	Line consultants, part time	6	7	4	4	2	3	0	0	0	0
	Temporary, full time	2	3	1	3	1	0	0	0	0	0
	Temporary, part time	0	1	0	0	0	1	0	0	0	0
Germany	Permanent, full time	869	837	251	232	460	439	0	0	158	166
	Permanent, part time	70	56	57	51	12	4	0	0	1	1
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0
	Temporary, full time	65	60	20	19	44	39	0	0	1	2
	Temporary, part time	5	5	3	2	2	3	0	0	0	0
Finland	Permanent, full time	227	214	93	93	134	121	0	0	0	0
	Permanent, part time	2	6	2	3	0	3	0	0	0	0
	Line consultants, full time	2	3	1	1	1	2	0	0	0	0
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0
	Temporary, full time	7	20	4	10	3	10	0	0	0	0
	Temporary, part time	0	1	0	1		0	0	0	0	0
Denmark	Permanent, full time	41	55	13	20	28	35	0	0	0	0
	Permanent, part time	1	1	1	1	0	0	0	0	0	0
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0
	Temporary, full time	2	2	0	0	2	2	0	0	0	0
	Temporary, part time	0	0	0	0	0	0	0	0	0	0

Additional disclosures regarding number of employees

All disclosures on the number of employees are compiled using information directly from Bonava's Group-wide HR system; no assumptions are made. We use the same definitions for all business units so as to ensure uniformity. Information in the Sustainability

Report regarding employees is based on numbers and does not include students and interns, whereas line consultants (external consultants who fill an established role in Bonava's line organisation) and apprentices are reported. This definition of employee thus differs somewhat from the data reported in Note 4, where line con-

sultants and apprentices are not reported and the information is based on full-time equivalents. To make the tables more easily comprehensible, only one comparison year is reported for employee-related metrics. See previous annual reports for more comparison years.

		Salaried employees						Skilled workers			
		Total		Women		Men		Women		Men	
	Occupational category	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Norway	Permanent, full time	81	68	32	25	49	43	0	0	0	0
	Permanent, part time	2	0	0	0	2	0	0	0	0	0
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0
	Temporary, full time	4	4	2	2	2	2	0	0	0	0
	Temporary, part time	2	1	1	1	1	0	0	0	0	0
St. Peters- burg	Permanent, full time	198	204	112	102	67	76	1	1	18	25
	Permanent, part time	1	1	0	0	1	1	0	0	0	0
	Line consultants, full time	16	9	12	8	4	1	0	0	0	0
	Line consultants, part time	20	13	13	6	7	7	0	0	0	0
	Temporary, full time	117	96	29	22	34	22	17	14	37	38
	Temporary, part time	1	1	0	1	1	0	0	0	0	0
Estonia, Latvia & Lithuania	Permanent, full time	246	154	74	54	125	97	5	0	42	3
	Permanent, part time	7	2	5	1	2	1	0	0	0	0
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0
	Temporary, full time	4	40	2	2	1	2	0	4	1	32
	Temporary, part time	0	2	0	0	0	2	0	0	0	0
Total	Permanent, full time	1,958	1,820	719	671	1,015	954	6	1	218	194
	Permanent, part time	93	73	72	60	20	12	0	0	1	1
	Line consultants, full time	42	31	23	16	19	15	0	0	0	0
	Line consultants, part time	26	20	17	10	9	10	0	0	0	0
	Temporary, full time	201	225	58	58	87	77	17	18	39	72
	Temporary, part time	8	11	4	5	4	6	0	0	0	0



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S12 Employees, cont.

Hours worked for contractors under Bonava's site management come from systems for recording workplace attendance for all countries except Germany, where the hours are compiled from invoices. Hours worked for own employees are based on information from the salary management systems, and in 2021 it turned out that the definitions varied somewhat among countries. Holiday was included for some of the countries. The definition has been clarified and as of 2021, actual hours worked are included in the reported figures. This adjustment means that the number of hours for own employees is lower than in previous years, which in turn affects all the frequency indicators.

Millions of hours worked

	Contractors under Bonava's site management		Own employees	
	2021	2020	2021	2020
Germany	2.40	2.40	1.75	2.00
Sweden	0.43	0.33	0.50	0.49
Finland	0.49	0.54	0.37	0.50
Denmark	0.27	0.55	0.11	0.23
Norway	0.42		0.14	
St. Petersburg	0.64	0.94	0.55	0.56
Baltics	0.80	0.72	0.31	0.49
Total	5.45	5.48	3.73	4.28

New employee hires and employee turnover, summary¹

	Number in 2021	Share of entire staff, %	Number in 2020	Share of entire staff, %
New employees	350	15.0	230	10.6
Terminations	279	11.0	313	14.4

¹ Does not include fixed-term employment (line consultants and temporary employment).

Comments on the results

In 2021, the employment of 350 employees was terminated and 279 new employees started at Bonava. For Bonava, healthy staff turnover should be around 10 per cent. The somewhat higher turnover during the year is attributable in part to reorganisations owing to the revised strategy. The ambition is for employee turnover to level off over time after the transition to new working methods is complete. 279 new employees from all markets participated in Bonava's Global Onboarding Days, which were held digitally throughout 2021.

New employee hires and employee turnover, by age group and gender¹

		<30 years						30–50 years				>50 years			
		Total		Women		Men		Women		Men		Women		Men	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sweden	New employees	62	26	6	6	1	1	19	6	27	9	3	2	6	2
	Terminations	50	40	0	2	1	0	21	15	23	13	1	6	4	4
Germany	New employees	82	71	19	9	11	1	10	14	26	33	5	5	11	9
	Terminations	71	78	8	2	7	3	12	16	20	34	2	2	22	21
Finland	New employees	48	26	2	3	8	1	10	6	21	9	1	2	6	5
	Terminations	49	95	1	7	5	9	16	27	16	38	5	6	6	8
Denmark	New employees	10	4	1	0	1	0	1	0	6	2	1	0	0	2
	Terminations	25	24	2	0	1	1	5	3	12	10	2	2	3	8
Norway	New employees	23	29	1	2	2	2	9	11	9	13	1	0	1	1
	Terminations	9	7	0	0	0	0	4	3	4	3	1	0	0	1
St. Petersburg	New employees	24	24	5	9	3	1	12	13	4	1	0	0	0	0
	Terminations	40	32	6	4	2	5	11	10	18	10	1	1	2	2
Estonia, Latvia & Lithuania	New employees	101	50	12	6	21	11	26	10	39	19	0	1	3	3
	Terminations	35	37	1	6	6	3	7	4	20	16	0	0	1	8

¹ Does not include fixed-term employment (line consultants and temporary employment).



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S13 Diversity

Diversity on the Board of Directors and Executive Management Group, and among employees

	<30 years				30-50 years				>50 years			
	Women		Men		Women		Men		Women		Men	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Board of Directors	0	0	0	0	0	1	0	0	3	2	3	4
Executive Management Group	0	0	0	0	1	2	3	3	1	2	4	3
Salaried employees	163	140	167	137	535	516	678	658	153	138	274	254
Skilled workers	2	0	15	17	7	6	116	128	14	13	127	122
Line consultants	24	10	13	10	12	13	10	11	4	3	5	4

Comments on the results

The skilled employees category still stands out as negatively uneven, with few women employees. This will take a long time to change, due in part to the industry structure in the geographical markets where Bonava has employed skilled workers. In order of size, these markets are: Germany, St. Petersburg, the Baltics and Finland. In Germany, where most of Bonava's skilled workers are employed, there are few skilled women workers to hire. St. Petersburg, on the other hand, is home to a full 18 of the 23 skilled women workers who worked for Bonava in 2021. Diversity as regards ethnic origin, sexual orientation, disability or religion cannot and should not be monitored with data from the employee database.

S14 Employees covered by collective agreements

Proportion of employees covered by collective agreements, %	2021	2020
Sweden	100	99
Germany	95	97
Finland	54	58
Denmark	0	0
Norway	0	0
St. Petersburg	0	0
Estonia, Latvia & Lithuania	0	0

S15 Compliance

Reported deviations	2021		2020		2019	
	Number	Comment consequence	Number	Comment consequence	Number	Comment consequence
Bonava SpeakUp	3		5		7	
Other channels	7		7		8	
Total no. of reports	10		12		15	
Of which, significant deviations:	4	Four employees terminated	4	Three employees terminated, one formal written warning	5	Four employees terminated, one formal written warning
Of which, deemed groundless or not significant enough for formal consequences following investigation:	6		8		10	
Legal action against competition-restricting practices or significant sanctions for breaches of current laws and regulations	0		0		0	

Comments on compliance

The deviations reported during the year that after investigation proved to be serious violations of the Code of Conduct concerned a case of harassment of one employee by another, a case of victimisation of an employee by a manager, and two cases of violations of the company's regulations for purchasing and use of company cards. Employment was terminated in all cases. None of the deviations identified concerned suspicions of corruption. 33 environmental incidents were reported through Bonava's Group-wide system support for risk management and reporting of incidents concerning the environment, health and safety in the operations. All reports consisted of minor deviations from routines or accidents without lasting damage to the environment that resulted in corrections and communication measures.

Additional disclosures

Since Bonava's basic training for compliance with the Code of Conduct – including guidelines for anti-corruption – are mandatory for all employees, the proportion of employees with anti-corruption training by employee category or geographic region is not reported. At the end of 2021, 96 per cent of all employees had undergone the training. New employees who have not yet undergone training will be reminded both by the system and their managers.



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S16 Tax

Bonava's mandatory routines for tax management ensure that we:

- Comply with applicable tax legislation in all countries where we operate
- Conducts ourselves in accordance with the OECD's transfer pricing guidelines
- Maintain transparent relationships with tax agencies in all countries where we operate
- Do not avoid taxation through artificial and aggressive tax schemes

Our business units report to and consult with the Group's Head of Taxation Issues. Checks to ensure that no tax risks or inaccuracies arise in any business unit are integrated into our process and the risk management system, which is led by Bonava's Head of Risk and Compliance. The efficiency of tax-related checks is evaluated by Bonava's Risk Committee together with the Head of Taxation Issues.

Approach to, governance and organisation of tax

Bonava's commitment to sustainable tax management (see above) is reflected in its mandatory tax procedures, which are established by the CEO. These procedures are revised on a regular basis and apply to all of the Group's business units. Bonava's Head of Taxation Issues is responsible for these procedures and has overall responsibility for Bonava's tax strategy, assessment of tax-related risks and internal pricing. Our business units are responsible for managing ongoing tax-related issues and risks, including collaboration with local tax authorities. Specific inquiries from other external stakeholders – the media, for example – are managed with support from the Head of Taxation Issues. The business units escalate to the Group's Head of Taxation Issues in situations with increased tax-related risks. If there are suspicions that Bonava's commitments to sustainable tax management are not being complied with, this is taken up directly with the Head of Taxation Issues or alternately reported anonymously through Bonava's SpeakUp whistle-blower system for further investigation.

Prior to the GRI tax standards, Bonava launched an overview of total taxes – both its own and collected – broken down by market to show how Bonava contributes to these countries' tax revenue. Refer to the table below. Since 2020 we have been using GRI indicator 207 for tax (2019), and we are therefore supplementing this report with information from country-by-country reporting in accordance with OECD guidelines. Bonava compiles a report of this type every year for the Swedish Tax Agency, and the country-by-country table below provides information from the latest published report (i.e., pertaining to the 2020 financial year), whereas other taxes and fees are recognised as paid and collected during 2021.

Bonava's country-by-country reporting, and total tax contribution (SEK M)

Tax domicile	Germany			Sweden			Finland		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Time period for information									
No. of companies in the Bonava Group	11	7	6	101	95	108	1	1	2
External revenue ¹⁾	N/I	7,680	6,401	N/I	3,501	3,929	N/I	2,759	2,549
Internal revenue ¹⁾	N/I	4,323	2,961	N/I	302	274	N/I	13	12
Profit before tax ¹⁾	N/I	722	587	N/I	545	1,264	N/I	88	-264
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	9,648	8,372	N/I	2,773	2,705	N/I	1,887	2,776
Income tax paid ¹⁾	N/I	97	241	N/I	99	1	N/I	0	-6
Accrued income tax for the year ¹⁾	N/I	154	101	N/I	4	21	N/I	0	0
Other own and collected taxes:									
Property tax, paid	4	5	5	5	6	7	7	8	6
Transfer tax, paid	63	62	91	15	14	30	5	7	1
Social security contributions, paid ²⁾	139	138	99	98	88	86	3	3	2
Other taxes, paid	1	0	1	0	0	0	0	0	0
VAT, collected	-17	-10	-9	412	384	447	167	248	297
Employee withholding taxes, collected	124	132	112	103	89	91	51	57	59
Tax domicile	Denmark			Norway			St. Petersburg		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Time period for information									
No. of companies in the Bonava Group	4	5	5	22	18	12	3	3	3
External revenue ¹⁾	N/I	927	786	N/I	865	982	N/I	963	940
Internal revenue ¹⁾	N/I	3	7	N/I	17	6	N/I	105	6
Profit before tax ¹⁾	N/I	-27	-26	N/I	19	235	N/I	213	174
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	17	1,319	N/I	1,455	850	N/I	1,317	1,873
Income tax paid ¹⁾	N/I	0	-1	N/I	21	4	N/I	13	46
Accrued income tax for the year ¹⁾	N/I	-6	10	N/I	5	21	N/I	42	33
Other own and collected taxes:									
Property tax, paid	1	4	8	2	1	0	3	3	2
Transfer tax, paid	0	1	0	0	0	0	0	0	0
Social security contributions, paid ²⁾	1	0	0	11	6	4	14	16	16
Other taxes, paid	0	0	0	0	0	0	0	4	0
VAT, collected	-35	71	110	12	13	8	0	10	5
Employee withholding taxes, collected	28	28	34	23	14	9	8	8	9

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2021 will be reported by 31 December 2022 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

N/A = Not Applicable. N/I = No Information.



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S16 Tax, cont.

Bonava's country-by-country reporting, and total tax contribution (SEK M)

Tax domicile Time period for information	Estonia			Latvia			Lithuania		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
No. of companies in the Bonava Group	2	2	2	1	1	1	1	1	1
External revenue ¹⁾	N/I	238	139	N/I	323	310	N/I	0	0
Internal revenue ¹⁾	N/I	4	3	N/I	6	6	N/I	0	0
Profit before tax ¹⁾	N/I	14	2	N/I	42	36	N/I	-3	-2
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	331	302	N/I	324	277	N/I	22	0
Income tax paid ¹⁾	N/I	0	0	N/I	0	0	N/I	0	0
Accrued income tax for the year ¹⁾	N/I	0	0	N/I	0	0	N/I	0	0
Other own and collected taxes:									
Property tax, paid	0	0	0	2	2	2	0	0	N/I
Transfer tax, paid		0	0	1	0	3	0	0	N/I
Social security contributions, paid ²⁾	9	8	6	9	8	7	0	0	N/I
Other taxes, paid	0	0	0	2	3	1	0	0	N/I
VAT, collected	6	7	-2	70	32	59	0	0	N/I
Employee withholding taxes, collected	6	6	4	12	10	10	3	0	N/I

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2021 will be reported by 31 December 2022 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

N/I = No Information

Comments on the results

We disclose the annual country-by-country account of income tax that is reported to the Swedish Tax Agency. The information for 2021 will therefore not be available until the country-by-country account has been submitted to the Tax Agency at the end of 2022. The difference between income tax reported and what the tax would have been if only local tax rates had been applied consists of non-deductible expenses, non-taxable revenues and the tax effect resulting from non-capitalised tax loss carry-forwards.

Other taxes paid for 2021 comprise infrastructure fees in Latvia.

Finland: A tax audit during the preceding year led to an adjustment of VAT payments for previous years in 2020.

Denmark: Operations wound down, only one project sold, which means that incoming VAT is greater and the amount will be negative.

St. Petersburg: The formation of Special Developer Bonava with only costs so far led to outgoing VAT in Bonava St. Petersburg being offset by incoming VAT in Special Developer.

Latvia: higher sales meant that VAT payments increased (especially sales in December 2020, for which VAT was paid in January 2021)

Additional disclosures on tax

Since it is not a requirement that the financial report presents the names of all business units included, we do not do so here in the GRI report for ease of reading. The information applies to all the business units in the Bonava Group, and the number of companies is indicated in the table above.

S17 Responsible supply chain management

Comments on the results

Bonava's routines for supplier reviews and the inclusion of Bonava's supplier requirements in all contracts is working well, as is follow-up after delivery. Going forward, there will be increased focus on in-depth reviews of specific risks and follow-up during deliveries, for example as regards the risk of forced labour. We are of the opinion that the risk of forced labour is greatest in the markets where temporary immigrant labour is frequently used. This kind of labour exists in all our markets. Apart from imposing and following up on Bonava's supplier requirements, the most important way of reducing the risk of forced labour is increasing the capacity to control who is permitted entry into Bonava's work sites.

New contracts signed during the year, with approved Bonava supplier requirement review

	2021		2020		2019	
	Number of reviews	Share of total value, new contracts, %	Number of reviews	Share of total value, new contracts, %	Number of reviews	Share of total value, new contracts, %
Nordics ¹⁾	396	100	786	97	751	92
Germany	833	100	1,381	100	1,300	100
St. Petersburg and the Baltic region	125	100	691	96	473	100

¹⁾ Sweden, Finland, Denmark and Norway.



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S18 Transparency

In addition to our statutory Sustainability Report, Bonava aims to annually report its progress under the GRI Standards: Core option and the UN Global Compact. Bonava also reports in accordance with the OECD Guidelines for Multinational Enterprises and CDP. Read about Happy Index, Bonava's internal indicator for happy neighbourhoods, on page 21.

By using the systematic methods described in the principles of the GRI Standards, Bonava works continuously with follow-up and transparency in its reporting. To further ensure quality in its reporting, Bonava has its Annual Report and Sustainability Report externally audited in accordance with the ISAE 3000 and RevR12 standards.

Additional disclosures, Bonava indicator

The indicator is intended to provide an account of Bonava's presentation of its Sustainability Report. The definition for the indicator comprises current legal requirements for sustainability reporting, the GRI Standards for the relevant indicators and reporting requirements for the UN Global Compact.

Transparency	2021	2020
Prepared	yes	yes
Assured by external sustainability auditor	yes	yes

S19 SDG mapping against Bonava's targets

Bonava's purpose: Happy neighbourhoods for the many

Strategic objectives:	Global SDGs that Bonava contributes most to	Relevant targets for the main goal	Other facilitating and/or overlapping targets
Profit	8, 11, 13	8.2, 8.4, 8.5, 8.6, 8.7, 8.8, 11.1, 11.3, 11.6, 11.7, 13.1, 13.2, 13.3	3.9, 4.4, 4.7, 5.1, 5.5, 6.4, 6.6, 7.2, 7.3, 9.5, 10.2, 12.2, 12.4, 12.5, 12.8, 14.1, 15.5, 16.5 16.7, 17.1, 17.16, 17.17, 17.19
Growth			
Healthy and safe workplace			
Employee engagement			
Customer satisfaction			
Combat climate change			

Above is a summary of how Bonava promotes the UN Sustainable Development Goals. For more information, read the Sustainability Report in its entirety. The overall sustainability goals are validated in the work on a revised strategy for Bonava as a Group. Specification of governance and validation of other targets are in progress.

Relevant targets for the main goals:		How Bonava contributes:
Decent work and economic growth	8.2	Promote economic productivity through diversification, technological innovation and upgrades
	8.4	Improve resource efficiency in consumption and production
	8.5	Employment and decent work, and equal pay for all women and men
	8.6	Promote employment, education or training for youth
	8.7	Eradicate modern slavery, human trafficking and child labour
Sustainable cities and communities	8.8	Protect labour rights and promote safe and secure working environments for all workers
	11.1	Ensure affordable housing
	11.3	Enhance inclusive and sustainable urbanisation
	11.6	Reduce the environmental impact of cities
Combat climate change	11.7	Provide access to safe and inclusive green and public spaces
	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
	13.2	Integrate climate change measures into national policies, strategies and planning
	13.3	Improve education, awareness and capacity on climate change mitigation and adaptation



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S19 SDG mapping against Bonava's strategic targets, cont.

Other facilitating and/or overlapping relevant targets

Good health and well-being	3.9	Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
Quality education	4.4	Increase the number of individuals with relevant skills for employment and decent jobs
	4.7	Education that ensures that all learners acquire the knowledge and skills needed to promote sustainable development
Gender equality	5.1	Eradicate discrimination against women and girls
	5.5	Ensure women's full participation and equal opportunities for leadership and decision-making
Clean water and sanitation	6.4	Increase water-use efficiency and safe water supply
	6.6	Protect and restore water-related ecosystems
Affordable and clean energy	7.2	Increase the share of renewable energy
	7.3	Double the increase in energy efficiency
Industry, innovation and infrastructure	9.5	Enhance scientific research and upgrade the technological capabilities of industrial sectors
Reduce inequality	10.2	Promote social, economic and political inclusion
	12.2	Sustainable management and use of natural resources
Responsible consumption and production	12.4	Sound management of chemicals and wastes
	12.5	Reduce waste generation through prevention, reduction, recycling and reuse
	12.8	Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles
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S20 Contact

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Auditor's Limited Assurance Report on the Sustainability Report and Statement on the Statutory Sustainability Report

To the annual meeting of the shareholders of Bonava AB (publ), Corp. Id 556928-0380

Introduction

We have been engaged by the Board of Directors of Bonava AB (publ) to undertake a limited assurance engagement of Bonava's Sustainability Report for the year 2021 according to note S1, which is listed on page 127 in this document, also where the pages for the company's Statutory Sustainability Report appear.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Sustainability Report, including the Statutory Sustainability Report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are defined on page 42, and consist of relevant parts of the GRI Standards, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed, and to provide a statement on the Statutory Sustainability Report.

We conducted our limited assurance engagement in accordance with ISAE3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, applying analytical and other limited assurance procedures. We have conducted our examination regarding the Statutory Sustainability Report in accordance with RevR 12, Auditor's Opinion on the Statutory Sustainability Report, issued by FAR. A limited assurance engagement and a review according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Bonava according to generally accepted auditing standards in Sweden, and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and review according to RevR 12 do not allow us to obtain such

assurance that we become aware of all significant matters that could have been identified if an audit was performed. The stated conclusion based on a limited assurance and review in accordance with RevR 12, therefore, does not have the level of assurance that a stated conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Managing Director as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not, in all material respects, prepared in accordance with the criteria defined by the Board of Directors and the Managing Director.

A Statutory Sustainability Report has been prepared.

Stockholm, March 11, 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public
Accountant

Isabelle Hammarström
Sustainability Expert,
Member of FAR



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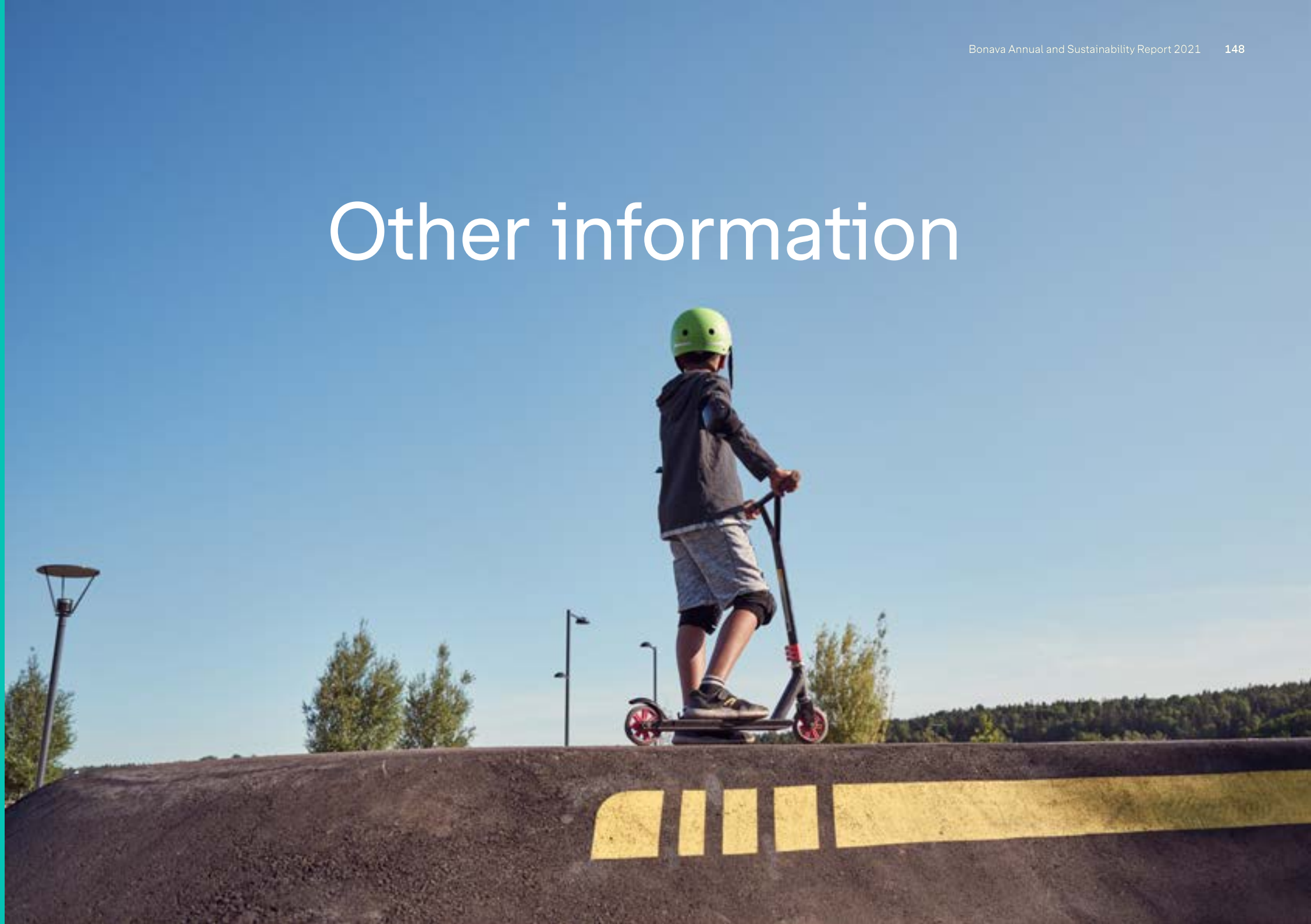
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Capital structure and financing

Residential development is a capital-intensive business, and in Bonava's balance sheet there are assets in the form of land and ongoing housing projects that require financing. In several of Bonava's markets, most payments are not received until the homes are delivered to customers. This imposes requirements on how we manage the Group's liquidity, financing and financial risks. Bonava's operations are financed in local currency with internal loans from Bonava's Treasury Department. Bonava's main source of liquidity is cash flow from operating activities and borrowing from external creditors.

The Group's financial risks are regulated by a Finance Policy and are managed centrally, largely by utilising different financial instruments. More information about financial risk management can be found in Note 23 for the Group.

GREEN FINANCING

Bonava has a green financing framework since 2020, which is a further building block in Bonava's ambitious sustainability agenda. Through the framework, Bonava can issue bonds and raise loans using the proceeds to fund sustainable hous-

ing development with the aim of promoting positive environmental effects. Initially, the green assets comprise land and projects in Sweden, Denmark and Norway to be certified under the Nordic Swan Ecolabel.

As part of the green framework, it is also possible, for example, to include assets with a certain energy classification. More information concerning the green financing framework can be found on Bonava.com and in the in-depth sustainability information on page 112.

LONG-TERM DEBT FINANCING

Bonava has a revolving credit facility (RCF) with a limit of SEK 3 Bn with Danske bank, Handelsbanken, Nordea, OP Bank, SEB and Swedbank, all of which participate with equal shares. The facility has a maturity in December 2023. The facility primarily acts as a back-up facility for Bonava's commercial paper programme.

Bonava also has loan agreements with AB Svensk Exportkredit (SEK) regarding four fixed-term loans totalling EUR 100 M, with maturities in 2022, 2025, 2026 and 2027.

The loans have no collateral, bear interest at a floating rate, and the terms and conditions include covenants linked to the equity/assets ratio and interest coverage ratio.

In December 2021, a bilateral loan of EUR 60 Bn was repaid on the due date.

CORPORATE BONDS

In 2021, Bonava conducted an additional issue of SEK 200 M of green corporate bonds under the same bond agreement signed in 2020 when Bonava's first issue of SEK 1 Bn was carried out. The bonds are listed on the Nasdaq Sustainable Bond List and initially fund projects under the Nordic Swan Ecolabel.

COMMERCIAL PAPER

Bonava has a Swedish commercial paper programme of SEK 3 Bn since 2017. The programme is registered with Euroclear and can be utilised in either SEK or EUR. The issuing agents are Danske Bank, SEB, Svenska Handelsbanken and Swedbank.

In 2019, a commercial paper programme of EUR 250 M was implemented in Finland for the purpose of diversifying the Group's financing sources to include an additional capital market.

The RCF described above also functions as a back-up facility for commercial paper outstanding under both programmes, in the event that the market for commercial paper is unavailable when borrowing is needed.

More information can be found in the "Commercial paper" information brochure and in the presentation for investors in commercial paper at bonava.com.

WORKING CAPITAL FINANCING

Bonava has credit limits with banks in the form of confirmed 364-day overdraft facilities, short-term loans, and a possibility to raise money market loans, wherein the banks are not obliged to grant credit.

Financing as of 31 December 2021

Loan type	Currency	Limit	Maturity date	Interest base	Utilised amount	Unutilised amount
Overdraft facilities	SEK M	626	<364 days	Floating	0	626
Commercial paper, Sweden	SEK M	3,000	<1 year	Floating	0	3,000
Commercial paper, Finland	EUR M	250	<1 year	Floating	0	250
Revolving credit facility (RCF)	SEK M	3,000	12 Dec 2023	Floating	0	3,000
Loan	EUR M	30	9 Jun 2022	Floating	30	0
Loan	NOK M	500	30 Sep 2022	Floating	500	0
Corporate bonds	SEK M	2,000	11 Mar 2024	Floating	1,200	0
Loan	EUR M	20	20 Feb 2025	Floating	20	0
Loan	EUR M	30	9 Jun 2026	Floating	30	0
Loan	EUR M	20	20 Feb 2027	Floating	20	0

The table 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 SEK 2.1 Bn, with maturities corresponding to the length of the respective projects.



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PROJECT-SPECIFIC FINANCING FOR TENANT-OWNER ASSOCIATIONS AND HOUSING COMPANIES

In Sweden and Finland, Bonava sells housing units in the form of tenant-owner associations and housing companies respectively, which are established when the housing projects start. The funding of these projects during the construction period is partly from Bonava AB and partly in the form of project financing from banks, wherein the loans are paid out in pace with construction. The tenant-owner associations or housing companies act as borrowers. These loans are consolidated in Bonava's consolidated balance sheet, since Bonava considers itself to have controlling influence over tenant-owner associations and housing companies during the production period. Accordingly, this causes Bonava's net indebtedness to increase.

PROJECT-SPECIFIC FINANCING IN ST. PETERSBURG

Subsequent to new Russian legislation, which aims to protect the interest of consumers, it is necessary for Bonava's relationship with the bank to be approved by the Russian

Central bank. The house buyers make advance payments to personal, blocked accounts, enabling Bonava to finance the specific project in the same bank at an advantageous lending rate. In 2021, the first loans were raised under the agreed financing facilities from Austrian Raiffeisen Bank locally in St. Petersburg to fund a handful of projects.

GUARANTEES

Bonava's customers receive security for the completion of their home, and pay advances at various points of the process and to varying degrees depending on the market. Advance payments provide an advantage because some of the construction can be financed with these cash flows. Regulations for consumer contracts vary depending on country. Apart from collateral requirements for advance payments, some markets also require collateral for completion, wherein guarantees may be issued by banks or credit insurers which creates high demand for credit limits for this purpose. Collateral can also take the form of guarantees issued by a Group company.

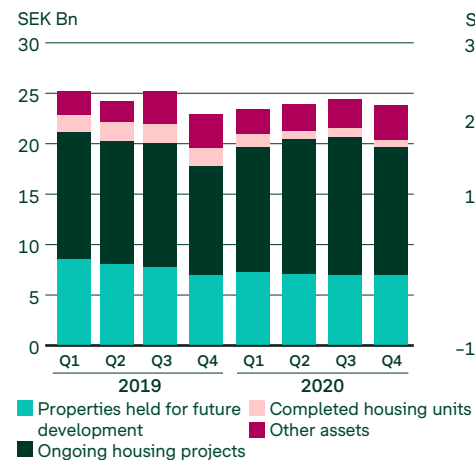
Specification of net debt

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

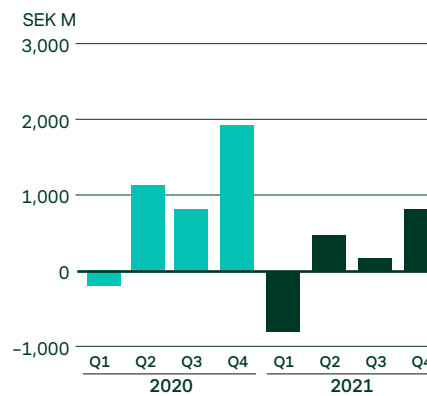
¹⁾ Of which green loans SEK 1,811 M (1,316). The green asset base consisted of assets in Sweden, Denmark and Norway that are or will be Nordic Swan Ecolabelled.

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

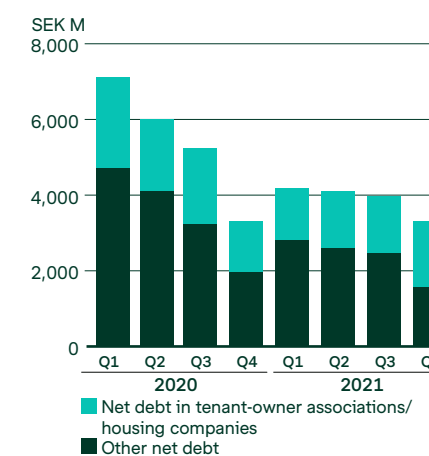
Allocation of assets in the balance sheet



Cash flow before financing



Net debt



Seasonal variations affect net debt

Bonava's operations exhibit significant seasonal variations, which is also reflected in its net debt. In the first three quarters of the year, borrowing usually increases as many projects are started and there are many housing units in production. In the fourth quarter, many housing units are handed over to customers, generating substantial cash flows which are used to reduce debt accumulated over the year.

The diagrams on the left illustrate how assets, cash flow and net debt progress between quarters, and the proportion of borrowing comprising financing of tenant-owner associations and housing companies.



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The Bonava share has been listed on Nasdaq Stockholm since 9 June 2016. Since January 2021, the share is included in the Mid Cap segment. Bonava has two share classes, Class A and Class B, which both trade on Nasdaq Stockholm. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on 31 December 2021, divided among 108,435,822 shares and 210,180,660 votes. Bonava had 11,304,982 Class A shares and 97,130,840 Class B shares. Read more about the share capital performance at www.bonava.com/en/investor-relations/share.

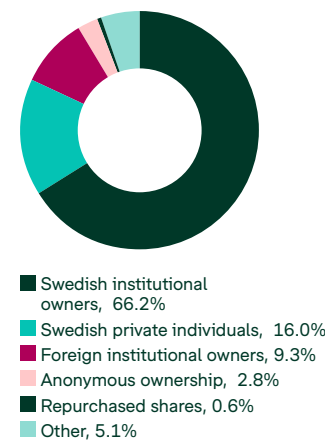
OWNERS AND OWNERSHIP STRUCTURE

Bonava had 30,737 shareholders at the end of the year. The largest shareholder, Nordstjernan AB, controlled 49.0 per cent of the votes and 24.5 per cent of the capital. No other shareholder, directly or indirectly, holds more than 10 per cent of the shares in Bonava (votes or capital). At the end of the year, Swedish institutions and companies owned 54.0 per cent of the capital and 66.2 per cent of the votes. Foreign ownership amounted to 22.8 per cent.

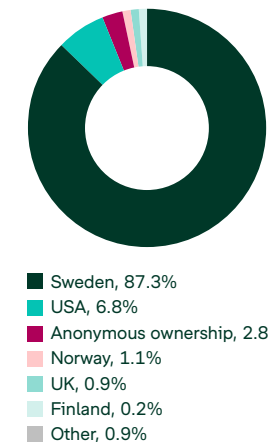
Largest owner as of 31 December 2021

Largest shareholders	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Nordstjernan	8,500,000	18,077,265	24.5	49.0
The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	131,462	8,282,140	7.8	4.6
Swedbank Robur Fonder	0	6,425,556	5.9	3.1
Didner & Gerge Fonder	0	3,764,326	3.5	1.8
Vanguard	93,688	2,581,713	2.5	1.7
Dimensional Fund Advisors	4,050	2,326,921	2.1	1.1
Unionen	0	2,200,000	2.0	1.0
Norges Bank	4,239	1,968,849	1.8	1.0
JP Morgan Asset Management	0	1,944,261	1.8	0.9
Nordea Liv & Pension	0	1,791,055	1.7	0.9
Subtotal, ten largest shareholders	8,733,439	49,362,086	53.6	65.0
Other	2,571,543	47,768,754	46.4	35.0
Total number of shares	11,304,982	97,130,840	100.0	100.0

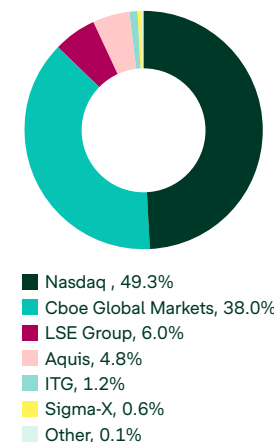
Ownership categories



Ownership by country



Market share (trading)



Breakdown of owner size as of 31 December 2021

Size range	Owner, number	Owner, %	No. of shares	Capital, %	Votes, %
1-500	24,071	78.3	3,535,158	3.3	3.8
501-1,000	3,322	10.8	2,717,611	2.5	2.5
1,001-10,000	3,031	9.9	8,328,569	7.7	6.8
10,001-1,000,000	296	1.0	21,479,633	19.8	14.8
1,000,001-5,000,000	14	0.0	25,688,157	23.7	12.7
5,000,001-	3	0.0	41,416,423	38.2	56.7
Anonymous ownership			5,270,271	4.9	2.8
Total	30,737	100.0	108,435,822	100.0	100.0



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PROGRESS DURING THE YEAR

During the year, Bonava's Class B share rose 1.62 per cent compared to OMXSPI, which increased 33.77 per cent in the same period. The closing price on 30 December 2021 was SEK 77.80 per Class A share and SEK 78.25 per Class B share, corresponding to a market capitalisation of SEK 8.5 Bn.

SHARE TURNOVER AND TRADING

The average daily turnover for the Class B share for the year was 60,352,069 shares. Bonava's Class B shares were traded on multiple marketplaces, of which Nasdaq Stockholm represented 49.29 per cent of turnover.

Average daily turnover (no. of shares)	2021
Class A shares	1,817
Class B shares	663,184
Trading in Class B shares	2021
Share turnover, million	165.1
Value of share turnover, as of 31 December	SEK 15.0 Bn
Average daily turnover	SEK 60.4 M

DIVIDEND AND DIVIDEND POLICY

Bonava's dividend policy is to distribute a minimum of 40 per cent of profit after tax for the year over a business cycle. For the 2021 financial year, the Board of Directors proposes a dividend of SEK 3.50 per share (3.25 and an extraordinary dividend of SEK 2.00 per share) paid in two disbursements. The record date for the right to receive the first dividend of SEK 1.75 per share is proposed to be

5 April 2022. The record date for the right to receive the second dividend of SEK 1.75 per share is proposed to be 3 October 2022. On condition that the AGM approves the dividend proposal, payment will be made on 8 April 2022 and 6 October 2022, respectively.

REPURCHASE OF TREASURY SHARES

The 2021 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2021 incentive programme. The company has not exercised this right in 2021. As of 31 December 2021, there were 1,245,355 Class B shares in treasury.

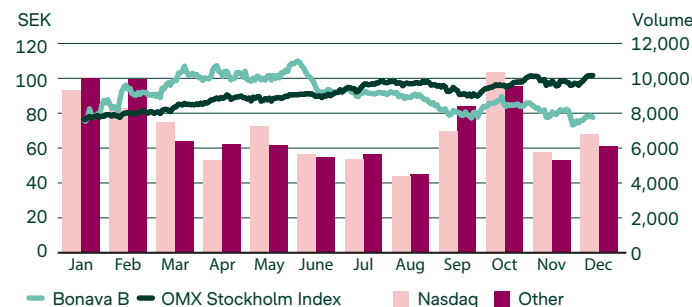
CONVERSION OF SHARES

Under Bonava's Articles of Association, owners of Class A shares are entitled to conversion to Class B shares. In 2021, a total of 101,114 Class A shares were converted to 101,114 Class B shares.

LTIP 2021

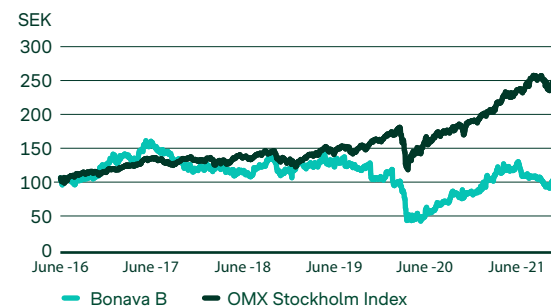
At the beginning of 2021, Bonava had three active long-term share-based incentive programmes, covering at total of approximately 50 people. During the year, one long-term share-based incentive programme was concluded. The Annual General Meeting on 31 March 2021 authorised the introduction of an additional share-based incentive programme consisting of the Executive Management Group and certain key executives, a total of some 50 individuals. For more information, refer to Note 4 for the Group.

Bonava B share price and trading volume, 2021



Source pages 151–152: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Bonava B share price trend 2016–2021



Per share data as of 31 December	2021	2020
Share price, Class A, SEK	77.80	79.00
Share price, Class B, SEK	78.25	78.70
High, Class B, SEK	111.8	106.20
Low, Class B, SEK	73.25	34.82
Share price performance, %	1.62	-20.9
Shareholders' equity per share, SEK	77.60	73.87
Dividend, SEK	3.50 ¹⁾	5.25
Total return, %	-12.55	-20.9
Dividend yield, %	4.50 ²⁾	6.70
Earnings per share ³⁾ , SEK	7.54	6.82
Cash flow per share, SEK	6.71	35.30
P/E ratio	10.3	11.5
No. of shares	108,435,822	108,435,822
No. of shareholders	30,737	31,089

¹⁾ Proposed by the Board.

²⁾ Based on proposed dividend.

³⁾ Before and after dilution.

Analysts who cover Bonava	Name
ABG Sundal Collier	Fredrik Stensved, Markus Henriksson
Carnegie Investment	Erik Granström, Fredrik Cyon
DNB Markets	Simen Mortensen
Handelsbanken Capital Markets	Johan Edberg, Oscar Lindquist
Nordea Markets	David Flemmich, Staffan Bülow
SEB Equities	Stefan Andersson
Kepler Cheuvreux	Jan Ihrfelt

QUICK FACTS

Marketplace:	Nasdaq Stockholm
Segment/sector:	Financials/Real estate
Share class:	Class A and Class B
No. of shares:	108,435,822
Market cap as of 31 Dec 2021:	SEK 8.5 Bn
ISIN code, Class B share:	SE0008091581
ISIN code, Class A share:	SE0008091573

TICKER SYMBOLS

Nasdaq:	BONAV B
Bloomberg:	BONAVA:SS
Reuters:	BONAVb.ST



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Five-year overview

SECTOR RELATED KEY PERFORMANCE INDICATORS

No. of unless otherwise stated	2021	2020	2019	2018	2017
Building rights	35,300	31,800	33,300	30,600	31,400
Of which, building rights off the balance sheet	16,900	12,300	14,000	15,300	14,600
Housing development for consumers					
Housing units sold	4,267	3,854	3,918	3,906	3,984
Sales value of housing units sold, SEK M	13,058	12,479	12,080	10,223	10,490
Housing units started	3,732	4,193	3,010	4,375	4,984
Housing units in ongoing production	6,563	6,218	6,179	7,259	6,844
Sales rate for housing units in ongoing production, %	59	53	59	52	54
Reservation rate for ongoing production, %	3	3	4	4	3
Completion rate for ongoing production, %	44	49	48	46	44
Completed housing units not recognised in profit	247	573	714	718	377
Housing units for sale (ongoing production and completed)	2,804	3,340	3,001	3,833	3,443
Housing units recognised in profit	3,712	4,295	4,170	3,539	4,294
Value of sold housing units, not yet recognised in profit, SEK M	14,548	12,558	13,807	13,761	13,523
Housing development for investors					
Housing units sold	1,028	1,714	1,244	2,103	1,718
Sales value of housing units sold, SEK M	2,870	4,373	2,397	4,696	2,918
Housing units started	1,223	1,517	1,441	2,103	1,718
Housing units in ongoing production	3,204	3,551	3,553	3,453	3,036
Sales rate for housing units in ongoing production, %	94	100	94	100	100
Completion rate for ongoing production, %	41	38	33	30	32
Housing units recognised in profit	1,566	1,519	1,341	1,686	1,170
Value of sold housing units, not yet recognised in profit, SEK M	7,157	7,861	7,298	7,103	5,215

FINANCIAL KEY PERFORMANCE INDICATORS

SEK M unless otherwise stated	2021	2020	2019	2018	2017
Return on capital employed, % ^{1) 2)}	9.6	7.9	8.1	12.8	16.6
Interest coverage ratio, multiple ²⁾	7.7	8.3	7.7	11.1	8.3
Equity/assets ratio, %	35.1	34.6	32.1	34.9	33.7
Interest-bearing liabilities/total assets, %	18.9	20.6	31.5	28.3	27.2
Net debt	3,313	3,311	6,873	5,542	4,165
Net debt, excl. tenant-owner associations and housing companies	1,561	1,971	3,635	577	-838
Debt/equity ratio, multiple	0.4	0.4	0.9	0.8	0.6
Capital employed at end of period	12,794	12,641	14,933	13,332	12,003
Capital employed, average	12,677	13,953	14,579	12,683	11,419
Capital turnover rate, multiple ²⁾	1.2	1.2	1.1	1.1	1.3
Share of risk-bearing capital, %	35.6	35.2	32.7	35.0	33.8
Average interest rate at end of period, % ³⁾	2.38	2.18	1.12	1.41	2.86
Average fixed-rate term, years ³⁾	0.2	0.1	0.1	0.2	0.2
Average interest rate at end of period, % ⁴⁾	1.65	1.50	1.23	1.30	1.40
Average fixed-rate term, years ⁴⁾	0.2	0.3	0.3	0.2	0.1
Per share data before and after dilution					
Profit after tax, SEK	7.54	6.82	5.71	11.74	12.99
Cash flow from operating activities, SEK	6.71	35.30	3.55	-5.84	0.79
Dividend, SEK ⁵⁾	3.50	5.25		5.20	5.20
Shareholders' equity, SEK	77.60	73.87	70.02	68.36	61.48
Average number of shares, million	107.2	107.4	107.6	107.6	107.9

¹⁾ Before items affecting comparability. For a description of items affecting comparability, refer to Notes 1 and 24.

²⁾ Calculations are made on the basis of a 12-month average.

³⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies and leases. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁴⁾ Pertains to loans in Swedish tenant-owner associations and Finnish housing companies. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁵⁾ Dividend 2021 refers to the Board's proposal to the AGM.



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Definitions

Bonava uses measurements including the following alternative key performance indicators: return on capital employed, net debt and equity/assets ratio. The Group considers that these key performance indicators provide complementary information to readers of its financial reports that contributes to assessing the Group's capacity to pay dividends, make strategic investments, meet its financial commitments and to evaluate its profitability. Calculations and more information about the alternative key performance indicators are available at bonava.com/en/investor-relations/financial-information. The Group defines the key performance indicators as shown below. The definitions are unchanged in relation to previous periods.

FINANCIAL KEY PERFORMANCE INDICATORS

Share of risk-bearing capital

Total shareholders' equity and deferred tax liabilities as a percentage of total assets.

Return on capital employed

Profit after financial items excluding items affecting comparability on a rolling 12-month basis following the reversal of interest expense as a percentage of average capital employed.

Total assets

Total assets or liabilities and shareholders' equity.

Dividend yield

The dividend as a percentage of the market price at year-end.

Average interest rate

Nominal interest rate weighted by interest-bearing liabilities outstanding on the balance sheet date.

Average fixed-rate term

The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

Average shareholders' equity

Average reported shareholders' equity as of the last five quarters

Average capital employed

Average capital employed as of the five last quarters

Items affecting comparability

Material one-off items in operating profit, the profit effect of which is important to note when the financial performance for the period is

compared with earlier periods. For further description, see Note 1 (Items affecting comparability section), page 72 and Note 24.

Capital turnover rate

Net sales on a rolling 12-month basis divided by average capital employed.

Production costs

Costs incurred for land, development expenses for architects and other contractor-related costs, utility-connection fees and building construction.

Net debt

Interest-bearing liabilities and provisions less interest-bearing assets including cash and cash equivalents.

Net sales

Net sales are recognised when the housing unit is delivered to the end customer. Property sales are recognised at the time when control is transferred to the buyer, which normally coincides with transfer of ownership. Net income is subject to the same definition.

Earnings per share

Net profit/loss for the period attributable to Bonava's shareholders divided by the weighted average number of shares in the year.

Operating margin

Operating profit as a percentage of net sales.

Interest coverage ratio

Profit/loss before tax plus financial expense divided by financial expense, calculated on a rolling 12-month basis.

Debt/equity ratio

Net debt divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity as a percentage of total assets.

Capital employed

Total assets less interest-free liabilities including deferred tax liabilities.

Total return

Total of the change in the share price during the year and paid dividends in relation to the share price at the beginning of the year.

SECTOR-RELATED DEFINITIONS

Housing units in production

Refers to the period from production start to completion of a building. A housing unit is considered complete on receipt of inspection documentation.

Building right

Estimated possibility of developing a site. With respect to housing units, a building right corresponds to an apartment or a semi-detached or detached house. Either ownership of a site or an option on ownership of the site is a prerequisite for being granted access to a building right.

Production start

The time when Bonava starts production of a building. At this time, capitalised expenditure for land and development expenses is transferred to ongoing housing projects.

Properties held for future development

Refers to Bonava's holdings of land and building rights for future residential development and capitalised property development costs.

Completed housing units

Refers to housing units for which inspection documents have been received, but the unit has not yet been sold, or units that have been sold but not handed over to the customer.

Completion rate

Recognised expenses in relation to the calculated total costs of ongoing housing projects.

Sales rate

Number of housing units sold in production in relation to the total number of housing units in production.

Number of housing units recognised in profit

Number of housing units sold that have been occupied by the purchaser. Once the purchaser has taken over occupancy, the purchase consideration is recognised as net sales, and expenses incurred for the housing unit are recognised as production costs.

Reservation rate

Number of reserved housing units in production in relation to the total number of housing units in production.

Housing units sold

Number of housing units for which binding sales agreements have been signed with the customer and production of the housing unit has started.



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2022 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Bonava AB (publ) will be held on 1 April 2022 in Stockholm, Sweden. Shareholders will also have the opportunity to exercise their voting rights at the AGM by voting in advance, through postal voting. All meeting documentation is available at bonava.com/en/annual-general-meeting-2022.

Participation

Shareholders wishing to participate in the AGM must:

- be included in the share register kept by Euroclear Sweden AB by no later than Thursday, 24 March 2022
- notify the company of their intention to participate by no later than 28 March 2022

Registration

Registration can be completed:

- on Bonava's website, bonava.com/en/annual-general-meeting-2022 (shareholders who are natural persons)
- by telephone at +46 (0)8 402 92 26 on weekdays between 9:00 a.m. and 4:00 p.m.
- by post at the following address: Bonava AB, c/o Euroclear Sweden AB Box 191 SE-101 23 Stockholm, Sweden

Nominee-registered holdings

Shareholders with nominee-registered holdings must, in addition to the notice of participation, temporarily re-register their shares in their own name at Euroclear Sweden AB well in advance of the record date on 24 March 2022.

Postal voting

Shareholders who wish to participate in the Annual General Meeting via postal voting must be included in the share register on Thursday, 24 March 2022, and provide notice of participation by casting their advanced vote no later than 28 March 2022 via a special form or electronically through verification using BankID. Both methods are handled via bonava.com/en/general-meeting/annual-general-meeting-2022.

Proposed dividend

The Board of Directors proposes a dividend of SEK 3.50 per share, paid in two disbursements.

DISTRIBUTION POLICY

A limited number of the Annual and Sustainability Report will be printed for shareholders who wish to receive a hard copy.

FINANCIAL CALENDAR

Interim Report Q1 Jan–Mar 2022	29 April 2022
Interim Report Q2 Jan–Jun 2022	21 July 2022
Interim Report Q3 Jan–Sep 2022	27 October 2022
Year-end Report Jan–Dec 2022	2 February 2023

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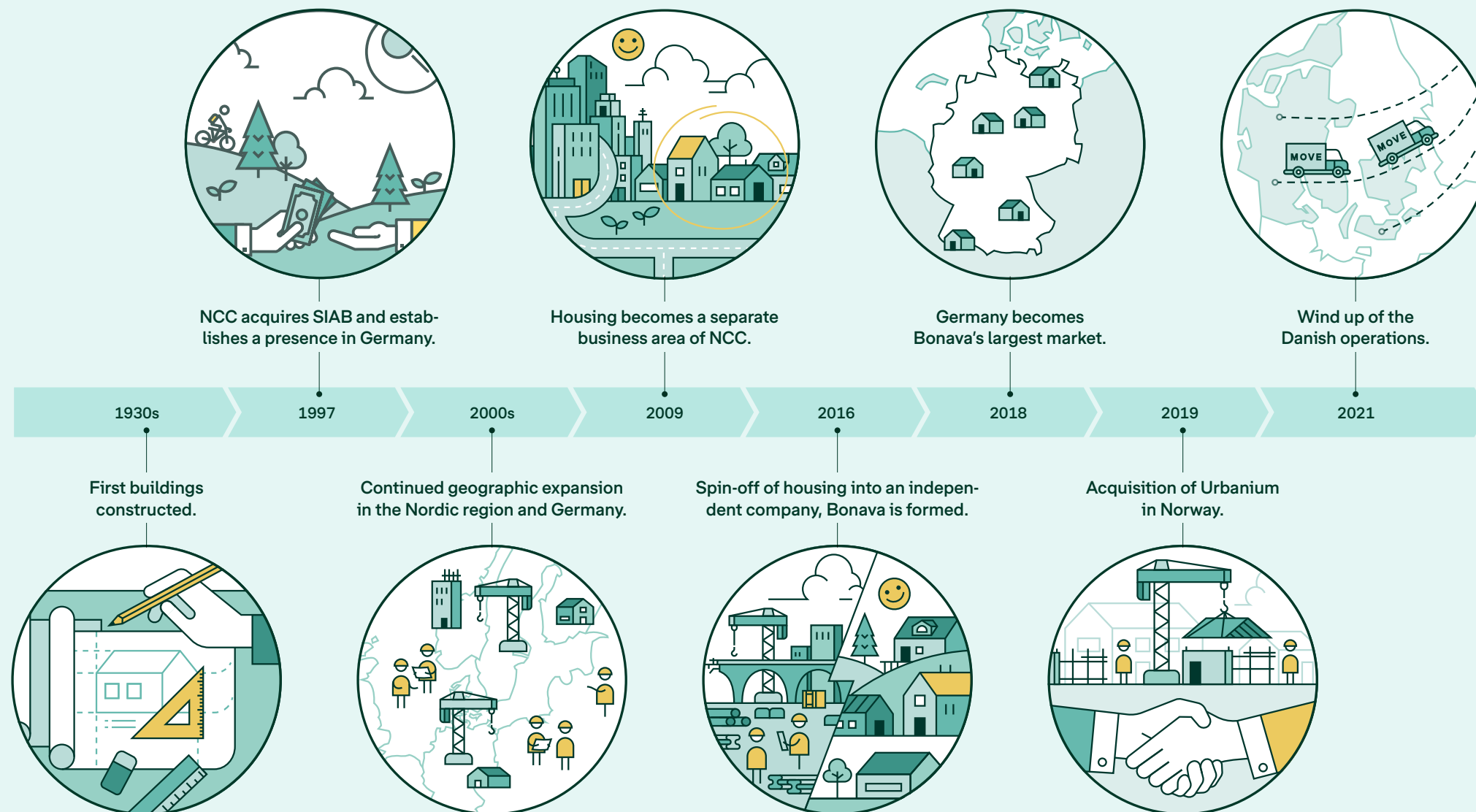
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We have a long history of creating homes and neighbourhoods



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Homes & Neighbourhoods