

# SELVAAG BOLIG

## Q3 2023

Third quarter results



## Highlights of the third quarter 2023

Selvaag Bolig delivered 74 units in the third quarter. Both revenue and earnings per share were lower than in the same quarter last year, mainly due to fewer delivered units and lower margins in completed projects. The market for new homes has been quiet in the third quarter due to rising home loan interest rates, high construction costs and general macroeconomic uncertainty.

- Operating revenues<sup>1</sup> NOK 437 million (NOK 905 million)
- Adjusted EBITDA<sup>3</sup> NOK 44 million (NOK 137 million) and ordinary EBITDA<sup>2</sup> NOK 26 million (NOK 108 million)
- Pre-tax profit of NOK 26 million (NOK 107 million)
- 77 units sold<sup>6</sup> (83) and construction started on 57 (68)
- 90 units completed (142) and 74 delivered (144)
- A total of 985 units (1 268) under construction at 30 September, with a combined sales value of NOK 5 292 million (NOK 6 225 million)
- 69 per cent of units under construction were sold (73 per cent) at the end of the quarter. 85 per cent of the units to be completed in 2023 are sold (94)

(Figures in brackets relate to the same period of the year before)

## Key figures

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>IFRS main figures</b>					
Operating revenues <sup>1</sup>	436 847	905 389	2 007 950	2 227 546	2 896 379
EBITDA <sup>2</sup>	26 276	108 164	179 939	365 760	432 102
EBITDA adjusted <sup>3</sup>	43 946	137 045	249 058	430 341	517 097
Operating profit/(loss)	23 934	105 757	173 067	358 585	422 385
Profit/(loss) before taxes	26 316	107 337	182 058	358 511	425 115
Net income	19 605	79 072	136 358	293 440	338 853
Cash flow from operating activities	243 845	126 078	381 720	115 042	63 441
Net cash flow	(198 789)	65 303	(419 705)	247 367	85 235
Interest-bearing liabilities	2 162 520	2 567 207	2 162 520	2 567 207	2 485 790
Total assets	5 436 907	6 091 589	5 436 907	6 091 589	5 949 559
Equity	2 177 861	2 286 869	2 177 861	2 286 869	2 345 883
Equity ratio	40.1%	37.5%	40.1%	37.5%	39.4%
Earnings per share in NOK	0.21	0.85	1.46	3.15	3.63
<b>Segment reporting (NGAAP<sup>4</sup>)</b>					
Operating revenues	451 455	788 129	1 588 378	2 330 367	2 856 035
EBITDA <sup>5</sup>	37 312	96 120	162 942	306 045	376 958
EBITDA margin	8.3%	12.2%	10.3%	13.1%	13.2%
<b>Key figures (net, adjusted for share in joint ventures)</b>					
Number of units sold <sup>6</sup>	77	83	272	404	448
Number of construction starts	57	68	145	371	517
Number of units delivered	74	144	379	438	585
Number of units completed	90	142	413	426	586

<sup>1</sup> Operating revenues do not include revenues from joint ventures.

<sup>2</sup> EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

<sup>3</sup> EBITDA adjusted excludes financial expenses included in project cost. See note 6 for details.

<sup>4</sup> The NGAAP accounts utilise the percentage of completion method, i.e. percentage of completion multiplied by the sales ratio.

<sup>5</sup> EBITDA is operating profit before interest, tax, depreciation, amortisation, profit from joint ventures and other gains (losses).

<sup>6</sup> Units sold are sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act and the Swedish Bostadsrättslagen.

In accordance with the IFRS, they are recognised as income on delivery.

## Financial review

### Summary of overall results

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>Total operating revenues</b>	<b>436 847</b>	<b>905 389</b>	<b>2 007 950</b>	<b>2 227 546</b>	<b>2 896 379</b>
Project expenses	(345 891)	(742 064)	(1 634 344)	(1 799 312)	(2 313 735)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(62 036)	(55 338)	(179 646)	(163 609)	(245 985)
<b>Total operating expenses</b>	<b>(407 927)</b>	<b>(797 402)</b>	<b>(1 813 990)</b>	<b>(1 962 921)</b>	<b>(2 559 720)</b>
Associated companies and joint ventures	(4 986)	(2 230)	(20 893)	93 960	85 726
Other gains (losses), net	-	-	-	-	-
<b>Operating profit</b>	<b>23 934</b>	<b>105 757</b>	<b>173 067</b>	<b>358 585</b>	<b>422 385</b>
<b>Net financial expenses</b>	<b>2 382</b>	<b>1 580</b>	<b>8 991</b>	<b>(74)</b>	<b>2 730</b>
<b>Profit before taxes</b>	<b>26 316</b>	<b>107 337</b>	<b>182 058</b>	<b>358 511</b>	<b>425 115</b>
Income taxes	(6 711)	(28 265)	(45 700)	(65 071)	(86 262)
<b>Net income</b>	<b>19 605</b>	<b>79 072</b>	<b>136 358</b>	<b>293 440</b>	<b>338 853</b>

## Results for the third quarter of 2023

(Figures in brackets relate to the corresponding period of 2022. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 436.8 million (NOK 905.4 million) in the third quarter. Revenues from units delivered accounted for NOK 419.4 million (NOK 888.7 million) of the total. Other revenues derived from non-core activities, mainly provision of services.

A total of 74 units (144) were delivered in the quarter, including 73 (143) from consolidated project companies and one (1) from joint ventures.

Project costs for the quarter totalled NOK 345.9 million (NOK 742.1 million), of which NOK 17.7 million (NOK 28.9 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which do not qualify for capitalisation as inventory.

Operating costs excluding project costs totalled NOK 62.0 million (NOK 55.3 million) for the period. Payroll costs accounted for NOK 37.0 million (NOK 33.8 million) of this figure. In addition, NOK 4.7 million (NOK 4.2 million) in payroll costs relating to housing under construction were capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 22.7 million (NOK 19.2 million) for the quarter, including NOK 10.5 million (NOK 5.5 million) for sales and marketing.

The share of profit from associates and joint ventures was negative at NOK 5.0 million (negative at NOK 2.2 million) for

the quarter. The negative share of results in the third quarter was mainly due to few units delivered and accrued sales expenses in the quarter.

Reported EBITDA was NOK 26.3 million (NOK 108.2 million), corresponding to a margin of 6.0 per cent (11.9 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 43.9 million (NOK 137.0 million), corresponding to a margin of 10.1 per cent (15.1 per cent). The decline in the EBITDA margin from the third quarter of 2022 primarily fewer delivered unit and lower margins in completed projects. Results from joint ventures are presented net and their turnover is thus not included in the group's turnover. For more information, see note 8 on proportional consolidation.

Consolidated depreciation and amortisation totalled NOK 2.3 million (NOK 2.4 million) for the quarter. Operating profit thereby came to NOK 23.9 million (NOK 105.8 million).

Net financial items amounted to NOK 2.4 million (NOK 1.6 million). Pre-tax profit for the quarter thereby came to NOK 26.3 million (NOK 107.3 million).

Tax expense for the period was NOK 6.7 million (NOK 28.3 million). Comprehensive income for the third quarter came to NOK 19.6 million (NOK 79.1 million). NOK 19.6 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 79.1 million), and NOK 0 to non-controlling shareholders (NOK 0).

## Results for the first nine months of 2023

Selvaag Bolig had operating revenues of NOK 2 008.0 million (NOK 2 227.5 million) in the first nine months. Revenues from units delivered accounted for NOK 1 893.8 million (NOK 2 142.5 million) of the total. In addition, in 2023 the group sold land plots and a commercial property in Rogaland for NOK 62.9 million. In 2022, the group sold four land plots for NOK 38.9 million in total. Other revenues were related to non-core activities, mainly provision of services.

A total of 379 units (438) were delivered in the quarter, including 364 (367) from consolidated project companies and 15 (71) from joint ventures.

Project costs for the first nine months totalled NOK 1 634.3 million (NOK 1 799.3 million). Total project expenses primarily represented construction costs for units delivered as well as costs in other projects which do not qualify for capitalisation as inventory.

Operating costs excluding project costs and associates totalled NOK 179.6 million (NOK 163.6 million) for the period. Payroll costs accounted for NOK 96.0 million (NOK 88.8 million) of this figure. In addition, NOK 14.0 million (NOK 13.5 million) in payroll costs from housing under construction were capitalised during the first nine months and will be expensed as project costs on future delivery.

Other operating costs came to NOK 76.7 million (NOK 67.6 million), including NOK 27.3 million (NOK 18.6 million) for sales and marketing.

## Cash flow

Consolidated net cash flow from operational activities was NOK 243.8 million (NOK 126.1 million) for the third quarter. The increase from the same period last year is mainly from the positive impact from the settlement of customer receivables.

In the first nine months, consolidated net cash flow from operational activities was NOK 381.7 million (NOK 115.0 million). The change from last year mainly reflects changes in inventory. See note 5 for more information.

Net cash flow from investing activities was negative at NOK 10.1 million (positive at NOK 119.2 million) for the quarter. The change from the same period last year primarily reflected dividends from joint ventures in 2022.

In the first nine months, cash flow from investing activities was negative at NOK 67.5 million (positive at NOK 250.4

The share of profit from associates and joint ventures came to a negative NOK 20.9 million (positive at NOK 94.0 million). This decrease from the same period of 2022 primarily reflected fewer units delivered from joint ventures.

Reported EBITDA for the first nine months was NOK 179.9 million (NOK 365.8 million), corresponding to a margin of 9.0 per cent (16.4 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 249.1 million (NOK 430.3 million), corresponding to a margin of 12.4 per cent (19.3 per cent). The decrease in EBITDA from the first nine months of 2022 primarily reflected lower margins on completed projects and fewer units delivered. The EBITDA margin is influenced by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated operating profit for the first nine months came to NOK 173.1 million (NOK 358.6 million).

Net financial income amounted to NOK 9.0 million (negative at NOK 0.1 million), so pre-tax profit for the first nine months was NOK 182.1 million (NOK 358.5 million). Estimated tax expense for the period is NOK 45.7 million (NOK 65.1 million).

Comprehensive income for the first nine months came to NOK 136.4 million (NOK 293.4 million). NOK 136.4 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 293.4 million), and NOK 0.0 to non-controlling shareholders (NOK 0.0).

million). The change from the same period last year primarily reflected dividends from joint ventures and settlement of seller credits in 2022.

Net cash flow from financing activities was negative at NOK 432.6 million (negative at NOK 180.0 million) for the quarter. The change from the same period of 2022 primarily reflected lower drawdowns and increased net repayment of construction loans. In the first nine months, net cash flow from financing activities was negative at NOK 733.9 million (negative at NOK 118.1 million). The change from the same period of 2022 primarily reflected lower drawdowns and increased net repayment of construction loans.

The group's holding of cash and cash equivalents at 30 September totalled NOK 193.0 million (NOK 774.5 million), a decrease of NOK 198.8 million from 30 June and a decline of NOK 581.8 million from a year earlier.

**Cash flow summary**

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Profit before taxes	26 316	107 337	182 058	358 511	425 115
<b>Net cash flow from operating activities</b>	<b>243 845</b>	<b>126 078</b>	<b>381 720</b>	<b>115 042</b>	<b>63 441</b>
<b>Net cash flow from investment activities</b>	<b>(10 079)</b>	<b>119 239</b>	<b>(67 526)</b>	<b>250 430</b>	<b>239 822</b>
<b>Net cash flow from financing activities</b>	<b>(432 555)</b>	<b>(180 014)</b>	<b>(733 900)</b>	<b>(118 105)</b>	<b>(218 028)</b>
Net change in cash and cash equivalents	(198 789)	65 303	(419 705)	247 367	85 235
Cash and cash equivalents at start of period	391 754	709 499	612 670	527 435	527 435
Cash and cash equivalents at end of period	192 965	774 802	192 965	774 802	612 670

**Financial position**

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 September was NOK 3 949.7 million, compared with NOK 3 878.1 million at 30 June and NOK 4 124.8 million a year earlier. See note 5 for a further specification of inventory.

The group's accounts receivable were NOK 120.5 million at the end of the quarter. In comparison, accounts receivable were NOK 322.1 million at the end of the previous quarter and NOK 240.0 million at the same time the year before. The decline in the quarter is due to the fact that flats delivered towards the end of the second quarter had their payments postponed to the third quarter. These are considered normal fluctuations and do not involve any credit risk as the funds are in the client's account with the settlement intermediary from the handover of the flat to the final receipt of settlement.

Equity was NOK 2 177.9 million (NOK 2 286.9 million) at 30 September, corresponding to an equity ratio of 40.1 per cent (37.5 per cent). Selvaag Bolig ASA paid a dividend of NOK 187.4 million in the second quarter (NOK 279.8 million), based on profit for the second half of 2022. An additional dividend of NOK 93.7 million (NOK 186.5 million) was paid in the third quarter, based on the result in the first half of 2023. Non-controlling interests amounted to NOK 7.8 million (NOK 7.8 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 466.8 million (NOK 610.7 million) at 30 September, of which NOK 65.4 million (NOK 163.8 million) represented advance payments from customers.

At 30 September, consolidated interest-bearing debt amounted to NOK 2 162.5 million (NOK 2 567.2 million), of which NOK 1 091.5 million (NOK 1 477.2 million) was non-current and NOK 1 071.0 million (NOK 1 090.0 million) was current. NOK 490.5 million (NOK 587.3 million) of current debt related to repurchase agreements with and seller credits for Urban Property. See note 7 for more information.

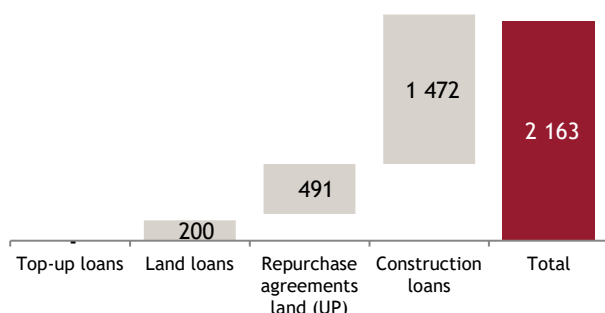
The group had land loans totalling 200.3 million (NOK 237.5 million) at 30 September. This relatively low level reflects the fact that a large part of the properties is financed through Urban Property and classified as current liabilities, repurchase agreements and seller credits. Land loans are normally converted to construction loans in line with the progress of the respective development projects.

Selvaag Bolig ASA has a credit facility agreement of NOK 300 million with DNB, which matures in December 2025. The agreement includes financial covenants, see note 10. The group also has an annually renewed overdraft facility of NOK 150 million with the same bank. No drawings had been made against any of these facilities at 30 September 2023.

**Net interest-bearing debt**

(figures in NOK 1 000)	Q3 2023	Q2 2023	Q3 2022	2022
Non-current interest-bearing debt	1 091 547	695 641	1 477 236	1 400 352
Current interest-bearing debt	580 462	1 254 833	502 700	503 091
Current liabilities repurchase agreements and seller credits	490 511	486 714	587 271	582 347
Cash and cash equivalents	(192 965)	(391 754)	(774 802)	(612 670)
<b>Net interest-bearing debt</b>	<b>1 969 555</b>	<b>2 045 434</b>	<b>1 792 405</b>	<b>1 873 120</b>

The group's interest-bearing debt falls primarily into four categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans. At 30 September, the group had no top-up loans, land loans of NOK 200 million, repurchase agreements with Urban Property of NOK 491 million and total construction loans of NOK 1 472 million.

**Interest-bearing debt at 30 Sept 2023 (NOK mill)**

Interest costs on land loans are recognised in profit and loss until the site secures planning permission. They are capitalised against the site from the day the project secures planning permission, and recognised in profit and loss as part of the cost of sales when the units are delivered. Interest charges on construction loans are capitalised during the construction period and recognised under cost of sales in the same way.

At 30 September, interest of NOK 143 million on land loans had been capitalised, while interest of NOK 57 million relating to land loans was recognised in profit and loss.

In connection with the Urban Property (UP) transaction in 2020, a sizeable proportion of the group's land loans were redeemed and replaced with liabilities in the form of repurchase agreements with Urban Property. See note 7 for a description of the collaboration with UP. This means that interest charges on land loans related to these sites, which are collectively designated Portfolio B, have been replaced by option premiums paid quarterly. These premiums are treated in the accounts in the same way as land-loan interest charges, being capitalised as inventory and included in the cost of sales on delivery of completed units. Option premiums paid and capitalised for sites in Portfolio B came to NOK 5.7 million (NOK 3.9 million) for the third quarter and NOK 15.9 million (NOK 11.0 million) for the first nine months.

Portfolio C comprises land which the group has the right or obligation to purchase from UP in the future. See note 7 for more information. Provision for accrued option premiums is made quarterly as other long-term assets and other long-term liabilities respectively in Selvaag Bolig's consolidated accounts. The asset is reclassified as inventory when the land is taken over. Provision for and capitalisation of option premiums for portfolio C in the third quarter came to NOK 43.4 million (NOK 24.9 million) and for the first nine months came to NOK 118.0 million (NOK 70.0 million). At 30 September, accumulated provision and capitalisation came to NOK 292.3 million (NOK 148.2 million).

## Operational reporting

Each project is followed up individually in daily operations, and operational reporting accordingly comprises one main segment - Housing development. Reporting also comprises the "Other" segment. The latter primarily includes service deliveries in completed Pluss projects as well as group administration not allocated to the main segment. Operational reporting utilises the percentage of completion method for recognising revenues and profit (NGAAP), which differs from the IFRS where profit is recognised on delivery. Note 4 to the financial statements presents segment information reconciled with the financial reporting figures (IFRS).

### Segments third quarter and first nine months 2023

#### Third quarter

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q3 23	Q3 22	Q3 23	Q3 22	Q3 23	Q3 22
Housing development (NGAAP)	435 130	774 767	72 136	133 355	79 329	148 530
Other	16 325	13 362	(34 824)	(37 235)	(35 302)	(37 558)
IFRS adjustments	(14 608)	117 260	(11 036)	12 044	(20 093)	(5 215)
<b>Total group (IFRS)</b>	<b>436 847</b>	<b>905 389</b>	<b>26 276</b>	<b>108 164</b>	<b>23 934</b>	<b>105 757</b>

#### Jan-Sep

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	9M 23	9M 22	9M 23	9M 22	9M 23	9M 22
Housing development (NGAAP)	1 539 912	2 287 564	262 618	405 772	282 673	443 216
Other	48 466	42 803	(99 676)	(99 727)	(100 932)	(100 633)
IFRS adjustments	419 572	(102 821)	16 997	59 715	(8 674)	16 002
<b>Total group (IFRS)</b>	<b>2 007 950</b>	<b>2 227 546</b>	<b>179 939</b>	<b>365 760</b>	<b>173 067</b>	<b>358 585</b>

## Housing development

This segment comprises all Selvaag Bolig's projects regardless of geographical location since each project is followed up individually.

Operating revenues from housing development for the third quarter were NOK 435.1 million (NOK 774.8 million). They were derived from 16 projects (21) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 363.0 million (NOK 641.4 million) for the third quarter.

Construction costs in the segment reporting are exclusive of directly-related financial expenses (interest on construction loans). This differs from the IFRS accounts, where financial expenses are included in project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 72.1 million (NOK 133.4 million) for the quarter, corresponding to a profit margin of 16.6 per cent (17.2 per cent).

## Other business - unallocated

The other business segment comprises a number of activities in the group which are not regarded as part of the core business on a stand-alone basis. It also includes administration and management which cannot be attributed directly to the projects and are accordingly not allocated to the housing development segment.

Operating revenues for the segment in the third quarter came to NOK 16.3 million (NOK 13.4 million), while operating costs amounted to NOK 51.1 million (NOK 50.6 million). Costs relate largely to remuneration for the administration and management, as well as other operating costs. EBITDA was thereby negative at NOK 34.8 million (negative at NOK 37.2 million).

## Review of operations

All figures are presented net, adjusted for Selvaag Bolig's share of joint ventures, unless otherwise specified. Units sold are sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act and the Tenancy Act in Sweden. Pursuant to the IFRS, these are recognised as income on delivery.

### Operations

Gross sales during the quarter totalled 85 units with a combined value of NOK 543 million. 82 units were sold in Norway and three units in Sweden. Selvaag Bolig's share amounted to 77 units with a combined value of NOK 479 million.

Work started on constructing 57 units during the third quarter, so that Selvaag Bolig had 985 units worth some NOK 5.3 billion under construction at 30 September. A total of 90 units were completed during the quarter.

To manifest value creation in the group, segment reporting shows revenue and costs in the various projects using the

percentage of completion method as its accounting principle.

### Projects

The group has projects in Oslo, Bærum, Asker, Lørenskog, Ski, Ås, Fredrikstad, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Bergen and Stockholm. However, no projects were under construction in Bærum, Fredrikstad or Stockholm during the third quarter.

### Quarterly development of the project portfolio

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Units sold	83	44	116	79	77
Construction starts	68	146	5	83	57
Units completed	142	160	161	162	90
Units delivered	144	147	150	155	74
Units under construction	1 268	1 253	1 097	1 018	985
Proportion of sold units under construction	73 %	67 %	69 %	68 %	69 %
Completed unsold units	19	31	37	43	60
Sales value of units under construction (NOK million)	6 225	6 408	5 641	5 458	5 292

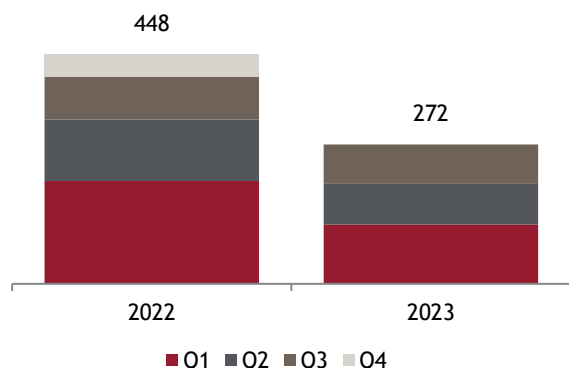
### Purchase and sale of land

No new agreements were entered into for the purchase or sale of land plots during the quarter.



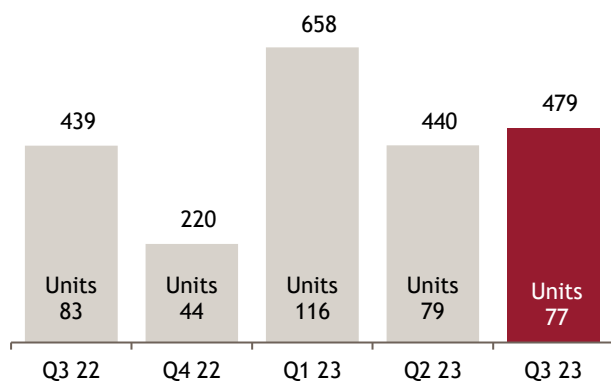
## Sales development and progress

### Units sold



Total housing sales during the third quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 77 units with a combined sales value of NOK 479 million. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of units sold in joint-venture projects. Sales in the same period of 2022 totalled 83 units with a combined value of NOK 439 million.

### Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in five projects, comprising 234 residential units (26).

### Sales starts in the quarter

Project	No of units	Category	Region
Skårer - Mathildetunet	50	Flat	Greater Oslo
Ballerud Hageby	28	Flat	Greater Oslo
Ballerud Hageby	24	Terraced	Greater Oslo
LSB Puddertoppen	18	Terraced	Greater Oslo
Lervig Brygge - Kanaltunet	64	Flat	Stavanger
Barkarby Pluss	50	Flat	Sverige
<b>Total</b>	<b>234</b>		

Construction began on 57 (68) units during the quarter. At 30 September, Selvaag Bolig consequently had 985 (1 268) units under construction. They included 839 units in Greater Oslo, 82 units in Trondheim and 64 units in Bergen.

Construction starts can vary substantially from quarter to quarter, since construction normally only begins when 60 per cent of the units in a project have been sold.

The order backlog at 30 September - in other words, the sales value of the 985 (1 268) units then under construction - was NOK 5 292 million (NOK 6 225 million).

A total of 90 (142) units were completed in the third quarter, and 74 (144) - including ones completed earlier - were delivered. The completed units were spread over two projects.

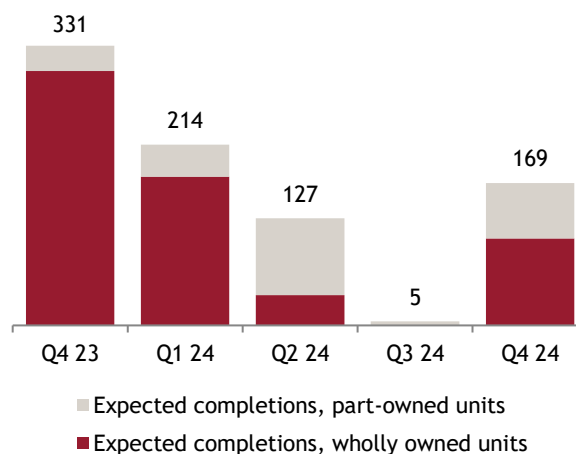
At 30 September, the group held 60 (19) completed but unsold units. Consolidated project companies accounted for 73 (143) of the units delivered, while one (1) was in a part-owned project company.

### Units completed by project

Project	No of units	Category	Region
Skårertøkka Pluss	23	Flat	Greater Oslo
Pallplassen Lørenskog	67	Flat	Greater Oslo
<b>Total</b>	<b>90</b>		

Based on anticipated progress for the projects, 331 units are expected to be completed in the fourth quarter of 2023. Estimated completions for 2023 as a whole amount to 744 units. For 2024, estimated completions are 515 units.

### Expected number of completions



## Share information

The company had 93.77 million issued shares at 30 September, divided between 6 404 shareholders.

The 20 largest shareholders controlled 79.3 per cent of the total number of issued shares. The largest shareholder was Selvaag AS, with a 53.5 per cent holding.

During the quarter, the Selvaag Bolig share varied in price from NOK 28.05 to NOK 33.30. The closing price at 30 September was NOK 28.40. That compared with NOK 32.30 at 30 June, and the share price accordingly fell by 12.1 per cent over the quarter. A dividend of NOK 1.00 per share was paid in the third quarter. Corrected for this payout, the share price fell by 9.0 per cent over the period.

Just above 3.7 million shares, or 4.0 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 116 million during the quarter, corresponding to an average daily figure just below NOK 1.8 million.

### 20 largest shareholders at 30 September 2023

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
PARETO INVEST NORGE AS	4 680 572	5.0%
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 266 051	3.5%
The Northern Trust Comp, London Br *	2 186 000	2.3%
JPMorgan Chase Bank, N.A., London *	1 912 218	2.0%
SANDEN EQUITY AS	1 600 000	1.7%
EGD CAPITAL AS	1 204 580	1.3%
MUSTAD INDUSTRIER AS	1 067 454	1.1%
PERESTROIKA AS	1 066 619	1.1%
Goldman Sachs International *	965 549	1.0%
SELVAAG BOLIG ASA	860 878	0.9%
The Northern Trust Comp, London Br *	840 200	0.9%
BANAN II AS	830 000	0.9%
Brown Brothers Harriman & Co. *	684 331	0.7%
HAUSTA INVESTOR AS	656 879	0.7%
GÅSØ NÆRINGSUTVIKLING AS	530 599	0.6%
Brown Brothers Harriman & Co. *	509 989	0.5%
J.P. Morgan SE *	474 269	0.5%
BNP Paribas *	470 000	0.5%
Skandinaviska Enskilda Banken AB *	412 453	0.4%
<b>Total 20 largest shareholders</b>	<b>74 398 728</b>	<b>79.3%</b>
Other shareholders	19 366 960	20.7%
<b>Total number of shares</b>	<b>93 765 688</b>	<b>100.0%</b>

\* Further information regarding shareholders is presented at:  
<http://sboasa.no/en>

## Risk and uncertainty factors

As a housing developer, Selvaag Bolig is exposed to risks which could affect the group's business and financial position.

Risk factors relate to land development, sales and the execution of housing projects, and can be divided into the categories market risk, operational risk, financial risk and climate risk. The group gives priority to work on managing and dealing with risk, and has established routines and control systems to limit and control risk exposure.

Macroeconomic conditions - particularly unemployment and interest rates - as well as demographic changes are factors which affect the group's progress.

As a pure housing developer, without its own construction arm, Selvaag Bolig puts all building work out to competitive tender. This means the group has great operational flexibility and can adapt its operations at short notice to changing levels of activity in the market. As a general rule, it requires 60 per cent advance sales before initiating projects. 68.6 per cent of total units under construction and 85.1 per cent of planned completions in 2023 had been sold at 30 September.

See the group's annual report, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

## Outlook

Selvaag Bolig is well-positioned with large projects centrally located in and near Greater Oslo, Stavanger, Bergen, Trondheim and Stockholm.

According to Statistics Norway, urbanisation and population growth create a large and long-term demand for new housing in Selvaag Bolig's core areas. However, during the last 15 months, demand has been negatively affected by interest rate increases and reduced household purchasing power. In addition, high construction costs have resulted in postponed sales and construction starts. Selvaag Bolig started sales on five projects during the third quarter, and sales in these were satisfactory taking the market situation into consideration. However, there is greater uncertainty than usual associated with the starting date for construction of each individual project.

Since Selvaag Bolig has completed more housing units than it has started construction on, the number of units under construction has fallen over the past year. If market conditions do not improve or if construction costs do not stabilise at a financially viable level, the number of units under construction will continue to fall for some time going forward. Selvaag Bolig sees, however, signs that construction costs are in the process of declining to acceptable levels.

Selvaag Bolig is well equipped organisationally, operationally and financially to support and strengthen its market position going forward. Selvaag Bolig still has a good order backlog, a solid land bank in the company's focus areas as well as available capital through the agreement with UP to acquire new land plots

## Transactions with related parties

Pursuant to the accounting rules, Urban Property is a related party to the group. This means that ongoing option premiums and repurchases are regarded as related-party transactions. See note 7 for further details. During the third quarter, the group did not make any significant transactions with related parties.

See note 23 to the group's annual reports for detailed information on transactions with related parties in earlier years.

## Housing market

Overall in Norway, sales activity in the second-hand housing market was normal in the third quarter. There has, however, been a significant increase in the inventory of unsold homes from already elevated levels in Viken. This is due to more homes than usual being listed for sale without a corresponding increase in sales activity. Compared to the same time of year in previous years, the inventory in Oslo, Bergen and Trondheim has increased somewhat from low levels, while the inventory in Stavanger is the lowest that has been measured for 10 years.

Rising home loan interest rates and the higher cost of living have so far not led to a significant fall in home prices. Price developments differed between Selvaag Bolig's core areas.

According to Statistics Norway, seasonally adjusted existing dwelling prices at 30 September in Norway were on average 1.3 per cent lower than 30 September 2022, and down 1.1 per cent compared to the previous quarter.

Prices fell by 1.1 per cent during the quarter in Oslo including Bærum, and were 1.3 per cent lower than at 30 September 2022. In Akershus excluding Bærum, prices fell by 1.5 per cent and were down by 2.1 per cent from 30 September 2022. Prices in Stavanger fell by 0.1 per cent during the quarter and were 2.5 per cent higher than one year earlier. Prices in Bergen declined by 1.3 per cent in the quarter and were down by 2.2 per cent from one year earlier. In Trondheim, prices declined by 0.3 per cent for the quarter and were 1.0 per cent lower than one year earlier.

Selvaag Bolig sold a gross 85 units with a combined value of NOK 543 million during the quarter and total sales for the first nine months ended at 336 units with a combined value of NOK 1 980 million. Net sales, calculated by adjusting for Selvaag Bolig's share in joint ventures, were 77 units with a value of NOK 479 million in the third quarter, and 271 units valued at NOK 1 577 million for the first nine months.

## Interim financial statements (IFRS)

## Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Note	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Revenues		419 386	890 726	1 956 652	2 181 383	2 830 818
Other revenues		17 461	14 663	51 298	46 163	65 561
<b>Total operating revenues</b>		<b>436 847</b>	<b>905 389</b>	<b>2 007 950</b>	<b>2 227 546</b>	<b>2 896 379</b>
Project expenses		(345 891)	(742 064)	(1 634 344)	(1 799 312)	(2 313 735)
Salaries and personnel costs		(36 994)	(33 767)	(96 042)	(88 819)	(139 035)
Depreciation and amortisation		(2 342)	(2 407)	(6 872)	(7 175)	(9 717)
Other operating expenses		(22 700)	(19 164)	(76 732)	(67 615)	(97 233)
<b>Total operating expenses</b>		<b>(407 927)</b>	<b>(797 402)</b>	<b>(1 813 990)</b>	<b>(1 962 921)</b>	<b>(2 559 720)</b>
Associated companies and joint ventures		(4 986)	(2 230)	(20 893)	93 960	85 726
Other gains (losses), net		-	-	-	-	-
<b>Operating profit</b>		<b>23 934</b>	<b>105 757</b>	<b>173 067</b>	<b>358 585</b>	<b>422 385</b>
Financial income		8 367	4 590	21 211	8 836	15 384
Financial expenses		(5 985)	(3 010)	(12 220)	(8 910)	(12 654)
<b>Net financial expenses</b>		<b>2 382</b>	<b>1 580</b>	<b>8 991</b>	<b>(74)</b>	<b>2 730</b>
<b>Profit/(loss) before taxes</b>		<b>26 316</b>	<b>107 337</b>	<b>182 058</b>	<b>358 511</b>	<b>425 115</b>
Income taxes		(6 711)	(28 265)	(45 700)	(65 071)	(86 262)
<b>Net income</b>		<b>19 605</b>	<b>79 072</b>	<b>136 358</b>	<b>293 440</b>	<b>338 853</b>
<b>Other comprehensive income/expenses</b>						
Translation differences		(3 192)	627	1 450	2 548	1 432
<b>Total comprehensive income/(loss) for the period</b>		<b>16 413</b>	<b>79 699</b>	<b>137 808</b>	<b>295 988</b>	<b>340 285</b>
<b>Net income for the period attributable to:</b>						
Non-controlling interests		8	2	34	2	7
Shareholders in Selvaag Bolig ASA		19 597	79 070	136 324	293 438	338 846
<b>Total comprehensive income/(loss) for the period attributable to:</b>						
Non-controlling interests		8	2	34	2	7
Shareholders in Selvaag Bolig ASA		16 405	79 697	137 774	295 986	340 278
<b>Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:</b>						
Earnings per share (basic and diluted) in NOK		0.21	0.85	1.46	3.15	3.63

*The consolidated financial information has not been audited*

## Statements of financial position

(figures in NOK 1 000)	Note	Q3 2023	Q2 2023	Q3 2022	2022
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill		383 376	383 376	383 376	383 376
Property, plant and equipment		10 020	9 868	8 022	8 152
Right-of-use lease assets		12 160	14 024	19 517	17 754
Investments in associated companies and joint ventures		217 170	219 016	235 710	234 730
Loans to associated companies and joint ventures		145 264	136 052	89 421	93 674
Other non-current assets	7	394 023	350 029	206 187	233 866
<b>Total non-current assets</b>		<b>1 162 013</b>	<b>1 112 365</b>	<b>942 233</b>	<b>971 552</b>
<b>Current assets</b>					
Inventories (property)	5, 7	3 949 691	3 878 101	4 124 828	4 273 209
Trade receivables		120 463	322 106	240 008	81 455
Other current receivables		11 775	16 401	9 718	10 673
Cash and cash equivalents		192 965	391 754	774 802	612 670
<b>Total current assets</b>		<b>4 274 894</b>	<b>4 608 362</b>	<b>5 149 356</b>	<b>4 978 007</b>
<b>TOTAL ASSETS</b>		<b>5 436 907</b>	<b>5 720 727</b>	<b>6 091 589</b>	<b>5 949 559</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributed to shareholders in Selvaag Bolig ASA		2 170 033	2 272 016	2 279 079	2 338 088
Non-controlling interests		7 828	7 820	7 790	7 795
<b>Total equity</b>		<b>2 177 861</b>	<b>2 279 836</b>	<b>2 286 869</b>	<b>2 345 883</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Pension liabilities		1 090	1 090	1 254	1 090
Deferred tax liabilities		60 832	60 635	38 246	60 140
Provisions		66 999	66 999	62 910	66 999
Other non-current liabilities	7	370 031	312 651	286 344	265 039
Non-current lease liabilities		4 794	6 839	12 857	10 930
Non-current interest-bearing liabilities		1 091 547	695 641	1 477 236	1 400 352
<b>Total non-current liabilities</b>		<b>1 595 293</b>	<b>1 143 855</b>	<b>1 878 847</b>	<b>1 804 550</b>
<b>Current liabilities</b>					
Current lease liabilities		8 101	8 021	7 800	7 861
Current interest-bearing liabilities		580 462	1 254 833	502 700	503 091
Current liabilities repurchase agreements and seller credits	7	490 511	486 714	587 271	582 347
Trade payables		49 858	51 855	130 457	99 343
Current tax payables		68 061	61 432	86 909	64 541
Other current non-interest-bearing liabilities		466 760	434 181	610 736	541 943
<b>Total current liabilities</b>		<b>1 663 753</b>	<b>2 297 036</b>	<b>1 925 873</b>	<b>1 799 126</b>
<b>Total liabilities</b>		<b>3 259 046</b>	<b>3 440 891</b>	<b>3 804 720</b>	<b>3 603 676</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 436 907</b>	<b>5 720 727</b>	<b>6 091 589</b>	<b>5 949 559</b>

The consolidated financial information has not been audited

## Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
<b>Equity at 1 January 2023</b>	<b>187 440</b>	<b>1 394 857</b>	<b>700 629</b>	<b>8 306</b>	<b>3 528</b>	<b>43 327</b>	<b>2 338 088</b>	<b>7 795 *</b>	<b>2 345 883</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(281 163)	(281 163)	-	(281 163)
Share buy back	(1 632)	-	-	-	-	(23 035)	(24 667)	-	(24 667)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	136 324	136 324	34	136 358
Other comprehensive income/(loss) for the period	-	-	-	1 450	-	-	1 450	-	1 450
<b>Equity at 30 September 2023</b>	<b>185 808</b>	<b>1 394 857</b>	<b>700 629</b>	<b>9 756</b>	<b>3 528</b>	<b>(124 547)</b>	<b>2 170 032</b>	<b>7 829 *</b>	<b>2 177 861</b>
<b>Equity at 1 January 2022</b>	<b>186 898</b>	<b>1 394 857</b>	<b>700 629</b>	<b>6 874</b>	<b>3 528</b>	<b>168 266</b>	<b>2 461 053</b>	<b>7 788 *</b>	<b>2 468 841</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(466 269)	(466 269)	-	(466 269)
Share buy back	(474)	-	-	-	-	(11 217)	(11 691)	-	(11 691)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	293 438	293 438	2	293 440
Other comprehensive income/(loss) for the period	-	-	-	2 548	-	-	2 548	-	2 548
<b>Equity at 30 September 2022</b>	<b>186 424</b>	<b>1 394 857</b>	<b>700 629</b>	<b>9 422</b>	<b>3 528</b>	<b>-15 782</b>	<b>2 279 079</b>	<b>7 790 *</b>	<b>2 286 869</b>
Transactions with owners:									
Dividend	-	-	-	-	-	-	-	-	-
Share buy back	(518)	-	-	-	-	(7 738)	(8 256)	-	(8 256)
Employee share programme	1 534	-	-	-	-	21 439	22 973	-	22 973
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	45 408	45 408	5	45 413
Other comprehensive income/(loss) for the period	-	-	-	(1 116)	-	-	(1 116)	-	(1 116)
<b>Equity at 31 December 2022</b>	<b>187 440</b>	<b>1 394 857</b>	<b>700 629</b>	<b>8 306</b>	<b>3 528</b>	<b>43 327</b>	<b>2 338 088</b>	<b>7 795 *</b>	<b>2 345 883</b>

The consolidated financial information has not been audited.

\*) Non-controlling interests include tax from profits in companies subject to partnership taxation. Income taxes in the group do not include taxes from tax subjects outside the Selvaag Bolig group.

## Statement of cash flow

(figures in NOK 1 000)	Note	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Profit/(loss) before taxes		26 316	107 337	182 058	358 511	425 115
Income taxes paid		-	-	(41 347)	(112 187)	(133 995)
Depreciation and amortisation		2 342	2 407	6 872	7 175	9 717
Share of profits/(losses) from associated companies and joint ventures		4 986	2 230	20 893	(93 960)	(85 726)
Changes in inventories (property)	5	(33 796)	19 322	423 202	(416)	(141 536)
Changes in trade receivables		201 643	(134 976)	(39 008)	(156 177)	2 376
Changes in trade payables		(1 997)	65 215	(49 485)	471	(30 643)
Changes in other operating working capital assets		6 633	3 209	(51 050)	50 466	33 943
Changes in other operating working capital liabilities		37 718	61 333	(70 414)	61 159	(15 810)
<b>Net cash flow from operating activities</b>		<b>243 845</b>	<b>126 078</b>	<b>381 720</b>	<b>115 042</b>	<b>63 441</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment and intangible assets		-	-	316	163	163
Purchases of PPE and intangible assets		(637)	(261)	(3 411)	(1 736)	(2 344)
Purchases of associated companies and joint ventures		-	-	-	(5 000)	(5 000)
Proceeds from sale of other investments and repayment of loans		5 000	10 000	5 000	78 000	78 000
Purchases of other investments and loans		(14 442)	(4 500)	(79 854)	(48 997)	(58 997)
Dividends and disbursements from associated companies and joint ventures		-	114 000	10 423	228 000	228 000
<b>Net cash flow from investment activities</b>		<b>(10 079)</b>	<b>119 239</b>	<b>(67 526)</b>	<b>250 430</b>	<b>239 822</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings	7	257 294	508 467	1 186 926	1 630 325	2 251 525
Repayments of borrowings	7	(553 437)	(479 152)	(1 551 184)	(1 218 895)	(1 926 750)
Interest payments		(16 319)	(19 797)	(58 696)	(46 571)	(65 290)
Repayments of lease liabilities		(1 965)	(2 027)	(5 896)	(6 081)	(8 108)
Dividends paid to equity holders of Selvaag Bolig ASA		(93 721)	(186 508)	(281 163)	(466 269)	(466 269)
Share buy back Selvaag Bolig ASA		(24 667)	(1 313)	(24 667)	(11 691)	(19 947)
Proceeds from disposal of shares Selvaag Bolig ASA		260	317	780	1 077	16 811
<b>Net cash flow from financing activities</b>		<b>(432 555)</b>	<b>(180 014)</b>	<b>(733 900)</b>	<b>(118 105)</b>	<b>(218 028)</b>
Net change in cash and cash equivalents		(198 789)	65 303	(419 705)	247 367	85 235
<b>Cash and cash equivalents at start of period</b>		<b>391 754</b>	<b>709 499</b>	<b>612 670</b>	<b>527 435</b>	<b>527 435</b>
<b>Cash and cash equivalents at end of period</b>		<b>192 965</b>	<b>774 802</b>	<b>192 965</b>	<b>774 802</b>	<b>612 670</b>

*The consolidated financial information has not been audited*



## Selected notes to the quarterly financial statements

### 1. General information and accounting policies

Selvaag Bolig ASA (the "company") and its subsidiaries (together "the group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business. The condensed consolidated interim financial information consists of the group and the group's interest in associated companies and jointly controlled entities.

The group's consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2022.

The accounting policies applied in preparing these interim condensed consolidated financial statements are otherwise consistent with those applied in the group's consolidated financial statements for the year ended 31 December 2022.

### 2. Accounting judgements, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions which affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those which applied in the consolidated financial statements for the year ended 31 December 2022.

### 3. Transactions with related parties

See note 23 to the consolidated financial statements for 2022 for detailed information on related-party transactions in previous years.

### 4. Segment information

The main segment is defined as Housing development. In addition, the Other segment consists of services and estate agent as well as unallocated revenues and costs.

The group utilises the percentage of completion method in its internal reporting for which the degree of completion is estimated on the basis of expenses incurred relative to total estimated costs and sales rate. Operating revenue under the percentage of completion method also includes an estimated profit element. The consolidated income statement is based on the completed contract method, in which revenue is recognised at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from stage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)".

Group management considers segment results based on the percentage of completion method for determining EBITDA. The method of measurement is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from disposals from associated companies and joint ventures". Financial income and expenses are not allocated to operating segments since this type of activity is managed by a central finance function focused on managing the group's liquidity.

Third quarter 2023

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	435 130	16 325	451 455
Project expenses	(351 847)	(471)	(352 318)
Other operating expenses	(11 147)	(50 678)	(61 825)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>72 136</b>	<b>(34 824)</b>	<b>37 312</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	72 136	(34 824)	37 312
Sales revenues (adjustment effect of percentage of completion)	(433 713)	-	(433 713)
Sales revenues (completed contract)	419 106	-	419 106
Project expenses (adjustment effect of percentage of completion)	346 720	-	346 720
Project expenses (completed contract)	(340 294)	-	(340 294)
Lease expenses	-	2 131	2 131
Depreciation and amortisation	-	(2 342)	(2 342)
Share of income (losses) from associated companies and joint ventures	(4 986)	-	(4 986)
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>58 969</b>	<b>(35 035)</b>	<b>23 934</b>
Units under construction	985	N/A	N/A
Units delivered	74	N/A	N/A

Third quarter 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	774 767	13 362	788 129
Project expenses	(636 510)	(227)	(636 737)
Other operating expenses	(4 902)	(50 370)	(55 272)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>133 355</b>	<b>(37 235)</b>	<b>96 120</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	133 355	(37 235)	96 120
Sales revenues (adjustment effect of percentage of completion)	(763 351)	-	(763 351)
Sales revenues (completed contract)	880 611	-	880 611
Project expenses (adjustment effect of percentage of completion)	625 114	-	625 114
Project expenses (completed contract)	(730 441)	-	(730 441)
Lease expenses	-	2 341	2 341
Depreciation and amortisation	-	(2 407)	(2 407)
Share of income (losses) from associated companies and joint ventures	(2 230)	-	(2 230)
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>143 058</b>	<b>(37 301)</b>	<b>105 757</b>
Units under construction	1 268	N/A	N/A
Units delivered	144	N/A	N/A

At 30 September 2023

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	1 539 912	48 466	1 588 378
Project expenses	(1 244 915)	(1 355)	(1 246 270)
Other operating expenses	(32 379)	(146 787)	(179 166)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>262 618</b>	<b>(99 676)</b>	<b>162 942</b>
<b>Reconciliation EBITDA to Operating profit (loss):</b>			
EBITDA (percentage of completion)	262 618	(99 676)	162 942
Sales revenues (adjustment effect of percentage of completion)	(1 464 464)	-	(1 464 464)
Sales revenues (completed contract)	1 884 036	-	1 884 036
Project expenses (adjustment effect of percentage of completion)	1 181 183	-	1 181 183
Project expenses (completed contract)	(1 569 259)	-	(1 569 259)
Lease expenses	-	6 394	6 394
Depreciation and amortisation	-	(6 872)	(6 872)
Share of profits (losses) from associated companies and joint ventures	(20 893)	-	(20 893)
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>273 221</b>	<b>(100 154)</b>	<b>173 067</b>
Units under construction	985	N/A	N/A
Units delivered	379	N/A	N/A

At 30 September 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	2 287 564	42 803	2 330 367
Project expenses	(1 860 253)	(611)	(1 860 864)
Other operating expenses	(21 539)	(141 919)	(163 458)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>405 772</b>	<b>(99 727)</b>	<b>306 045</b>
<b>Reconciliation EBITDA to operating profit (loss):</b>			
EBITDA (percentage of completion)	405 772	(99 727)	306 045
Sales revenues (adjustment effect of percentage of completion)	(2 226 777)	-	(2 226 777)
Sales revenues (completed contract)	2 123 955	-	2 123 955
Project expenses (adjustment effect of percentage of completion)	1 763 773	-	1 763 773
Project expenses (completed contract)	(1 702 220)	-	(1 702 220)
Lease expenses	-	7 024	7 024
Depreciation and amortisation	-	(7 175)	(7 175)
Share of profits (losses) from associated companies and joint ventures	93 960	-	93 960
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>458 463</b>	<b>(99 878)</b>	<b>358 585</b>
Units under construction	1 268	N/A	N/A
Units delivered	438	N/A	N/A

**5. Inventory - property**

The group has property which comprises land and buildings intended for sale in the ordinary course of business or in the process of construction or development for such sale.

Inventories thus comprise land, property held for resale, and property under development and construction. Inventories are measured at the lower of cost and net realisable value.

(figures in NOK 1 000)	Q3 2023	Q2 2023	Q3 2022	2022
Land (undeveloped)	693 212	687 252	805 165	719 324
Work in progress	2 947 222	2 960 072	3 189 475	3 384 214
Completed units	309 257	230 777	130 188	169 671
<b>Carrying amount</b>	<b>3 949 691</b>	<b>3 878 101</b>	<b>4 124 828</b>	<b>4 273 209</b>

**6. Project expenses and EBITDA**

The group expenses all directly attributable costs in construction projects as project expenses. These include financial expenses. Below is a specification showing the

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>Project expenses</b>	<b>(345 891)</b>	<b>(742 064)</b>	<b>(1 634 344)</b>	<b>(1 799 312)</b>	<b>(2 313 735)</b>
Finance expenses	(17 670)	(28 881)	(69 119)	(64 581)	(84 995)
Other project expenses	(328 221)	(713 183)	(1 565 225)	(1 734 731)	(2 228 740)

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
EBITDA <sup>1</sup>	26 276	108 164	179 939	365 760	432 102
EBITDA margin	6.0%	11.9%	9.0%	16.4%	14.9%
EBITDA adjusted <sup>2</sup>	43 946	137 045	249 058	430 341	517 097
EBITDA margin adjusted	10.1%	15.1%	12.4 %	19.3%	17.9%

<sup>1</sup> EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

<sup>2</sup> EBITDA adjusted excludes financial expenses included in project costs.

The EBITDA margin is affected positively by presenting results from joint ventures net and excluding them from turnover. For more information, see note 8 on proportional

consolidation, which presents the effect if the joint ventures had been included with their share of turnover, in other words, not presented net.

## 7 Collaboration with Urban Property

With effect from January 2020, large parts of the available land portfolio for Selvaag Bolig (SBO) have been owned by Urban Property (UP). The companies are long-term and strategic partners. UP is owned by Oslo Pensjonsforsikring AS with a 40 per cent holding, Equinor Pensjon with 30 per cent, Selvaag AS with 20 per cent and Rema Etablering Norge AS with 10 per cent. The Selvaag AS holding in UP makes the latter a related party to SBO pursuant to the IFRS, but not according to the Norwegian Public Limited Companies Act. See note 26 to the consolidated accounts for 2020 for detailed information on the transaction.

UP is a financially sound, well-capitalised and predictable partner. The collaboration agreement includes the following elements:

- UP has a pre-emptive right to buy new land SBO wants to develop.
- SBO has an option to buy back the land from UP.
- The land is repurchased in stages by SBO at its original acquisition price plus an annual option premium of Nibor plus 3.75 per cent. In addition comes a transaction fee, which is 0.5 per cent when UP buys property from the landowner and 2.0 per cent when SBO buys from UP.
- SBO pays 50 per cent of the purchase price to UP on taking over a property (when construction starts) and 50 per cent on completion of the project.
- If SBO decides not to exercise the option on a land plot, there is a 48-month option premium (break fee).
- The agreement includes financial covenants, see note 10.

The transaction covered properties which were divided into Portfolios A, B and C. Portfolio A was converted to portfolio C with effect from January 2021 following a renegotiation of the collaboration agreement between the parties.

### Portfolio B

In accounting terms, Portfolio B is treated as a financing arrangement because SBO retains control of these properties. This means that the carrying amount of Portfolio B remains unchanged as inventory after the transaction, while the consideration from the sale of Portfolio B has been recognised as a liability for repurchase agreements (to UP) in the SBO balance sheet.

The option premium related to the properties in Portfolio B is paid quarterly. These premiums are treated for accounting purposes in the same way as interest charges on land loans. They are recognised in the balance sheet as part of inventory and expensed as cost of sales when completed residential units are delivered. Option premiums paid and capitalised for land in Portfolio B amounted to NOK 5.7 million in the third quarter (NOK 3.9 million). For the first nine months, option premiums paid and capitalised were NOK 15.9 million (NOK 11.0 million). SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property. SBO pays 50 per cent of the purchase price to UP on taking over a property and 50 per cent on completion of the project.

### Portfolio C

Portfolio C covers properties which the group has the right or obligation to purchase in the future. An agreement has been entered into which means that UP acquires rights and obligations corresponding to those currently held by the group in relation to the landowners. SBO will remain the formal counterparty to the present landowners. The agreement covers agreements on future property acquisitions where UP will be the formal counterparty to the landowners. After UP has acquired a property, SBO will have an option to buy it back on specified terms.

Fifty per cent of the option premium in Portfolio C falls due when SBO acquires the land from UP, with the remainder falling due on completion of the relevant project. Provision for accrued option premiums is made quarterly in SBO's consolidated accounts, as other non-current assets and other non-current liabilities, respectively. The asset is reclassified as inventory upon the land takeover, while the remaining unpaid option premium is reclassified to short-term liabilities, repurchase agreements and seller credits. Provision for and capitalisation of option premiums for Portfolio C amounted to NOK 43.4 million in the third quarter (NOK 24.9 million). For the first nine months, option premiums paid and capitalised were NOK 118.0 million (NOK 70.0 million). Accumulated provisions and capitalisation at 30 September totalled NOK 292.3 million (NOK 148.2 million).

SBO can cancel the option at any given time in exchange for a break fee comprising the accumulated increase in the repurchase price for the property plus a fixed supplement corresponding to 48 months of growth in the repurchase price. When exercising an option, SBO pays 50 per cent of the purchase price to UP upon takeover of the property and 50 per cent upon project completion.

SBO did not purchase any land plots from UP during the third quarter. SBO did not repay any seller credits in the third quarter, but repaid NOK 47.6 million one year earlier.

Debt related to repurchase agreements and seller credits was NOK 490.5 million (NOK 587.3 million) at 30 September

2023, of which NOK 292.6 million was related to Portfolio B (292.6).

### 8. Proportional consolidation related to associate companies and joint ventures - pro forma information

Selvaag Bolig executes a number of its housing projects in collaboration with other parties, often on a 50-50 basis. These are recognised in the statement of comprehensive income pursuant to the IFRS using the equity method, where Selvaag Bolig's share of the net result is presented as share of profit/(loss) from associated companies and joint ventures. Selvaag Bolig finds that the share of collaboration projects is increasing and that, in this context, it is relevant to provide information on how the

statement of comprehensive income would have appeared were the equity interest in collaboration projects to be consolidated.

In the table below, the statement of comprehensive income pursuant to the IFRS has been restated to show the proportional consolidation of associated companies and joint ventures in accordance with Selvaag Bolig's equity interest in collaboration projects.

#### Statement of proportional consolidation

	Q3 2023			Q3 2022		
	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV
(figures in NOK 1 000)						
Revenues	419 386	2 553	421 939	890 726	6 678	897 404
Other revenues	17 461	2 045	19 506	14 663	2 335	16 998
<b>Total operating revenues</b>	<b>436 847</b>	<b>4 598</b>	<b>441 445</b>	<b>905 389</b>	<b>9 013</b>	<b>914 402</b>
Project expenses	(345 891)	(2 449)	(348 340)	(742 064)	(3 969)	(746 033)
Salaries and personnel costs	(36 994)	(328)	(37 322)	(33 767)	(308)	(34 075)
Depreciation and amortisation	(2 342)	(981)	(3 323)	(2 407)	(960)	(3 367)
Other operating expenses	(22 700)	(3 839)	(26 539)	(19 164)	(5 339)	(24 503)
<b>Total operating expenses</b>	<b>(407 927)</b>	<b>(7 595)</b>	<b>(415 522)</b>	<b>(797 402)</b>	<b>(10 574)</b>	<b>(807 976)</b>
Associated companies and joint ventures	(4 986)	4 986	-	(2 230)	2 230	-
Other gains (losses), net	-	-	-	-	-	-
<b>Operating profit</b>	<b>23 934</b>	<b>1 989</b>	<b>25 923</b>	<b>105 757</b>	<b>669</b>	<b>106 426</b>
Financial income	8 367	227	8 594	4 590	610	5 200
Financial expenses	(5 985)	(3 621)	(9 606)	(3 010)	(1 907)	(4 917)
<b>Net financial expenses</b>	<b>2 382</b>	<b>(3 394)</b>	<b>(1 012)</b>	<b>1 580</b>	<b>(1 297)</b>	<b>284</b>
<b>Profit/(loss) before taxes</b>	<b>26 316</b>	<b>(1 406)</b>	<b>24 911</b>	<b>107 337</b>	<b>(628)</b>	<b>106 709</b>
Income taxes	(6 711)	1 405	(5 306)	(28 265)	629	(27 636)
<b>Net income</b>	<b>19 605</b>	<b>-</b>	<b>19 605</b>	<b>79 072</b>	<b>-</b>	<b>79 072</b>
<b>EBITDA margin<sup>1</sup></b>	<b>6.0%</b>	<b>N/A</b>	<b>6.6%</b>	<b>11.9%</b>	<b>N/A</b>	<b>12.0%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>10.1%</b>	<b>N/A</b>	<b>10.6%</b>	<b>15.1%</b>	<b>N/A</b>	<b>15.2%</b>

<sup>1</sup> EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

<sup>2</sup> EBITDA adjusted excludes financial expenses included in project costs. See note 6.

Statement of proportional consolidation

(figures in NOK 1 000)	9M 2023			9M 2022		
	IFRS	Adj share	Pro forma	IFRS	Adj share	Pro forma
		Assoc/JV	gross		Assoc/JV	Assoc/JV
<b>Total operating revenues</b>	<b>2 007 950</b>	<b>59 438</b>	<b>2 067 388</b>	<b>2 227 546</b>	<b>467 948</b>	<b>2 695 494</b>
Revenues	1 956 652	52 763	2 009 415	2 181 383	460 681	2 642 064
Other revenues	51 298	6 675	57 973	46 163	7 267	53 430
<b>Total operating revenues</b>	<b>2 007 950</b>	<b>59 438</b>	<b>2 067 388</b>	<b>2 227 546</b>	<b>467 948</b>	<b>2 695 494</b>
Project expenses	(1 634 344)	(57 966)	(1 692 310)	(1 799 312)	(318 928)	(2 118 240)
Salaries and personnel costs	(96 042)	(761)	(96 803)	(88 819)	(897)	(89 716)
Depreciation and amortisation	(6 872)	(2 942)	(9 814)	(7 175)	(2 886)	(10 061)
Other operating expenses	(76 732)	(15 229)	(91 961)	(67 615)	(21 044)	(88 659)
<b>Total operating expenses</b>	<b>(1 813 990)</b>	<b>(76 898)</b>	<b>(1 890 888)</b>	<b>(1 962 921)</b>	<b>(343 754)</b>	<b>(2 306 675)</b>
Associated companies and joint ventures	(20 893)	20 893	-	93 960	(93 960)	-
Other gains (losses), net	-	-	-	-	-	-
<b>Operating profit</b>	<b>173 067</b>	<b>3 433</b>	<b>176 500</b>	<b>358 585</b>	<b>30 234</b>	<b>388 819</b>
Financial income	21 211	904	22 115	8 836	752	9 588
Financial expenses	(12 220)	(9 466)	(21 686)	(8 910)	(4 485)	(13 395)
<b>Net financial expenses</b>	<b>8 991</b>	<b>(8 562)</b>	<b>429</b>	<b>(74)</b>	<b>(3 733)</b>	<b>(3 807)</b>
<b>Profit/(loss) before taxes</b>	<b>182 058</b>	<b>(5 129)</b>	<b>176 929</b>	<b>358 511</b>	<b>26 502</b>	<b>385 013</b>
Income taxes	(45 700)	5 129	(40 571)	(65 071)	(26 501)	(91 572)
<b>Net income</b>	<b>136 358</b>	<b>-</b>	<b>136 358</b>	<b>293 440</b>	<b>-</b>	<b>293 440</b>
<b>EBITDA margin<sup>1</sup></b>	<b>9.0%</b>	<b>N/A</b>	<b>9.0%</b>	<b>16.4%</b>	<b>N/A</b>	<b>14.8%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>12.4%</b>	<b>N/A</b>	<b>12.5%</b>	<b>19.3%</b>	<b>N/A</b>	<b>17.6%</b>

<sup>1</sup> EBITDA is operating profit before interest, taxes, depreciation, amortisation and other gains (losses).

<sup>2</sup> EBITDA adjusted excludes financial expenses included in project costs. See note 6.

## 9. Alternative Performance Measures (APMs)

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. In addition, Selvaag Bolig presents several Alternative Performance Measures (APMs). APMs are performance measures not defined in the applicable financial reporting framework of IFRS and are therefore not necessarily comparable or equal to the calculation of similar measures used by other companies. The APMs are reported in addition to, but are not substitutes for, the group's consolidated financial statements, prepared in accordance with IFRS. Below we present an overview of the alternative performance measures that are included in the quarterly report, why they are used and how they are defined:

### EBITDA:

EBITDA is a measure of operating profit before interest, tax, depreciation, amortisation, and other gains (losses).

The basis for the calculation of this are the consolidated financial statements according to IFRS, see the table below. The group presents this because group management believes that EBITDA gives useful additional information about the profitability of the group's operations. EBITDA is used by many companies and is well suited to comparing profitability between companies.

### Adjusted EBITDA:

Adjusted EBITDA is EBITDA, as defined above, less financial expenses which are a part of project costs, see the table below. Since IFRS requires that financial expenses that are capitalised as a part of inventory must be expensed as costs of goods on delivery, adjusted EBITDA is presented to show the profitability of the group's operations before financial expenses. The group presents this because group management believes that adjusted EBITDA provides useful additional information about the underlying profitability of the group's operations.

(figures in NOK 1 000)	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Operating profit	23 934	105 757	173 067	358 585	422 385
Depreciation and amortisation	2 342	2 407	6 872	7 175	9 717
<b>EBITDA</b>	<b>26 276</b>	<b>108 164</b>	<b>179 939</b>	<b>365 760</b>	<b>432 102</b>
Finance expenses <sup>1</sup>	17 670	28 881	69 119	64 581	84 995
<b>EBITDA adjusted</b>	<b>43 946</b>	<b>137 045</b>	<b>249 058</b>	<b>430 341</b>	<b>517 097</b>

<sup>1</sup> See note 6

### EBITDA (percentage of completion, NGAAP):

EBITDA (percentage of completion, NGAAP) is the operating profit before interest, tax, depreciation, amortisation, profits from associated companies and joint ventures and other gains (losses). The basis for this is from the group's segment reporting where the percentage of completion method, which is the completion ratio multiplied by sales ratio, is used, see note 4. The group presents this because group management believes that

EBITDA (percentage of completion, NGAAP) gives important additional information about the underlying value creation trends in the group.

### Net interest-bearing debt:

Net interest-bearing debt is the sum of interest-bearing debt less cash and cash equivalents, see table on page 5. The group presents this because it believes it to be a useful indicator of the group's debt, financial flexibility and capital structure.



## 10. Financial covenants

Selvaag Bolig ASA has a credit facility agreement of NOK 300 million with DNB, which matures in December 2025. No drawings had been made against this facility at 30 September 2023. The agreement includes financial covenants with the following requirements:

- The equity ratio must be at least 25 per cent.
- The average sales ratio for units in production must be at least 60 per cent. If the sales ratio is 60-65 per cent, the lender must give its approval for the loan facilities to be drawn on, and the margin increases by 50 basis points.

The collaboration agreement with Urban Property, as described in note 7, includes financial covenants with the following requirements:

- Equity must be greater than NOK 1 500 million.
- Debt ratio must be below 50 per cent. Debt ratio is defined as:  $\text{Net debt} / (\text{Net debt} + \text{equity})$
- $\text{Net debt} / \text{rolling 12-month EBITDA}$  must be below 3.
- Maximum 2.5 year accumulated, unpaid option premium. This consists of three elements multiplied with each other: (Lowest of market value or acquisition price of land plots in UP) times (annual option premium which is 3-month NIBOR + 3.75 per cent) times 2.5.

The calculation of net debt is excluding construction loans and debts related to Portfolio B.

On a breach of financial covenants, Selvaag Bolig must receive approval from UP for dividend and other distributions until the covenants once again are met. If there is a breach of covenants after six months, the option premium increases by 25 basis points until the covenants are met.

# SELVAAG BOLIG

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**About Selvaag Bolig**

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time, and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger, Trondheim and Stockholm. Selvaag Bolig represents a continuation of Selvaag's 75-year history and experience, and offers a broad variety of property types. The company is headquartered at Ullern in Oslo.

[www.selvaagboligasa.no/eng](http://www.selvaagboligasa.no/eng)