

Årsrapport
SELVAAG BOLIG

2022



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ABOUT SELVAAG BOLIG

A LEADING HOUSING AND URBAN DEVELOPER

Selvaag Bolig ASA is a residential property developer which controls the entire value chain from acquisition of land to sale of turnkey 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 more than 75-year history and experience, and offers a broad variety of residential types. Selvaag Bolig is a public limited company and has been listed on the Oslo Stock Exchange since June 2012. The company's head office is at Ullern in Oslo.

Our vision: **We improve the cities of the future**

Selvaag Bolig is a safe and secure partner for our customers' most important investment. Our customers say that choosing us is choosing expertise, seriousness and high ambitions.

We like to call ourselves housing specialists – building over 60 000 homes does something to you.

Since the very beginning, Selvaag and all of us who work in Selvaag Bolig have loved smart solutions. We have challenged the authorities and the industry itself about what is possible to build, and we will continue to do that. Every day we are working to develop homes, neighbourhoods and solutions that simplify people's lives. We make sure that long-lasting and sensible projects are built in areas where they are in demand, in growing cities. That is sustainability in action.

No project is too big or too complex for us. At Løren in Oslo, we transformed a shuttered military camp to become an entire new neighbourhood. At Kaldnes in Tønsberg, a dead industrial zone got a new life as a new and vibrant residential area. At Fornebu, a new city will emerge where there once was an airport. When we create the cities of the future, it is our task to ensure that people's homes and neighbourhoods create a secure setting for a good life. Our long history as the homebuilder for the people gives us a responsibility. We build housing that is required, at a price that most can afford.

Everything we do is carefully contemplated, down to the smallest details.

DESCRIPTION OF THE BUSINESS

GOOD RESULTS IN A CHALLENGING MARKET

2022 was a good year for Selvaag Bolig in terms of results and earnings, despite a challenging market. Good profitability in the projects, new land plots in major metropolitan areas and housing for NOK 6.4 billion under construction at the end of the year make the company well positioned for the future.

Activity is high in Selvaag Bolig. At the end of the year, we had 1 253 houses under construction and 67% of these were already sold. Sold homes are only recognised as income when they are delivered. We thus have a solid order reserve which ensures revenues upon completion in 2023 and 2024.

In 2022, the market for new housing has been severely affected by both the war in Ukraine and aftereffects of the Covid-19 pandemic. The first quarter was good, but the housing market changed after the outbreak of war in February. We succeeded, however, in starting nearly as many units as we completed during the year.

Although the most fundamental conditions for housing and urban developers are in place, with population growth, urbanisation and large housing requirements, there has been a significant decline in sales of new housing after the summer. The challenge has been two-fold. On the one hand, rising mortgage interest rates, uncertainty about where interest rates will end up and the higher cost of living has reduced purchasing power and the willingness to invest. On the other hand, the supply of new housing has declined because of higher material prices and construction costs. In very much of 2022 it was not financially responsible to start sales of new projects in many places. For projects already under construction, our costs are fixed. They are thus not influenced by higher costs.

The situation we are experiencing now is not unique. Similar circumstances have arisen many times during Selvaag's history. Therefore we have both the experience and resources which allow us to handle situations like this and emerge stronger after what many describe as turbulent times. Selvaag became known in the post-war period for being a part of the solution to the housing challenges of that time. In the autumn of 2023 it will be 75 years since Selvaag built its first house in Ekeberg, Oslo. The vision at the time was to create something new and better in a market with a major shortage of housing and high material prices. With the house at Ekeberg, Selvaag demonstrated that it was possible to build at one-third of the price in one-third of the time. This contributed to the country's housing production almost tripling, and to the company's growth adventure.

We have thus gained considerable experience to participate in, and adjust and adapt to this cyclical market, in order to minimise risk and take advantage of the potential that the fluctuations offer. The company's business model and adaptable organisation ensure that we can capitalise on good markets and quickly adapt to quiet markets. Our formula for success since Selvaag Bolig started as a separate company is to be lightly staffed, have few unsold completed homes, only start selling new projects when the market is ready, and use our time actively to both secure new development properties and to prepare new projects for sale. We are sure that predictability will return to the market and demand for new homes will return. We are ready for that. We have several hundred homes for sale now, and many new projects where we start selling during the year when the market allows.

The fundamental prerequisites for a stable and good new housing market going forward are good in all the regions where we are developing housing. The background for this is urbanisation, population growth and a large requirement for housing. The supply deficit in the Oslo area, our largest market, will increase now that very few projects are being released for sale. New projects are not being put on the market in the other large cities either, which will lead to a supply deficit there as well. This probably means that house prices will remain at a high level, and that we will see a price increase when the market normalises. The metropolitan areas, where we already are a major player, will therefore remain our main focus going forward.

“Buying a home is the most important investment most of us make in our lifetime. We will contribute to more people having the opportunity to do just that.”

Sverre Molvik, CEO

One thing we are confident will change is the way people want to live and the foundation that political guidelines provide for how we can live in the future. There are increasingly strict regulatory requirements for design, participation and sustainability. In addition, we find that customers want homes that are socially sustainable and facilitate a simpler everyday life. The answer to much of this is Selvaag Pluss. Since 2004, we have built around 2 000 Pluss homes, which are a lifestyle concept where the residents have access to shared facilities and services. Evaluation of the concept shows that it contributes to an increased quality of life, that residents experience less loneliness and that the elderly stay longer in their own home. The concept is increasingly sought after by both home buyers and municipalities, and will therefore form a larger part of Selvaag Bolig's offering in the future. We now have around 3 000 such homes under development in new projects, and are also actively working on further development of the concept so that it becomes available to more people, both in existing and new development areas.

Our other ESG efforts have continued in full force in 2022. The goal for these efforts is to give us a competitive advantage. We therefore work purposefully to reduce negative impacts and make a positive contribution wherever possible. A prerequisite for achieving this is to control our data, so that we have a good basis for defining our level of ambition and setting clear targets for, among other things, emission reductions. We have therefore implemented climate accounting for all projects completed in 2022 and have chosen to digitise all the non-financial data we acquire, starting from 2023. The requirements we set for climate accounting follow the new requirements in the building technical regulations, which will apply to projects where we apply for planning permission after 1 January 2023, and we have now defined clear targets, among other things, for greenhouse gas reductions. We have also changed existing routines and now set requirements for the entire supply chain both in terms of climate and human rights, in line with the Norwegian Transparency Act.

During 2022, we also strengthened our presence in Stockholm, among other things through further development of the organisation and agreements on several new sites. Our Pluss homes, which are homes with shared facilities and services, have been a key element in the success of the investment in Sweden, as the municipalities are the sellers of the plots and have asked for this concept.

As CEO, I am confident that we have the recipe for success and the ability to follow it. We have experienced and skilled employees, high employee and customer satisfaction, a solid business model, access to attractive plots of land for almost 11 000 homes, and products that are in great demand.

Buying a home is the most important investment most of us make in our lifetime. We will contribute to more people having the opportunity to do just that. Our 75-year presence in the market and solid finances make Selvaag Bolig projects and homes attractive and safe investment properties. For buyers, this provides extra protection, and it makes buying a home from Selvaag Bolig a safe and sound investment. This also benefits our owners. Long-term ownership in Selvaag Bolig should be rewarding.

Please contact us if you have any feedback about this report.



A handwritten signature in black ink, which appears to read 'Sverre Molvik'. The signature is written in a cursive, flowing style.

Sverre Molvik
President and CEO

Key figures* 2022:

Operating revenues IFRS (NOK million)	2 896.4
Operating profit (NOK million)	422.4
Pre-tax profit (NOK million)	425.1
Units sold (Selvaag Bolig's share)	448
Net sales value (NOK million)	2 328
Number of construction starts	517
Number of units delivered	585
Number of units completed	586
Number of units under construction	1 253
Number of employees	86
Turnover	7.0%
Sickness absence	4.9%
	40% females
Equal opportunities on the board (shareholder-elected board members)	60% males
Calculated**** CO ₂ -intensity total (tCO _{2e})	25 585.3
Calculated emissions per GFA completed units (kgCO _{2e})**	342.67
Calculated emissions per GFA completed units/50 years (kgCO _{2e})***	5.7

* All figures are Selvaag Bolig's share.

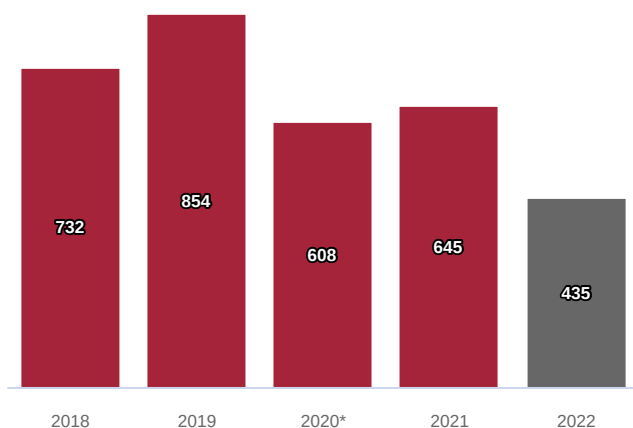
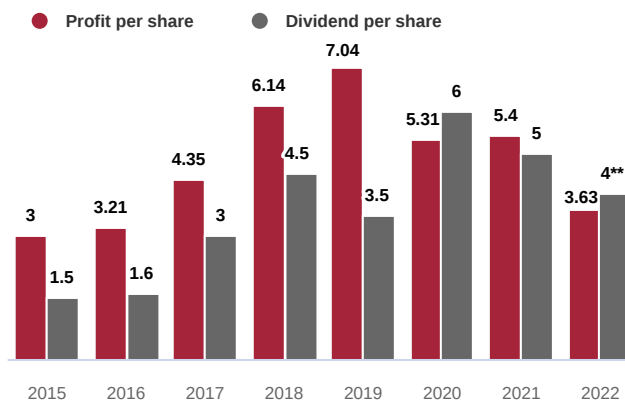
** Kilograms of CO₂-equivalents (kgCO_{2e}) per gross floor area (GFA). Conversion of climate gasses to CO₂-equivalents is performed by multiplying the number of tonnes of each individual gas by the global warming potential (GWP) of each gas. That is the global warming potential in a 100-year time horizon. GFA is a measure of the total gross area of the home and includes the external walls. The cellar and foundation are included.

*** The greenhouse gas calculation is carried out for a calculation period of 50 years for the building. Norwegian EPDs have normally been based on a 60-year calculation period. EU regulations and building regulation TEK17 use a calculation period of 50 years. Both calculation periods are included in the attached climate statement. This is for comparability with the reference project.

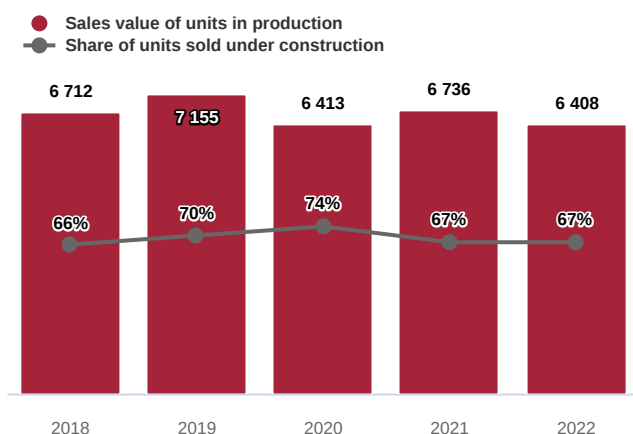
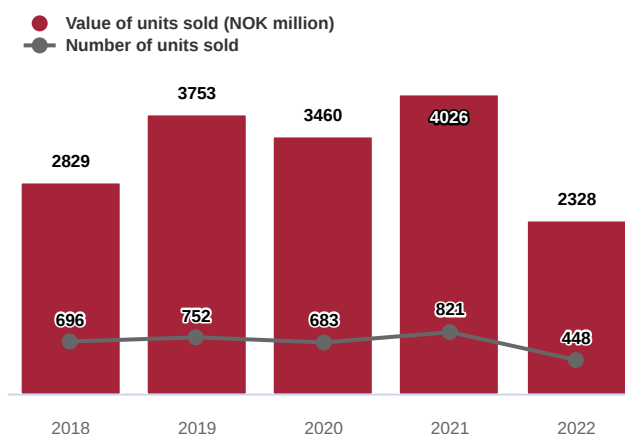
**** Certain parts of the greenhouse gas accounts have been estimated due to a lack of data access.

KEY FIGURES

PRE-TAX PROFIT (NOK MILLION)

ANNUAL DIVIDEND AND PROFIT PER SHARE¹⁾

RESIDENTIAL UNITS IN PRODUCTION

RESIDENTIAL UNIT SALES²⁾

(Amounts in NOK million)	2022	2021	2020	2019	2018
IFRS highlights					
Operating revenue	2 896.4	3 402.7	2 698.0	3 368.8	3 342.1
Operating profit	422.4	648.3	1 643.8	864.7	750.5
PRE-TAX PROFIT	425.1	645.3	1 653.5³⁾	854.0	732.5
Cash flow from operations	63.4	392.6	1 615.7	985.9	427.0
Net cash flow	85.2	-357.9	-293.4	521.7	171.5
Equity ratio	39%	43%	41%	49%	48%
EARNINGS PER SHARE IN NOK	3.63	5.40	16.33	7.04	6.14
Units under construction	1 253	1 323	1 310	1 504	1 449

¹⁾ Does not include NOK 1 045 million from UP transaction

^{**)} Proposed dividend for 2nd half 2022: NOK 2.00 per share

¹⁾ Not including gain and dividend from UP transaction

²⁾ Units sold are sales contracts entered into in accordance with the Housing Construction Act. Pursuant to the IFRS, these are recognised on delivery.

³⁾ Pre-tax profit in 2020, adjusted for UP transaction, is NOK 608 million.

Note: Number of units sold and value of units sold are adjusted for Selvaag Bolig's share of joint ventures.

EXECUTIVE MANAGEMENT OF SELVAAG BOLIG ASA



Sverre Molvik
Group CEO



Øystein Klungland
COO



Kristoffer Gregersen
EVP communications, sustainability
and corporate strategy



Line Lian Mjell
EVP market



Christopher Brunvoll
CFO

EXECUTIVE MANAGEMENT OF SELVAAG BOLIG ASA



DESCRIPTION OF THE BUSINESS

Selvaag Bolig is a housing development company which offers homes tailored for specific customer groups in the growth areas in and around Greater Oslo, Bergen, Stavanger, Trondheim and Stockholm. By offering good housing at competitive prices, the company will give as many people as possible, in all phases of their lives, the opportunity to own a home. The company does not have an in-house construction arm, and concentrates primarily on developing large housing projects with more than 150 homes – mostly in the NOK 4-6 million price category. By subjecting construction to competitive tendering, the company reduces risk and achieves better prices. Selvaag Bolig has also employed service people in the wholly owned subsidiary Selvaag Pluss service AS. They work as hosts and maintenance people at the company's Pluss Homes – homes with shared facilities and services which Selvaag Bolig operates after delivery to the customer.

There have not been changes in the company's areas of business or value chain in 2022.

Company structure

At Selvaag Bolig, all projects are placed in separate project companies. Most of the project companies are wholly owned by Selvaag Bolig ASA, and do not have their own employees. They are subsidiaries that are consolidated 100% in the group accounts. In addition, Selvaag Bolig ASA has joint ventures projects that are mainly owned 50/50 with other actors, and are classified as joint ventures/associated companies. The earnings from them are included in the consolidated accounts according to the equity method. For more information, see [note 2.6](#) in the group accounts. Selvaag Bolig has also separated operations of Pluss Homes into a separate company. Selvaag Bolig has 86 employees of which 64 are employed in Selvaag Bolig ASA. The remainder are employed in Selvaag Pluss Service AS, Selvaag Eiendomsoppgjør AS and in Selvaag Bostad AB including its subsidiaries.

Housing range tailored to the market

Selvaag Bolig has house types and concepts tailored to different target groups with varying needs and preferences. The largest volume of the homes built by the company is designed for the biggest customer group – households with normal incomes, and the share of Pluss homes, i.e., homes with shared facilities and services has however increased in recent years. Thanks to the size of its projects, the various types of homes can be combined in each project. This contributes to socially sustainable neighbourhoods by offering homes that match all conditions of life and age groups. It also provides a range tailored to the market and helps to optimise the sales and income profile of each project.

Competitive tendering for all contracts

Selvaag Bolig is solely a developer without its own construction organisation, and manages the whole value chain from the purchase of land to the sale of turnkey homes. The company has an efficient approach to housing development which helps to ensure cost efficiency and reduce market risk. The key to this is the competitive tendering of all construction activities, and mainly entering into turnkey contracts. This offers several advantages:

- **Focused organisation:** 64 employees in the core business. A small organisation focusing on development and sales.
- **Predictable and competitive construction costs:** Tenders from several contractors, based on standard descriptions, always ensuring the right market price and construction at fixed prices. Costs fixed before sales start. Collaboration exclusively with contractors who have leading-edge expertise in implementing assignments.
- **Lower execution risk:** Using turnkey contracts reduces execution risk in the construction phase.
- **Lower market risk:** Construction costs are locked before sales start, eliminates the need for big staffing adjustments in the event of market fluctuations.
- **Improved capacity:** Scalable model and no capacity problems when several projects are to be built simultaneously.

Land purchasing and financing

In addition to subjecting construction to competitive tendering, Selvaag Bolig's strategy for buying and developing new sites is central to value creation at the company. It has access to a substantial portfolio of land. That permits purposeful selection of new sites which fit with the existing portfolio and meet the market requirements prevailing at any given time for sustainability, location, size, price and development potential. The company continuously acquires land in line with an acquisition strategy which gives priority to large sites in its defined core areas.

Land purchasing and financing in Norway

Most of Selvaag Bolig's available land portfolio is owned by the company's financing partner Urban Property, who sells land back to Selvaag Bolig when construction starts on the projects. This model makes it possible for Selvaag Bolig to refine its core activities, increase its operational focus and manifest value in Selvaag Bolig's day-to-day activity. Urban Property is a financially sound, well-capitalised and predictable collaborator, and an important long-term and strategic partner for Selvaag Bolig.

The collaboration agreement, summarised:

- Urban Property has a pre-emptive right to purchase new land in Norway which Selvaag Bolig wants to develop. If Urban Property does not avail itself of this right, Selvaag Bolig can use other financing solutions and/or collaborate with others.
- Selvaag Bolig has an option to buy back the land from Urban Property.
- The land is bought back in stages by Selvaag Bolig at the original purchase price plus an annual option premium of Nibor plus 3.75 per cent. A transaction fee of 0.5 per cent is also payable when Urban Property buys land from the landowner, and 2.0 per cent when Selvaag Bolig buys the land from Urban Property.
- The agreement contains financial covenants.

Advantages for Selvaag Bolig:

- No need for equity to buy land. Selvaag Bolig pays 50 per cent of the purchase price to Urban Property when taking over a site (at the start to construction) and 50 per cent on project completion.
- Higher return on equity.
- Ability to pay out a higher share of profit as dividend.
- Efficient and predictable financing of existing and new sites.
- Downside risk limited to 48 months of option premiums (break fee).

Selvaag Bolig also has land on its own balance sheet, as well as land plots it controls together with joint venture partners.

Land purchasing and financing in Sweden

In Sweden, Selvaag Bolig primarily makes agreements on land purchases through land allocation by local authorities. The allocation is normally in conjunction with a bidding competition with many actors where price is one of several criteria. Payment for the land typically occurs when the land is ready for construction to begin, and the zoning risk is thus eliminated.

Sales strategy

The company's sales strategy is the key to optimal progress and profitability in the projects. Segmentation of housing projects and optimisation of complex projects with a broad range of housing types, including extensive use of the company's trademark-protected Pluss concept, have yielded positive sales and a favourable progression of sales. As a general rule, Selvaag Bolig does not start construction until 60 per cent of the value of a building stage has been sold. The rest of the building stage is sold during the period up to completion. This makes it possible to price the units in the project in line with market price developments, and ensures income optimisation. Furthermore, the attention devoted to detailed planning, standardisation, site utilisation and strategic land development helps to secure sustainability, low construction costs and good project margins for the company and competitive house prices.

Quality requirements and ESG

Selvaag Bolig sets high standards for quality at all levels internally and has extensive requirements for products, operations and ESG with its suppliers. This helps to reduce the risk of errors in the projects, and ensure that all the homes have a high standard and meet the company's ESG requirements. Read more about this in the [ESG in Selvaag Bolig](#) chapter.

Goals

Selvaag Bolig aims to be one of Norway's leading housebuilders, and contribute to inclusive local communities and facilitate a sustainable lifestyle. The company has a long-term objective of growth, which will not be pursued at the expense of profitability. The company's strategy helps to secure its position as market leader and to strengthen its competitiveness. Selvaag Bolig has a stated goal of achieving project margins of at least 10 per cent.

Dividend policy

Selvaag Bolig's ambition is to pay high and stable dividends to its owners. The company aims to pay dividends of minimum 60 per cent of net profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

Work in progress risk

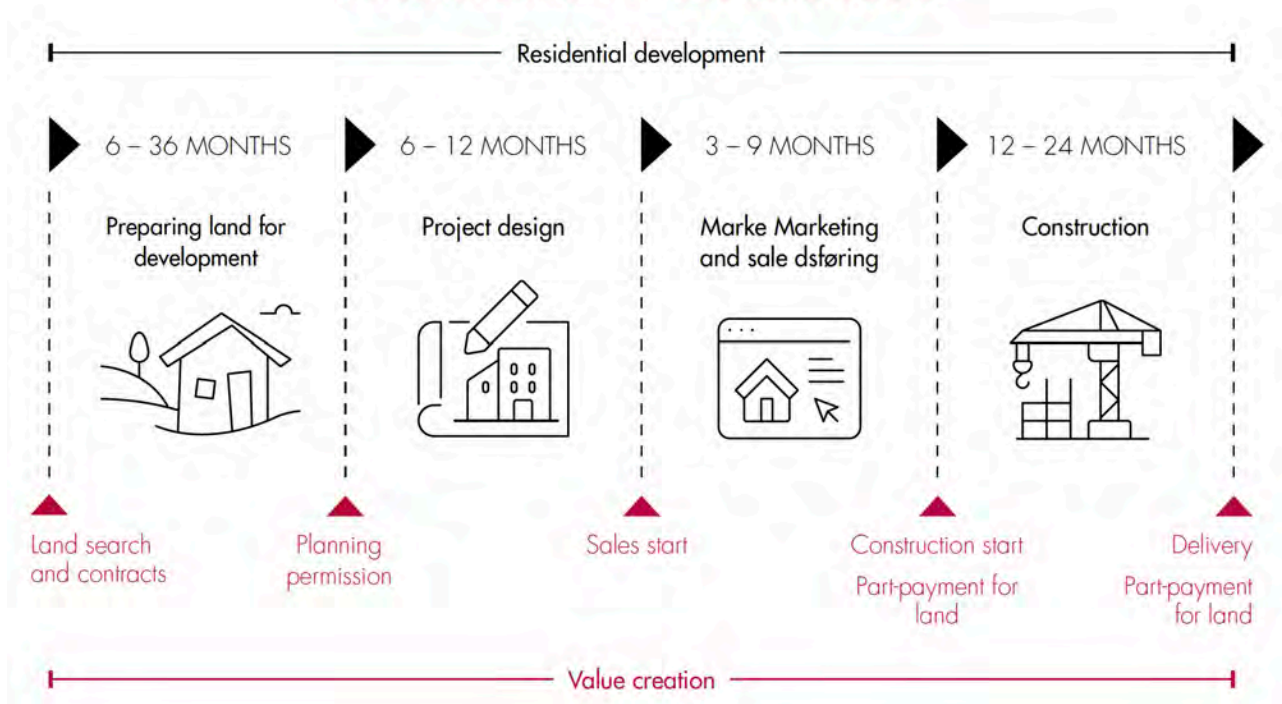
Selvaag Bolig works actively to reduce the risk of cost overruns and delays. This is minimised by turnkey contracts with solid construction companies which are well financed and have a high level of expertise as well as a documented ability to deliver. The turnkey contractor is responsible for delivering the project at the agreed

time and price. In addition, the greater proportion of the project cost is assured because construction does not start before advance sales reach 60 per cent. Furthermore, a high degree of standardisation, combined with considerable detailing in the specifications to contractors, reduces the risk of delays in the construction process. Continuous learning at the contractors contributes further to efficient project execution and reduced risk of errors and delays.

External risk factors

Low interest rates, low unemployment, substantial household purchasing power and a high level of population growth in urban areas have contributed to a large demand for new housing – particularly in Greater Oslo, where Selvaag Bolig has the bulk of its business. However, in the second half of 2022, purchasing power and housing demand were negatively impacted by interest rate increases, energy prices, inflation and geopolitical tension. The pandemic and the war in Ukraine have in addition led to higher construction costs which have delayed sales and construction starts. Negative shifts in demand could also occur because of regulatory changes that impact purchasing power or construction costs. One example of this is that climate change could lead to stricter environmental requirements in project development and affect access to new land, contractors and raw materials. See the separate section about risk in the chapter about [corporate governance](#).

VALUE CREATION IN SELVAAG BOLIG



Value drivers in Selvaag Bolig

Competitive products in growth areas

- Concentrates exclusively on urban growth areas with high demand for housing and market depth.
- Competitive prices providing a large customer base.

- A broad range of house types which reach more market segments and maximise income in the projects.

Large, actively managed land bank

- Land bank owned by others ties up less capital.
- Value creation through initial and further development of land as well as its optimisation.
- Flexibility to develop several thousand homes in urban growth areas.
- Active capital management

Effective and flexible cost structure

- External construction organisation gives flexibility, reduced risk and cost optimisation.
- Project-based business model increases flexibility and reduces risk.
- Large projects with more than 150 homes provide economies of scale.
- Lean and efficient organisation reduces overhead costs.

Capital-efficient business model backed by solid balance sheet

- 60 per cent advance sales as the main rule before project start reduces the need for project finance and the risk of inventory build-up.
- Healthy debt structures and financial flexibility.

Cooperative partners

Selvaag is a member of the Confederation of Norwegian Enterprise (NHO) and associated with the Federation of Norwegian Construction Industries (BNL) and the industry association Home Builders (Boligprodusentene). The company is also member of the Norwegian Green Building Council, and a member, contributor and an active force in a number of local and industry-specific institutions and forums.

Selvaag Bolig also supports culture, mass-participation sports, educational institutions, especially in local communities where the company has projects.



BOLIGPRODUSENTENE

ESG IN SELVAAG BOLIG

Sustainability has been a key component of Selvaag's DNA since the beginning in 1948, when the focus was to build homes at a price that as many as possible could afford. With climate change, the environmental crisis and growing differences, both the area of responsibility and the efforts of the company are expanding. Selvaag Bolig considers an increased focus on sustainability in all phases of the business to be important, and therefore strives to make ESG (Environment, Social & Governance) an integrated part of the business. This is, among other things, to ensure that enough housing is built at a price that as many people as possible can afford to pay, that it is built with a low climate impact, that everything that is built facilitates a sustainable lifestyle, and that decent working conditions and human rights are safeguarded throughout the value chain.

The work with ESG is extensive and challenging. Among other things, there is a lack of standardised parameters for measurements, there are challenges in obtaining correct data from suppliers, and there are aspects concerning the implementation of regulations that need to be clarified. However, the company sees business opportunities in the transition to a low-emission society, and believes that handling ESG well is a prerequisite for the company to be successful in the future.

All the company's development projects in Norway and Sweden are subject to strict public requirements for construction, quality and responsible operations. In addition, there are more requests for information about how the company controls its impact on the environment and society in general. Examples of this are the EU's regulations for sustainability reporting (CSRD), the Transparency Act, the EU's taxonomy and new requirements in Norwegian building regulations (TEK17). In the past year, Selvaag Bolig has therefore made a significant effort to meet expectations for non-financial reporting. This includes, among other things, the systematisation and digitisation of data acquisition, implementation of KPIs and targets, and ensuring compliance internally and in the supply chain.

In 2022, Selvaag Bolig delivered 585 homes. There are large variations in both housing sizes and location. However, the homes are mainly apartments in large projects in the company's core areas, and the average size is around 70 square metres of living space. There were no known breaches of laws, regulations or guidelines in 2022.

ABOUT THIS REPORT

This report has been prepared with reference to The Global Reporting Initiative (GRI) Standards for the reporting year 2022. The report has been prepared by Selvaag Bolig's executive management and processed and approved by Selvaag Bolig's board. The sustainability report has not been verified externally, but has been reviewed and quality assured by a third party. External verification will be considered in 2023.

Scope and limitations

The report includes all business areas in Selvaag Bolig ASA and its subsidiaries. This corresponds to the areas covered in the company's financial reporting.

Contact

For questions or feedback about this report, contact executive vice president communications, sustainability and corporate strategy, Kristoffer Gregersen: kgr@selvaagbolig.no

GOVERNANCE

Selvaag Bolig's board is responsible for compliance with all relevant government requirements, legislation and statutory regulations. The board has established overarching principles for corporate governance, which are enshrined in the company's key guidelines and procedures. The principles apply to the board, CEO, all managers, employees and partners of all companies belonging to the Selvaag Bolig group. The principles are followed up in planning and management systems, and in the daily operation of the company. For more information, refer to a separate chapter in this annual report.

The coordinating responsibility for ESG is placed with the executive vice president for communications, sustainability and corporate strategy. ESG is a central theme at the board's annual strategy seminar with the company's management, where targets for the coming business year are set, among other things. In 2022, a ESG strategy was developed. The board receives reports from the company's management in three board meetings during the year, and the adoption of KPIs and assessment of target achievement takes place annually. The board's audit committee also receives ongoing information on ESG work from the company's management.

Governance documents:

- Ethical guidelines
- Values manual
- Supplier code of conduct
- Human rights policy
- Environmental policy
- Guidelines for IT security and GDPR
- Guidelines on pay for senior executives

Risk

The company carries out an extensive two-year risk survey where a number of ESG-related topics are handled. The risk mapping was last carried out in 2023. See the separate chapter on risk in the chapter on [corporate governance](#).

Reputation

Through a stakeholder survey, Selvaag Bolig surveys its reputation with politicians, administrative staff in municipalities, owners and investors, partners and suppliers, and the media. These have been selected based on who has the greatest influence on the company's operational parameters and the company's reputation.

They are policy and decision makers for development in the core geographical areas of the company, for the value of the company and the company's reputation.

Themes considered in the survey are trust, management, competence, organisation, innovation, sustainability, communication and openness. The peers selected for comparison can all be classified as the most serious players in the market, and Selvaag Bolig is ranked highest on several of the parameters and top three on all.

The survey shows that Selvaag Bolig has a good starting point to secure good operational parameters and gain the acceptance required to carry out major projects. On the subject of sustainability, there are no surveyed groups who feel that any actor has taken a position.

Incentives

Management incentives for ESG have been introduced. The entire company's executive management has parts of its variable salary linked to ESG. For the business year 2022, this included, among other things, compliance, development of an overall ESG strategy, as well as definition of KPIs and goals. In the long term, the incentives will be linked to the achievement of goals. The company must both exploit opportunities and take corrective measures if necessary. The company's project management also has ESG KPIs associated with its variable salary.

Quality management of projects

Selvaag Bolig has a quality management system that safeguards and ensures quality and statutory obligations in all phases of project development. The system consists of checklists and decision documents that must be followed in the projects' respective phases, from acquisition to planning, receiving tenders, implementation and the guarantee period. Examples of elements that are considered are costs, environment, architecture, health, safety and working environment (HSE) and housing quality. It is a requirement that the system is used in all project development, and the chief operating officer (COO) is in charge of the system. Decision documents are acknowledged by the project manager and reviewed by the COO.

WHISTLEBLOWER ROUTINES

Selvaag Bolig wants to receive notifications about censurable conditions which violate laws or the company's ethical guidelines. Examples of censurable conditions could be danger to life or health, danger to climate or the environment, corruption or other financial crime, abuse of authority, unsatisfactory working environment, including harassment and breach of personal data security.

Selvaag Bolig strives to have a threshold as low as possible for a whistleblower to be able to send a notification about censurable conditions. The company has thus established a whistleblowing office which is available to its employees and for external stakeholders. The procedures for sending a notification are available on the company's home page and intranet. Anonymous notifications may be sent. There are routines for reporting to the company's board.

The company has informed employees and suppliers about the notification routines and possibilities, and encourages all censurable conditions to be reported. Selvaag Bolig did not receive any whistleblowing notifications in 2022.

DIGITALISATION OF DATA

Selvaag Bolig believes that one of the main challenges for the company's non-financial reporting is the increased scope of parameters to be measured, as well as the uneven quality of reported data. During 2022, Selvaag Bolig has therefore invested in a digital system that enables easier collection, quality assurance and availability of data. Digitisation includes, among other things, HSE data from all construction projects and climate accounting. It also facilitates a systematic assessment of how suppliers and partners handle social conditions and human rights in their own businesses and supply chains. The system was put into use in January 2023.

STRATEGIC PRIORITIES

An important task in 2022 has been to prepare an ESG strategy with clear measurement parameters and goals. The main purpose of the strategy is to ensure that Selvaag Bolig contributes to comprehensive, long-term and sustainable value creation in society, that the business model is adapted to a climate-neutral economy, and that the company's work with social conditions and the environment provides a competitive advantage.

Vision:

We improve the cities of the future

Mission:

We make it easier for more people to live better

Ambition:

We contribute to inclusive local communities and facilitate a sustainable lifestyle

Stakeholder dialogue and material topics

The strategy is based on a materiality analysis that was revised in autumn 2022 in accordance with the latest GRI standard, as well as the principle of double materiality. This means that the reporting and selected KPIs both include the impact the company has on society and stakeholders, as well as how ESG issues affect the company's opportunity for long-term value creation ([ESG: Material Topics](#)). Both internal and external stakeholders were consulted in the work, including experts on working conditions, finance and climate and environment. Selvaag Bolig is a member of and has an ongoing dialogue with Norwegian Green Building Council. Selvaag Bolig has considered the following topics as material:

Climate and environment	Social conditions	Governance conditions
Greenhouse gas emissions	Health and safety on construction sites	Ethics in the supply chain
Climate-related risk	Social dumping	Ethics in own organisation
Material use	Human rights in the supply chain	
Loss of biological diversity	Impact on local communities	
Waste and pollution		
Energy-efficient buildings		

Selvaag Bolig has refined its role as a developer, and projects are therefore built by subcontractors. The company's biggest impact on the climate and environment, society and the economy occurs in the development of the housing projects and in the supply chain. The 2022 analysis covers more topics than before.

The UN's Sustainable Development Goals

The UN's Sustainable Development Goals provide a working plan for efforts to eliminate poverty, fight inequality and halt climate change by 2030. They comprise 17 main goals and 169 subsidiary targets. Selvaag Bolig is working on relevant topics, including the UN's "Framework Convention on Climate Change" (Paris agreement).



Goal	8: Decent work and economic growth	11: Sustainable cities and communities	12: Responsible consumption and production	13: Climate action
Sub-goals	8.8	11.3, 11.4, 11.7	12.2, 12.5	13.1, 13.2
Important topics	Health and safety on construction sites Social dumping Human rights in the supply chain Ethics in the supply chain Ethics in own organisation	Climate-related risk Waste and pollution Loss of biodiversity Impact on local communities	Material use Waste and pollution	Greenhouse gas emissions Energy-efficient buildings
Contribution	Ensure good and fair working conditions on construction sites, in supply chains and in the business	Efficient use of land in urban areas and at hubs Safeguard and increase biological diversity Reduce the risk of physical damage to buildings and people	Reduce waste Increase recycling Reduce material use	Reduce emissions in Selvaag Bolig's value chain Build energy-efficient homes
Goals for Selvaag Bolig	0 accidents with personal injuries 0 cases of social dumping/ labour crime > 40% of each gender in the entire company > 40% of each gender in the company's management	No new plot purchases of cultivated land (except at hubs) from 2023 Assess physical climate risk in all projects Assess biological diversity in all new projects	Reduction in waste Sorting rate: > 75%	Energy label for completed homes: B Scope 1 and 2 must be climate neutral by 2030 Scope 3: 20% lower emissions for completed homes than the current BREEAM reference in the period 2023-2025, and 30% lower by 2030



CLIMATE AND ENVIRONMENT (E)

The company's guidelines for the environment state that Selvaag Bolig must always seek environmentally friendly solutions that can contribute to reduced climate emissions in the construction process and throughout the building's lifetime. All the company's projects must be built in accordance with Norwegian and European building regulations. These set strict requirements for material selection and energy efficiency in the homes, and for operations in general through the construction process.

SELVAAG BOLIG'S APPROACH

Selvaag Bolig prioritises building area-efficient homes in urban areas experiencing expansion pressures. These are areas where it is possible to transform outdated commercial buildings and industrial areas into high-quality residential and urban areas with green outdoor areas and good urban qualities. The company's biggest footprint on the climate and the environment is in the supply chain and the biggest emissions come from the materials used in the buildings. Reducing negative impacts requires good planning and cooperation between Selvaag Bolig as the developer and the contractors who carry out the construction.

The approach affects which suppliers are chosen, requirements that are set and routines for follow-up. Contracts clearly require contractors to operate in line with the laws and regulations in force at all times and in accordance with the company's guidelines and code of conduct. No violations of these were discovered during 2022.

The company performs thorough due diligence assessments about climate and environment throughout the project process, from acquisition of land and planning to the choice of contractor and development. Ground conditions, biological diversity and available energy sources are mapped early to decide how a project can be designed. All major projects close to urban centres also have an environmental plan that defines overall green goals and addresses the project's environmental footprint before work begins. This includes, among other things, solutions for energy-efficient buildings, choice of materials, waste handling and interaction with the surroundings. In addition, assessments are made about how the development can stimulate residents and users to choose a sustainable lifestyle, for example through the sharing of common areas, carpools and energy solutions.

In order to ensure good environmental management in Selvaag Bolig's construction projects, it was decided in 2021 that all projects from 2022 onwards will use BREEAM NOR pre-analysis as a management tool. BREEAM is an environmental certification system for buildings and is the construction industry's tool for measuring environmental performance. The certification is based on documented environmental performance in nine categories related to climate and the environment. In each category there are topics with criteria or measures that can be taken to reduce the environmental impact from the project. BREEAM-NOR certifies projects in five levels: Pass, good, very good, excellent and outstanding. It is assumed that the BREEAM framework will be largely compatible with the reporting requirements related to the EU's taxonomy for sustainable activities and the EU's upcoming Sustainability Reporting Framework (CSRD).

The requirement for pre-analysis is included in the company's quality management system. The pre-analysis will compare the projects with the qualities required in the various BREEAM certification levels and the EU's taxonomy. In this way, Selvaag Bolig will ensure that ambitions are met through concrete measures in the projects. In 2022, Selvaag Bolig started the development of its first BREEAM-certified project. Lille Løren park in Oslo shall be certified as BREEAM Good. Any requirement for certification for other projects will be assessed based on experience from the construction of Lille Løren park.

CLIMATE RISK

In 2021, Selvaag Bolig undertook a mapping of the company's climate risks and opportunities, and the company's management of them in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). The assessment concluded that the property sector as a whole has a significant exposure to both physical risk and transition risk, and has defined which areas are significant for Selvaag Bolig.

The construction and property industry accounts for significant emissions in a life-cycle perspective, and must therefore expect changes in regulations and the market development in the transition to a low-emission society. At the same time, the industry is exposed to the risk of physical climate change, where assets can be lost or suffer significant losses.

As Selvaag Bolig develops homes and commercial premises which are taken over by the buyer on completion, physical climate risk primarily applies to the selection of land. Topics such as extreme weather, sea level rise, storm surges, rainfall, landslides, frost and drought are mapped in all projects through a risk and vulnerability analysis (RVA analysis). The analysis reveals conditions that are important for whether the area is suitable for development purposes, and any changes in such conditions as a result of planned development. Elements that are mapped follow the theme guide for social security in spatial planning from the Norwegian Directorate for Civil Protection (DSB).¹

GREENHOUSE GAS EMISSIONS

About 40 per cent of the world's greenhouse gas emissions are linked to the construction, use and demolition of buildings.² On 1 July 2022, changes were introduced in the Norwegian building regulations (TEK17) which will help to reduce these. Among other things, requirements have now been introduced for greenhouse gas accounting for apartment buildings and commercial buildings. The rules have a transitional arrangement of one year, and for building applications submitted before 1 July 2023, the property developer can thus choose to follow the new provisions. In practice, this will mean that the requirement for climate accounting will apply to buildings that are completed from 2025 at the earliest, taking into account the construction time.

However, Selvaag Bolig decided to conduct climate accounting in 2021, which includes both emissions from Selvaag Bolig's administration, and emissions in the buildings' value chain, construction and use phase. The company has worked further through 2022 to improve data quality, adjust measurement methods to the new regulation and establish requirements for suppliers.

Emission-free construction sites

Oslo municipality has stated a goal that all building and construction activities in the municipality must be emission-free by 2030, and several municipalities have announced that there will be requirements for emission-free construction sites. This means that all construction machinery must be electric. Emissions from construction machinery make up a very small part of Selvaag Bolig's total emissions.

Targets for emission reduction

In 2022, Selvaag Bolig set targets for climate neutrality by 2030 for both indirect and direct emissions (Scope 1 and 2). This will be done through cuts in emissions from operating assets where the organisation has operational control (Scope 1) and indirect emissions linked to purchased energy (Scope 2), as well as carbon compensation (carbon offsets). The method for offsetting has not yet been defined. However, almost all of the company's emissions come from emissions from purchased goods and services (Scope 3). The reference project

1. DSB (2017) Samfunnssikkerhet i kommunens arealplanlegging Available from: <https://www.dsbinform.no/DSBno/2017/tema/samfunnssikkerhet-i-kommunens-arealplanlegging-metode-for-risiko-og-saarbarhetsanalyse/> (Version of 17 February 2023)

2. Circle Economy (2023) Circularity gap report 2023 Available from: <https://www.circularity-gap.world/2023#download> (Version of 14 February 2023)

used in BREEAM-NOR v. 6.0³ is set as a starting point⁴, and Selvaag Bolig's aim is that the company's completed homes must have 20 per cent lower emissions per GFA/year than the reference project in the period 2023-2025, and 30 per cent lower in the period 2025-2030.

Results 2022

Selvaag Bolig wants to be open about its emissions and follows the GHG protocol method for calculations. The company's climate accounting includes Selvaag Bolig's operations in Norway and Sweden, including offices and viewing centres.

The total accounts (Carbon accounting report 2022) show that 99.86 per cent of the company's emissions come from the supply chain and are linked to the development of projects. The value chain emissions of steel and concrete account for around 73 per cent of the total climate impact, and the company is therefore focusing on reducing emissions from these input factors.

The emissions linked to Selvaag Bolig's administration (Scope 1) accounted for 0.1 per cent of the total emissions. These emissions increased from 16.8 tCO₂e in 2021 to 25.3 tCO₂e in 2022. Most of this increase is in the use of fuel for cars, which may be related to fewer restrictions related to physical meetings in 2022 compared to 2021.

Emissions related to electricity consumption (Scope 2), on the other hand, had a significant decrease from 2021 to 2022. The decrease is also due to the fact that Selvaag Bolig has scaled down the size of some regional offices, and that the emission factor for Norwegian electricity decreased by 30 per cent. This is because less natural gas and more hydropower was used in Norwegian electricity production.

The number of homes Selvaag Bolig completes varies significantly from year to year. The total indirect emissions from input factors (Scope 3) do not thus reflect the company's work with emission reduction. Selvaag Bolig has therefore included emissions per completed GFA and completed GFA/year as KPIs. This makes it possible to show the company's emissions per square metre of housing that has been completed. The KPI "emissions BTA/60 years without basement and foundations" makes it possible to compare the company's emissions with the reference project mentioned above. This shows emissions per completed square metre of housing distributed over the life of the building. In 2022, Selvaag Bolig's projects had 25 per cent lower emissions than the reference project.

As the development of buildings in Norway is heavily regulated, including requirements for energy use and materials, the levels are in line with the emissions of comparable players. In the future, the company will work to reduce the projects' emissions, and at all times monitor new construction technical solutions and construction

3. Norwegian Green Building Council (Grønn Byggallianse) (2022) BREEAM_NOR v6.0 for new buildings Available from: https://byggalliansen.no/wp-content/uploads/2022/03/BREEAM-NOR-v6.0_NOR.pdf

4. In the reference project used in the BREEAM manual, the assumed lifespan is 60 years. Basement areas and foundations are not included in the targets for the reference project due to a lack of empirical figures. In the building regulations, the lifespan assumed is 50 years. Basement areas and foundations must be included in the greenhouse gas accounts.

methods that reduce unnecessary material use and make it possible to increase the proportion of climate-friendly materials.

Key indicators

Goal	Year 2022	Year 2021	Year 2020	Goal
Direct emissions (Scope 1) (tCO ₂ e)	25.3	16.8	Not measured	Climate neutral by 2030
Indirect emissions from energy consumption, market-based (Scope 2) (tCO ₂ e)	164.9	219.7	Not measured	Climate neutral by 2030
Indirect emissions from energy consumption, location-based (Scope 2) (tCO ₂ e)	4.0	4.4	Not measured	Climate neutral by 2030
Indirect emissions from input factors. (Scope 3) (tCO ₂ e)	25 556.04	20 104.3	Not measured	2023-2025: 20% lower than reference 2025-2030: 30% lower than reference
Emissions GFA (kgCO ₂ e) with basement and foundation	342.67	298 (estimated ⁵)	Not measured	-
Emissions GFA/50 year (kgCO ₂ e) with cellar and foundation	6.7	Not measured	Not measured	-
Emissions GFA/60 year (kgCO ₂ e) without basement/foundation	6.0	Not measured	Not measured	2023-2025: 20% lower than ref. (8.0) 2025-2030: 30% lower than ref. (8.0)

ENERGY EFFICIENCY

According to the International Energy Agency (IEA), the operation of buildings and the construction sector together account for 30 per cent of global energy consumption and 27 per cent of energy-related emissions in the world.⁶ Norway has among the world's strictest requirements for new buildings, and with access to green energy, this is not considered to have a significant direct impact on the climate and environment. In contrast, energy saving in buildings can release energy that can contribute to emission reduction in other sectors. Furthermore, energy efficiency is a criterion in the EU's taxonomy. The energy situation in Norway and Europe in 2022 was also a reminder that energy-efficient homes are cost-saving for homeowners, and Selvaag Bolig has experienced increased demand for energy-efficient homes in the past year. Energy efficiency is therefore strategically important for the company. Energy efficiency is included in early phase calculations for each individual project and is managed at the project level. In addition, the building's need for supplied energy is calculated. Renewable energy sources must always be considered, and the energy profile of planned buildings is an integral part of the decision-making process.

5. The calculations from 2021 do not include basement areas and foundations. There is also more detailed reporting in 2022 than in 2021. The accounts for 2021 and 2022 are therefore not directly comparable.

6. IEA (2021) Buildings: A source of enormous untapped efficiency potential Available from: <https://www.iea.org/topics/buildings> (Version of 14 February 2023))

Goals for energy efficiency

Selvaag Bolig aims for the company's homes to have a maximum net energy requirement of 95 kWh per m²/heated utility floor space.⁷ This is taken care of through the requirements set out in Norwegian building regulation TEK17. In 2022, the average energy demand in the homes that were completed was 93 kWh per m²/heated utility floor space for whole buildings including common areas.

However, Selvaag Bolig wants to reduce energy requirements in completed homes as this reduces emissions and makes it cheaper for customers to operate their homes. The company therefore aims for energy label⁸ B in all homes. For a flat of 75 square metres, the upper limit for supplied energy is 108.33 kWh per m² of heated area inside apartments. In 2022, all the company's homes had an energy label of A, B, C. The fact that some homes have an energy label of C is due to the fact that these are exposed to a larger proportion of the building's outer wall and roof surface. In 2022, 30 per cent of the homes had energy label A. This is because homes were completed in the Landås project in Asker municipality, where heating wells are used. Selvaag Bolig will in future strive to reduce the proportion of homes with an energy label lower than B, as well as adopt solutions that reduce the homes' primary energy needs.

Key indicators

	2022	2021	2020	Goal
Net energy demand (kWh per m ² /heating utility floor space in completed home)	93	92	Not measured	≤ 95 kWh per m ² /heated utility floor space in completed home
	A: 30%			
	B: 38%			
	C: 30%			
Proportion of completed homes with Energy Labelling A-D	D: 2%	Not measured	Not measured	Minimum energy label B

RESOURCE USE IN SELVAAG BOLIG'S PROJECTS

According to Circle Economy⁹, the construction and demolition of buildings accounts for almost one third of the total material consumption in the world and generates an approximately equal share of waste. Furthermore, the extraction of metal and non-metallic minerals such as sand and gravel for construction is a cause of climate disasters and a threat to biological diversity. Production of cement, steel and glass are water-intensive processes that can contribute to water shortages.

Material consumption is also a major source of emissions and thus a driver of climate change. Cement production alone accounts for approximately 7 per cent of global CO₂ emissions. 98.63 per cent (including

7. Utility floor space is a measure of the area within the surrounding walls of the dwelling.

8. TEK10 (2015) Energikarakterskalaen Available from: www.energimerking.no/no/energimerking-bygg/om-energimerkesystemet-og-regelverket/karakterskalaen/ (Version of 14 February 2023)

9. Circle Economy (2023) *Circularity gap report 2023* Available from: <https://www.circularity-gap.world/2023#download> (Version of 14 February 2023)

transport) of Selvaag Bolig's emissions are linked to material consumption and 73 per cent alone originate from steel and concrete.

Selvaag Bolig uses significant amounts of CO₂-intensive materials and recognises that both the industry and the company have significant potential to reduce negative impacts on climate and the environment. The company believes that the solution lies in a more circular business model that reduces the consumption of materials, increases reuse and reduces waste.

According to building regulations¹⁰ from July 2023, new buildings must be built so that they can later be dismantled, and materials must be mapped for re-use during major works in existing buildings. An exception has also been made to the requirement for documentation for the sale of used building materials that are taken out of a construction site, provided that no significant changes have been made to them if they are to be used again in a construction site. The exception is intended to make it easier to trade in used building materials while at the same time meeting requirements for health, safety and environment in construction. Selvaag Bolig considers the exception to documentation to be positive as this will enable increased reuse in new housing projects. The rules have a transitional arrangement of one year, and for building applications submitted before 1 July 2023, property owners can thus choose to follow the new provisions.

Goal for resource use

Selvaag Bolig works purposefully to reduce material use and waste through better planning and ordering to general contractors, as well as mapping opportunities for the reuse of existing building elements. The target has been set to have a higher sorting rate than 75 per cent. The KPI and targets for indirect emissions from input factors are to be reached through increased reuse of building elements and increased use of materials with lower CO₂ intensity. Examples of this are low-carbon concrete and wood, which have significantly lower emissions than ordinary concrete.

Results and reflections

Selvaag Bolig has spent the last two years mapping material consumption in order to understand the scope and opportunities to reduce consumption and the impact on the climate. The company has defined KPIs and targets related to resource use. KPIs and targets will be sharpened in 2023 as the framework is clearer. More data has been collected which provides a starting point for reduction, and the company has established routines, including by doing annual screening, which give greater insight into negative environmental impacts in the supply chain.

10. Norwegian Building Authority (2022) *Rule change from 1 July 2022* Available from: <https://dibk.no/om-oss/Nyhetsarkiv/regelendringer-fra-1-juli/> (Version of 14 February 2023)

Selvaag Bolig mainly builds projects in urban areas with existing buildings that are to be replaced. On one of the construction stages at Skårerbyen in Lørenskog municipality, the base plate of an existing building was reused. This contributed to the total emissions from the project being significantly lower than the average of the projects measured in 2022. The emissions from Skårerbyen were 237.82 kg CO₂e per utility floor space compared to 342.67 kgCO₂e per utility floor space, which was the average for all the projects measured in 2022.

Key indicators

	2022	2021	2020	Goal
Waste (tonnes)	3 362.2	4 934.2	Not measured	
Sorting rate (per cent)	91.2	87.5	90.3	> 75
				Increased reuse of building elements and increased use of materials with lower CO ₂ intensity
Material use (tonnes) without basement/foundation	145 603	145 115	Not measured	



BIOLOGICAL DIVERSITY

Loss of biological diversity is increasing globally, and poses a threat to the planet's carrying capacity. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) stated in 2019 that the reduction of species diversity is happening ten to a hundred times faster today than in the last 10 million years. 87 percent of the threatened species in Norway are threatened due to land changes such as deforestation, drainage and construction.¹¹

Selvaag Bolig primarily builds homes in urban areas where there are already buildings. This often means that outdated industrial and commercial buildings and paved areas are transformed into residential areas with green areas that facilitate increased biological diversity. Examples from completed and planned projects are the construction of blue-green infrastructure in courtyards and parks, wildly growing meadows and perennials, pine and heather to establish an urban forest environment, bird boxes and insect hotels in trees, as well as planting fruit trees and berry bushes.

However, Selvaag Bolig recognises that the company's operations can negatively affect biological diversity. Routines have therefore been established so that all new projects early on map and assess the risk of loss of biological diversity, or other conditions that may deteriorate nature, in connection with the purchase and development of plots of land. In 2022, Selvaag Bolig's board decided that the company will not buy plots of arable land. Exceptions to this apply if the plot is regulated for residential purposes and/or is located at a hub and the development is socially and environmentally profitable.

During the construction process, there is a risk that the discharge of stormwater and chemicals could lead to water pollution in nearby areas. This could have a negative impact on both people and nature. The company follows the requirements of the pollution regulations,¹² municipal regulatory plans for handling stormwater and the theme guide for civil protection in spatial planning from the Norwegian Directorate for Civil Protection (DSB).¹³ Compliance is ensured through the company's quality management system and contracts with suppliers. This means, among other things, that the contractor must, when using chemicals hazardous to health, document that a risk and substitution assessment has been carried out, and that statutory safety data sheets for chemicals to be used have been submitted to the construction industry's substance directory. There was no water pollution from the company's construction projects in 2022.

11. Vitenparken (no date given) *Tap av naturmangfold* Available from: <https://vitenparken.no/planteav/tap-av-naturmangfold/> (Version of 14 February 2023)

12. Miljødirektoratet (2023) *Forurensningsforskriften* Available from: <https://www.miljodirektoratet.no/regelverk/forskrifter/forurensningsforskriften/>

13. DSB (2017) *Samfunnssikkerhet i kommunens arealplanlegging* Available from: <https://www.dsbinfo.no/DSBno/2017/tema/samfunnssikkerhet-i-kommunens-arealplanlegging-metode-for-risiko-og-saarbarhetsanalyse/> (Version of 17 February 2023)

SELVAAG BOLIG'S CONCEPTS

Through the housing concepts Selvaag Pluss and Selvaag City, Selvaag Bolig develops lifestyle homes with shared facilities and services. These concepts are concrete contributions to more residents sharing the social costs of social and technical infrastructure, and more people being able to live in urban areas, on a smaller area, and with a lower need for energy and transport.

Both concepts have common areas, hosting and services that simplify the residents' everyday life. Residents have access to guest apartments, gyms, function rooms, meeting rooms and a number of other communal facilities. In 2021, Selvaag Bolig carried out an evaluation report of the Pluss concept, which shows that residents also experience an increased quality of life, increased security and reduced loneliness.

Pluss homes now make up a larger proportion of the company's development portfolio than before. No City projects have yet been built as the concept is under development. City is a compact variant of Pluss with several small apartments that will contribute to reduced land use per resident and lower unit prices.

SOCIAL CONDITIONS (S)

Selvaag Bolig's ambition is to build homes that contribute to an inclusive local community and a sustainable lifestyle. The housing projects are fashioned to make it possible for everybody, at every age, regardless of functional ability, to live well and in an environmentally friendly way.

The company builds large projects with a wide selection of housing types and is working to develop housing that as many people as possible can afford to buy. In 2022, the average home from Selvaag Bolig cost around NOK 5 million, and the average size was around 70 square metres. This contributes to more people having the opportunity to buy their own home.

The development of city and housing projects often takes many years, and there are several different affected parties involved in such processes. Selvaag Bolig's handling of projects affects the local population around the construction projects, contractors and suppliers who work on the construction sites, and future users of the areas being developed. A prerequisite for success is the well-being of the employees in all the companies that contribute to the development and good working conditions for them. At the same time, the needs of existing and new users must be taken care of.

SELVAAG BOLIG'S APPROACH

Large development projects have deliveries from very many national and international suppliers, which entails an increased risk of human rights violations and work-related crime. It is the company's responsibility to ensure responsible processes throughout the projects' total development period. Selvaag Bolig must be one of Norway's most attractive workplaces and all employees must have good development opportunities.

Selvaag Bolig's work to ensure that human rights and decent working conditions are safeguarded throughout the value chain is anchored in the company's ethical guidelines, supplier declaration and human rights policy. These governing documents describe how the company works to ensure good business practices in line with the UN's guiding principles for business and human rights, as well as the UN Global Compact's ten principles.

Selvaag Bolig's guidelines and procedures for responsible operation are:

- Ethical guidelines
- Supplier declaration (code of conduct)
- Human rights policy
- Guidelines for anti-corruption
- Procedures for reporting objectionable conditions

The Transparency Act

Selvaag Bolig is a pure residential property developer that controls the entire value chain from acquisition of land to sale of turnkey homes. The company does not have an in-house construction arm but uses contractors for each project. It is the company's responsibility that partners follow applicable legislation and statutory regulations for working conditions and safety.

The Transparency Act entered into force in 2022, and requires companies to have procedures and measures in place to ensure human rights and decent working conditions in the value chain. The risk of a negative impact on people is reduced through legislation and regulation, but also by Selvaag Bolig's experience and systematic approach to project development. In the day-to-day work, this is primarily ensured through the company's control routines and management systems, which consist of management documents with checklists and routines for mapping and execution in each phase of project development.

Selvaag Bolig has taken a number of measures in 2022 to ensure human rights and decent working conditions in the organisation. The company has engaged an independent third party to identify key human rights. By identifying key human rights, Selvaag Bolig will be able to better prioritise how they are handled in order to reduce actual or potential negative impacts.

The risk of violations of the most important human rights are in these parts of the company's value chain:

- Health and safety on the construction site
- Social dumping and use of foreign labour
- Use of subcontractors
- Purchase of materials

Large development projects have extensive and complicated supply chains, which entail an increased risk of labour crime and violations of human rights. Selvaag Bolig aims to gain better insight into its supply chain and has therefore introduced routines for screening new and existing suppliers and partners.

In 2022, Selvaag Bolig mapped and categorised existing suppliers and partners according to the risk of them violating key human rights. 30 of the company's approximately 1 350 suppliers and partners in 2022 will be screened during 2023. The companies to be screened in the first instance are mainly turnkey contractors and suppliers to projects that are carried out with subcontracts managed by the construction clients. These have been selected because they are suppliers in areas where the greatest risk of human rights violations has been identified. See explanation of [due diligence assessments](#) for further information.

A working group has been set up to continue the work of mapping the value chain, reviewing suppliers who have been screened, improving and implementing routines for non-conformance management, as well as assessing new suppliers and partners. The working group consists, among others, of the legal director, project directors and the executive vice president for communications, sustainability and corporate strategy.

SAFE CONSTRUCTION SITES

Construction is one of the most accident-prone industries in Norwegian working life, and health and safety is therefore an important topic in the construction industry. Workplace crime and social dumping are violations of human rights, and a recurring problem in parts of the industry.

In 2022, Selvaag Bolig was the construction client for 19 construction projects, and the company's goal is that it should be safe to work on these. The company has declared zero tolerance for workplace crime and social dumping, and aims for zero harm to people and the environment.

Health and safety

The company's guidelines for health, safety and the environment (HSE) are based on requirements in the Construction Client Regulations and Internal Control Regulations. As the construction client, it is Selvaag Bolig's responsibility to create the project's HSE plan and appoint the construction client's representative and coordinators in the preparation and execution phase.

HSE is a fixed item on the agenda at the construction client meetings that are carried out on average twice a month in projects in the construction phase, and the turnkey contractor has its own routines for implementation and follow-up of HSE work on the construction site. In order to minimise the risk of injuries and adverse events, safe job analysis (SJA)* is also carried out for complicated work tasks.

There is no requirement for workers to have a trade certificate, but the company prioritises contractors who have an apprenticeship scheme, as well as schemes for trade and master craftsman's diplomas, to ensure that skills are developed and to help recruitment.

Labour crime and social dumping

All Selvaag Bolig's suppliers are mapped according to relevant social criteria. The contracts awarded set clear requirements for suppliers and sub-suppliers to operate in compliance with the legislation and statutory regulations applicable at any given time, including those applying to pay and working conditions. All work done in Norway by suppliers and/or partners complies with Norwegian collective pay agreements and legislation, and contractors must be able to document at all times that the labour force used on the building sites is legal. In line with the building owner's regulations and the duty to carry out inspections, Selvaag Bolig carries out regular inspections to ensure that the contract conditions are complied with. On average, safety rounds and checks are carried out on the company's construction sites every other week.

Control routines

Both the construction client and contractor (also using an independent third party) carry out inspections to ensure that applicable legislation and statutory regulations are followed. All damage and unwanted incidents are registered continuously and reported to the construction client. Both Selvaag Bolig's executive management and the board receive HSE reports from all projects every quarter, and any serious incidents are reported immediately.

The HSE routines include safety rounds that will ensure that the construction site is operated with adequate safety in accordance with plans and routines. In addition, random spot checks are carried out to fulfil "duty to see" obligations, to ensure that wage and working conditions on the construction sites are in line with current regulations.

Results for 2022

Selvaag Bolig has not uncovered any violations of the Working Environment Act or human rights in 2022. There was a decrease in the number of adverse events at Selvaag Bolig's construction sites from the previous year. It is likely that this is related to a normalisation after extra work pressure as a result of quarantine periods and entry restrictions during the corona pandemic.

Key indicators *

	2022	2021	2020	Goal
Suppliers mapped vs. social criteria	100%	100%	100%	100%
Number of construction sites/projects	19	19	19	-
Personal injuries with absence	2	3	3	0
Personal injuries without absence	24	16	15	0
Adverse incidents	2 666	4 094	3 059	-
Safety rounds completed	330	374	373	-
SJAs** performed	175	168	191	-
Random spot checks, duty to see***, contractor	32	58	50	-
Random spot checks, duty to see, construction client	14	26	9	-

* Error in annual report for 2021: The corresponding table in the 2021 annual report showed figures for the projects' accumulated life span at the end of the respective years, rather than for the years in isolation.

** Safe Job Analysis (SJA): This is a method to systematically go through complicated or risky job tasks to reduce or remove risk before the job is performed. SJA does not replace HSE risk evaluations or Risk and Vulnerability Analysis (RVA) but is a supplement in situations where those methods do not cover a specific job task or activity to be performed. The number of SJAs performed will of course vary depending on the job tasks at hand.

*** According to Regulations on information and duty of care and right to access, the main supplier has the duty to see that wage and working conditions at sub-suppliers are in accordance with applicable general regulations. For more information: www.arbeidstilsynet.no/regelverk/forskrifter/forskrift-om-informasjons-og-paseplikt-mv/2/6/

INCLUSIVE LOCAL COMMUNITIES

Selvaag Bolig aims to create inclusive local communities and facilitate a sustainable lifestyle for satisfied homeowners. Selvaag Bolig acknowledges that the company's construction projects can have a negative impact on the local community. Increased traffic, noise in connection with development, protection of biological diversity, access to green areas, the need for recreational areas and the preservation of existing buildings are typical aspects that the stakeholders are concerned about.

Regardless of the size of the project, the company sees to it that all affected parties are involved at an early stage, so that the development has as few negative consequences as possible, both during construction and when it is completed. Involvement ensures input and that the area is developed holistically.

Function and aesthetics

Selvaag Bolig must facilitate so that everybody, at every age, regardless of functional ability, can live well and in an environmentally friendly way. This means having social meeting places outside and inside, ensuring that residents are within walking distance of everything they need on a daily basis, and that the building projects have a high aesthetic quality.

The architecture must therefore take account of the surroundings around the respective projects, so that the buildings, the landscape architecture and the nearby natural areas are in harmony. Architecture is an integral part of Selvaag Bolig's project management system, and it is required, among other things, that recognised architects are used and that participation processes are carried out in the development phase.

Results in 2022

During the year, Selvaag Bolig carried out dialogue and participation processes in all projects that were under development, but where construction had not yet started. This was in the form of dialogue with politicians and planning authorities and/or in participation meetings with other stakeholders. The company has also been involved in a number of debates about architecture. The company received no notifications about negative impacts in 2022.

Key indicators

	2022	2021	2020	Goal
Number of notifications	0	0	0	-

CUSTOMER SATISFACTION (CSI)

The customer satisfaction index (CSI) is a measure of how satisfied the company's customers are, and an assessment of the quality of the company's products and delivery. This is important for the company's brand and reputation, and affects sales, the possibility of collaboration with other actors and the regulatory processes in the municipalities. Selvaag Bolig works systematically with customer satisfaction throughout the customer journey, from marketing and sales to the construction period and through the guarantee period. The company has a dedicated department that follows up customers from the signing of the purchase contract until the end of the five-year guarantee period after the home has been completed. Customer satisfaction is measured using the

Prognosesenteret's CSI surveys both at handover time and after one year. The measurement includes the nine categories "value for money", "loyalty", "expectations", "reliability", "the home", "employees", "information", "design and decoration" and "outside the home". The CSI score is calculated on the basis of questions about the customer's assessment of the company as a whole and whether the company has met the customer's expectations.

Results 2022

Selvaag Bolig's goal is to achieve a CSI when handing over the home that is on par with or higher than the average for the industry. For 2022, Selvaag Bolig achieved a CSI score of 75 per cent, which was one percentage point higher than the sector (74). The company's Pluss projects in isolation achieved a CSI score of 85 per cent. In addition, Selvaag Bolig's project Skifabrikken won the Prognosesenteret award for best project in 2022 with a CSI score of 92. The company considers the results to be good, but nevertheless is working systematically to improve both products and routines. Customers expect more than before and customer satisfaction in the housing industry has generally increased from year to year. Selvaag Bolig therefore expects that the company must continue to improve its CSI in order to achieve the goal of being on par with or above the industry average.

Key indicators

	2022	2021	2020	Goal
CSI Score (sector average)	75% (74%)	73% (73%)	73% (72%)	≥ the sector average

INSPIRING WORKING CONDITIONS FOR EMPLOYEES

Selvaag Bolig strives to be one of Norway's most attractive workplaces and employees must have good opportunities for professional development.

At the end of 2022, the company had a total of 86 employees, four of whom were part-time employees. Six were employed in Sweden, and the remainder in Norway. The main functions are project management, and support functions such as finance, HR, legal, settlement, marketing, customer care and sales. The company also has service personnel who work in completed projects through operating agreements with the residential cooperatives.

Selvaag Bolig desires a good, diverse and inclusive working environment characterised by mutual trust and respect. Management shall provide employees with engaging tasks and contribute to low sickness absence. Being an active and innovative company are crucial requirements. The strategic goal is to create a performance culture. This will be achieved through a strong commitment by top management. The approach will be based on strength, meaningful goals, and involvement of all employees.

A fundamental principle in the organisation is to emphasise expertise and value it, and the company has zero tolerance for discrimination. As pointed out in the ethical guidelines, Selvaag Bolig does not accept any form of mobbing or discrimination, whether based on race, religion, nationality, sexual orientation, gender or otherwise. Nor does the company tolerate any behaviour which could be perceived as threatening or degrading. Selvaag Bolig received no notifications in 2022.

Employee satisfaction

The company pays special attention to employee satisfaction. For the eighth year in a row, Selvaag Bolig was certified as a «Great Place to Work» and is ranked as one of Norway's best workplaces.¹⁴ In 2022, the overall score was 90 per cent, which was four percentage points better than in 2021, and the highest level since 2016. The survey showed that the improvement in 2022 was tied to, among other things, that the employees experience better information flow between executive management and mid-level management, a better work-life balance, and that the company was contributing positively to society. A likely reason for this is that the whole organisation has systematically implemented ESG work and key performance indicators. The 2022 survey did not identify any special, overall areas that needed improvement. The executive management and heads of departments, with the involvement of all employees, are working systematically using existing routines, measures and forums to maintain the high level.

Sickness absence

Selvaag Bolig has a goal of sickness absence being below three per cent. The company has a good picture of the reasons for sickness absence and follows closely up on employees who are on sick leave. Close attention is paid to make a healthy work-life balance possible, and the company encourages physical activity by offering subsidised training and group activities.

In 2022, Selvaag Bolig had a sickness absence of 4.9%, which was an increase from 3.6% from 2021. The primary cause of the increase is more illness in general in the population and in the company's employees, following the reopening of society after the corona pandemic. Furthermore, several individual cases of long-term absence had a major impact on total sick leave, as the company has fewer than 100 employees. Measures have been implemented, which includes personal follow-up and dialogue with the occupational health service.

Appraisal interviews and expertise enhancement

All employees in Selvaag Bolig will have an annual "appraisal interview". The interview gives the employee the opportunity to express wishes about development paths and to clarify work-related issues, while getting feedback about the job the employee has done. The interview is an important tool for the organisation to map and plan the further development of the expertise of each employee. During 2022, all of Selvaag Bolig's employees had appraisal interviews.

All employees are given opportunities for professional development and expertise enhancement, including through courses, seminars and specialist gatherings both in-house and externally. The company does not track how many courses, seminars and get-togethers are held, but all employees have participated in one or more during 2022.

14. The annual employee survey and following certification are performed by the company Great Place to Work Institute which is a leading global expert at developing, maintaining and recognising good workplaces.. Great Place to Work 2022. Available at: <https://www.greatplacetowork.no>. (Version of 31 March 2022)

Co-ownership and benefits

Selvaag Bolig has a philosophy that co-ownership promotes value creation through increased engagement and loyalty. At the end of 2022, 70 per cent of Selvaag Bolig's employees owned shares in the company.

In addition, Selvaag Bolig has a number of benefits for employees. These include, among other things, a mobile phone, a subscription to mobile phone and broadband, access to a subsidised cafeteria, discounted training at a fitness centre, as well as good pension and insurance schemes. All employees also have access to corporate cabins.

Equality and diversity

Selvaag Bolig has a specific goal of achieving gender balance in the various types and levels of jobs. The company follows the principle of equal pay for equal work.

Hiring at Selvaag Bolig will be decided based on expertise and experience, regardless of the job level or function. The company shall, however, always try to obtain the best possible gender balance with a minimum of 40 per cent women or men.

The overall gender balance in 2022 was 45 per cent men and 55 per cent women, and thus in line with targets. The gender balance on the board of directors is in accordance with the Norwegian public limited liability companies act. The company's executive management still has a skewed distribution, with 20% females and 80% males. Over time, Selvaag Bolig will strive to have a better gender balance in the executive management.

One measure to contribute to equality is to arrange for a flexible and good arrangement in connection with employees' parental leave. Selvaag Bolig covers the basic salary above the statutory 6G in connection with parental leave, facilitates graduated or increased leave taking, and encourages men to take more leave than the minimum quota. In 2022, two men and one woman took a total of 77 weeks of parental leave. The company considers that the scheme is good as everyone entitled to leave has used it.

According to the Equality and Anti-Discrimination Act, Selvaag Bolig has mapped wage levels distributed by gender. The survey shows the average fixed salary according to the type of position and gender. Variable wages are not included in the survey as they vary greatly between different types of positions. Women and men in the same type of position and with the same experience are equally paid. The reason for the wage gap between men and women is the uneven distribution in the type and level of position.

Key indicators

	2022	2021	Goal
Employee satisfaction	90%	86%	> 80%
Sickness absence	4.9%	2.3%	< 3%
Turnover	7.0%	8.1%	-
Appraisal interview	100%	96.5%	100%
Number of notifications	0	0	-

Gender balance	Year 2022		Year 2021		Goal	
	Women	Men	Women	Men	Women	Men
Overall gender balance	55 %	45 %	47 %	53 %	> 40 %	> 40 %
Gender balance, shareholder-elected board members	40 %	60 %	40 %	60 %	> 40 %	> 40 %
Gender balance, employee-elected members	50 %	50 %	50 %	50 %	50 %	50 %
Gender balance in group management	20 %	80 %	20 %	80 %	> 40 %	> 40 %
Parental leave	48 weeks (1 woman)	29 weeks (2 men)	16 weeks (2 women)	38 weeks (3 men)	-	-

Average fixed salary, by position (NOK 1000)	Year 2022			Year 2021		
	Women	Men	All	Women	Men	All
All positions	818	1 342	1 071	771	1 463	1 094
Group management	1 630	2 888	2 636	1 550	2 793	2 544
Non-core activities	571	323 (part-time)	558	514	514	514
All positions other than group management and non-core activities	893	1 312	1 114	860	1 282	1 078



GOVERNANCE (G)

Selvaag Bolig is a pure residential property developer that controls the entire value chain from acquisition of land to sale of turnkey homes. The company does not have an in-house construction arm but uses contractors for each project. It is the company's responsibility that partners follow applicable legislation and statutory regulations for working conditions and safety. This includes ethics throughout the value chain, privacy and IT security.

For further information about governance, see the chapter about [corporate governance](#).

Ethics in its own activities

As a construction client, Selvaag Bolig works with, among other things, public contact, significant financial transactions and agrees to large turnkey contracts. The company's ethical guidelines state that Selvaag Bolig does not accept any form of corruption. Conditions that can affect decision-making processes, or that may give others reason to believe such conditions exist, are not accepted. Nor should employees contribute to any kind of price cooperation that can distort or contravene current competition regulations. No cases of price cooperation or corruption were revealed in 2022.

Continual efforts are being made to ensure that employees are aware of and follow the company's ethical guidelines. New employees are introduced to the guidelines through training programmes and joint meetings, and all employees are required to conduct e-learning courses in ethics and corporate social responsibility. The course ensures that all employees know what the requirements and expectations are, and is an important tool for building a company culture with high standards. By the end of 2022, all employees had completed and passed the course.

Ethics in the supplier chain

The greatest risk of breaches of good business practice, such as corruption, working conditions and price cooperation lies in the supplier chain, and is addressed every other year in the company's overall risk mapping process. Selvaag Bolig places clear requirements on suppliers by using supplier declaration and contracts, and has routines that include the annual assessment of its main partners and suppliers. No violation of the company's guidelines was revealed in 2022.

Privacy (GDPR)

Selvaag Bolig receives personal information from both own employees and from customers who buy housing, and process them in line with the EU General Data Protection Regulation (GDPR) and the Privacy Regulation. The company has strict routines for how such information is collected, stored, used and deleted.

IT security

Selvaag Bolig takes IT security seriously, and works continuously to protect IT equipment, networks and information from unwanted access and attacks. Several measures have been implemented to increase IT security in recent years, including more advanced security monitoring, updated information security

management system and continuous work on the awareness of employees. All employees take an annual class in IT security using an e-learning platform and user instructions for information security will be expanded with a module about human rights.

UNCERTAINTY AROUND THE EU'S TAXONOMY

The EU taxonomy is a regulation that defines sustainable economic activities. The regulation will enter into force in Norway through the EEA agreement, and the disclosure regulation (SFDR) requires large companies to provide financial data related to sustainable activities. The purpose of the taxonomy is to channel capital into sustainable activities and to prevent greenwashing.

All Selvaag Bolig's activities will be covered by the taxonomy, and the company has therefore made a number of preparations to be able to report in line with requirements in the disclosure regulation when it enters into force. There has been uncertainty about how real estate companies will be able to respond to several key points in the taxonomy because some national requirements in Norway have not been harmonised with the regulation.

Energy efficiency

Working systematically with energy efficiency has been challenging because the energy requirements in TEK17 do not correspond to the standards set in the European directive behind the EU's taxonomy. An example is the lack of a Norwegian definition of "nearly zero emission building" (nZEB), which is used in the EU standard. Norway uses net energy demand as a measurement parameter, while the EU uses primary energy demand. In addition, it has not been defined which primary energy factors are to be used for different energy carriers. Setting relevant and precise targets and KPIs for energy efficiency in line with the requirements of the EU's taxonomy has thus far not been possible.

However, a guide published by the Norwegian government on 31 January 2023 defines that all energy used in Norway must be considered renewable when the primary energy requirement is calculated. In addition, the guide shows which level should apply for calculating near-zero emissions that correspond to the EU's taxonomy.

In 2023, Selvaag Bolig will investigate how the company can meet the energy efficiency requirements of the taxonomy. As it is not appropriate to compare net energy needs with primary energy needs, this may result in the company adopting KPIs and targets for primary energy in future.

Biodiversity

There is, however, still no Norwegian definition of "arable land, green areas with high biodiversity or forest land". Here, the EU taxonomy refers to definitions in the EU LUCAS survey which does not include Norway. Selvaag Bolig is following the development of the framework closely through the industry association Home Builders and Norwegian Green Building Council.

GROUP FINANCIAL STATEMENTS

CORPORATE GOVERNANCE

Selvaag Bolig wishes to maintain a high standard of corporate governance. This will strengthen confidence in the company, and contribute to long-term value creation by regulating the division of roles between shareholders, the board and executive management over and above legal and regulatory requirements.

Corporate governance in Selvaag Bolig is based on the following main principles:

- Relevant, reliable and identical information is provided to all stakeholders and shareholders.
- An autonomous board which is independent of the company's executive management.
- A clear internal division of roles and duties is established between the board and executive management.
- Equal treatment of all shareholders in accordance with applicable legislation.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Compliance

Selvaag Bolig ASA is a Norwegian public limited liability company listed on the Oslo Stock Exchange. The company is subject to section 3, sub-section 3b of the Norwegian Accounting Act, which requires it to provide an annual statement of its principles and practice for corporate governance. This rule specifies the minimum information which the presentation must provide.

The Norwegian Corporate Governance Board (NCGB) has established the Norwegian code of practice for corporate governance (the code). Listed companies are required by the Oslo Stock Exchange to provide an annual overall presentation of their principles for corporate governance in line with the prevailing code. The current obligations for listed companies are available at www.euronext.com, and the NCGB code can be found at www.nues.no.

Selvaag Bolig observes the applicable code, published on 17 October 2018, and updated 14 October 2021, in accordance with the "comply or explain" principle. This means that the individual points in the code are observed, but possible variances are explained. The company provides an annual overall presentation of its principles for corporate governance in its annual report, and this information is available at www.selvaagboligasa.no.

2. THE BUSINESS

The business purpose of Selvaag Bolig ASA is to "acquire and develop residential housing projects for the purpose of sale, purchase and sale of property, as well as other affiliated business, hereunder commercial property. The company may participate in other companies at home and abroad in relation to residential housing development." This appears in article 3 of the company's articles of association, which are available at www.selvaagboligasa.no. Selvaag Bolig's goals and principal strategies are described in this annual report

and at www.selvaagboligasa.no. The board sets clear goals for the business with the aim of creating value for the shareholders and the rest of society. Through annual strategy processes, the board considers whether the goals and guidelines derived from the strategies are unambiguous, adequate, well operationalised and communicated to employees, customers and other stakeholders.

Selvaag Bolig has formulated guidelines for corporate social responsibility (CSR) and other policy documents in accordance with the company's values base. CSR is described in more detail in a separate section of this annual report. Selvaag's core values are "care and creativity", and these are well entrenched throughout the business.

The guidelines contain general principles for business practice and personal behaviour, and are intended to serve as a starting point for the attitudes and basic views which will characterise the corporate culture and day-to-day work in Selvaag Bolig.

3. EQUITY AND DIVIDENDS

Selvaag Bolig had an equity of NOK 2 354.9 million at 31 December 2022, including non-controlling interests. The board regards the equity as acceptable, and financing of the company is tailored to its business purpose, strategy and risk profile.

Dividend

The board has a clearly communicated dividend policy tailored to the company's goals, strategy and risk profile. Selvaag Bolig's ambition is to pay high and stable dividends to its owners. The goal is that dividend should be a minimum of 60 per cent of net profit and paid twice a year. However, the size of the dividend must be balanced against the company's liquidity forecasts and capital adequacy.

NOK 2.00 per share was paid in August 2022 as dividend for the first half of the year and amounted to NOK 186.5 million. The board has proposed a dividend of NOK 2.00 per share for the second half of 2022, amounting to NOK 187.5 million. That will make the total dividend for 2022 NOK 4.00 per share. This corresponds to 110 per cent of net profit.

The board has received a mandate from the general meeting which allows it to determine dividend payments continuously throughout the year, should the financial basis for these be present. Such a decision must formally be taken on the basis of the approved annual financial statements for 2022, and would in that event supplement the regular dividend approved by the general meeting. A mandate of this kind must be adopted by the general meeting and will apply until the next AGM but no later than 30 June in the following year.

Purchase of treasury shares

It is appropriate that the board has a mandate to purchase the company's own shares, partly to implement the group's share savings programme and remuneration arrangements for employees, and partly to use shares as a means of settlement in connection with the possible acquisition of enterprises. The board was mandated by the AGM of 26 April 2022 to acquire the company's own shares up to a total nominal value of NOK 18 753 137, corresponding to 10 per cent of the share capital. This mandate can be used for a possible later reduction

in the share capital with the consent of the general meeting, for remuneration of the directors, for incentive programmes or as settlement for the possible acquisition of businesses, and for the purchase of shares where this is financially advantageous. The mandate can be exercised several times, and remains valid until the AGM in 2024 and in any event no longer than to 30 June 2024. The board will propose to the AGM that it be extended by one year. Selvaag Bolig owned 44 770 of its own shares at 31 December 2022.

Share savings programme for all employees and share purchase programme for executive management

The company has a share savings programme for employees working more than half-time. This is because co-ownership by the workforce is expected to promote value creation through increased commitment and greater loyalty. The share savings programme shall encourage broad and long-term ownership and gives employees the opportunity to acquire a direct stake in the company's value creation.

Employees can purchase shares to a value of NOK 200 000 per year. The price per share is the stock market price (volume-weighted average price for the final 10 days of stock exchange trading before the programme opens) less a discount of 20 per cent, conditional on a two-year lock-up period. For the same incentive and reason, the company also has a share purchase programme for its executive management. The ceiling for annual investment in the share purchase programme is the individual's annual pay. The price per share is the stock market price (volume-weighted average price for the final 10 days of stock exchange trading before the programme opens), less a discount of 30 per cent as compensation is provided for the employee's tax disadvantage, conditional on a three-year lock-up period.

The 2022 programme was conducted from 28 November to 2 December, and the trades were done 2 December. 33 employees took advantage of the offer, and 767 163 shares were purchased at NOK 29.94 per share before the discount. Since the share programmes will continue in 2023, the board will propose to the AGM that the mandate to purchase the company's own shares, as described in the previous section, be extended by one year.

Capital increase

The same AGM on 26 April 2022 mandated the board to increase the company's share capital by up to NOK 18 753 137. This mandate can be exercised several times, and remains valid until the AGM in 2023 and in any event no longer than to 30 June 2023. It replaces earlier mandates for similar purposes, and embraces capital increases in exchange for non-monetary considerations or the right to involve the company in special obligations. The mandate has not been utilised, and the board will propose to this year's AGM that it be extended by one year.

Deviation from the code: The NCGB believes that grounds should be given for such mandates and that they should be restricted to defined purposes. However, the board believes that some flexibility is needed. As long as the mandates are clearly limited in time and scope, the ability to take such decisions should form part of the board's administrative authority rather than requiring the holding of an extraordinary general meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Equal treatment of shareholders

Selvaag Bolig has one class of share, and all shares have equal voting rights. Emphasis is given in the work of the board and the executive management to treating all shareholders equally and to giving them the same opportunities to exercise influence. The company's articles of association impose no restrictions on voting rights.

The company's transactions in its own shares are conducted via the stock exchange or in other ways at the stock market price. In the event of an increase in share capital, existing shareholders will have a pre-emptive right to subscribe unless special considerations justify waiving this right. Any such waivers will be justified and published in a stock exchange announcement in connection with the increase in share capital.

Conflicts of interest and transactions with related parties

Selvaag Bolig is concerned to maintain an open and cautious approach to investments on terms which could be perceived as an undesirably close transaction or relationship between the company and a large shareholder, a board member, a senior executive or related parties of these. This is outlined in the company's ethical guidelines and instructions for the board.

Where transactions take place with related parties, they must be conducted at arm's length and on market terms. In the event of not immaterial transactions between the company and related parties, the board will commission an independent valuation and make this known to the shareholders. Transactions with related parties are described in note 23 in the company's annual report, as well as in the quarterly reports.

The board has also established guidelines which require executive management to report to the board if they have a material interest, directly or indirectly, in a contract entered into by the company.

Principal shareholder

Selvaag AS is the principal shareholder in Selvaag Bolig ASA with 53.5 per cent of the shares as at 31 December 2022.

5. FREELY NEGOTIABLE SHARES

No restrictions are placed by the articles of association on the ability to own, sell or vote for shares in Selvaag.

6. GENERAL MEETING

About the general meeting

Shareholders exercise the highest authority in Selvaag Bolig ASA through the general meeting. The board makes provision to ensure that the general meeting is an effective forum for shareholders. The company facilitates the appointing of proxies and for voting outside the physical meeting.

Notice

The AGM is scheduled to take place from 10.00 on 26 April 2023 in the company's premises at Silurveien 2 in Oslo.

Before the meeting, shareholders have good opportunities to contact the company, either to clarify issues or to obtain help in bringing issues to the general meeting. Detailed supporting documentation is posted to the company's website 21 days before the general meeting at the latest. See article 9 in the articles of association. Shareholders who have not asked to receive the supporting documentation for the general meeting electronically will have this sent to them by post, as specified in the company's articles of association. The supporting documentation must contain all the details required for the shareholders to form a view of every item on the agenda.

All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive the notice, and have the right to submit motions and to vote directly or by proxy. A financial calendar, which includes the date of the AGM, is available on the company's website.

Registration and proxy form

Registration must be made in writing, by post, VPS account or e-mail. The board wishes to facilitate attendance by the largest possible number of shareholders at the general meeting. Shareholders who cannot attend in person are encouraged to appoint a proxy. Provision is made for the shareholder to specify separate voting instructions to their proxy for every item on the agenda. All information on the appointment of a proxy and the appropriate forms can be found on the company's website.

Agenda and execution

The general meeting elects its own chair. The meeting is opened by the chair of the board, who also arranges for the election of a chair for the meeting. The AGM's duties include adopting the annual financial statements and directors' report and considering the board's guidance and report about remuneration to leading employees.

Members of the nomination committee and its chair are elected by the general meeting. In addition, the general meeting considers such other matters as are assigned to it by legislation or the articles of association. The minutes of the general meeting are published via a stock exchange announcement and are made available on the company's website at www.selvaagboligasa.no after the meeting.

The AGM in 2022 took place on 26 April, and 61.12 per cent of the total issued shares and votes were represented.

According to the NCGB code, provision should be made to vote for individual candidates for the board and the nomination committee.

Deviation from the code: The nomination committee believes that the board's overall composition is important for the way it functions. For that reason, the company invites the general meeting to vote for the nomination committee's collective recommendations for the election of the board and nomination committee.

According to the code, the board and chair of the nomination committee should attend.

Deviation from the code: The chairs of the board and the nomination committee, as well as the CEO, are always present to answer possible questions. The whole board will attend if this is considered necessary in view of items on the agenda.

7. NOMINATION COMMITTEE

Pursuant to the articles of association, the nomination committee will have three members elected for a one-year term. The majority of these members must be independent of the company's board and executive management, and the committee must act in the interests of shareholders in general. The chair of the nomination committee is elected by the general meeting, which also determines the remuneration of the committee's members. The nomination committee itself recommends members of the committee.

All members of the nomination committee are up for election in 2023. The nomination committee currently comprises:

- Steinar Mejlænder-Larsen (chair)
- Helene Langlo Volle
- Leiv Askvig

The duties of the nomination committee are to propose candidates for election as directors and to recommend fees for the directors, members of board sub-committees and members of the nomination committee. The report of the board's annual self-assessment is considered by the committee.

The committee will account for its work and present its recommendations, with justifications, to the general meeting. The recommendations must encompass relevant information about the candidates and an assessment of their independence from the company's executive management and board. The committee is in contact with shareholders, directors and the chief executive during its work on proposing candidates for the board, and anchors its recommendations with the company's largest shareholders. The committee's recommendations, with justifications, are made available 21 days at the latest before the general meeting takes place.

Recommendations from the committee must meet the requirements for the composition of the board which derive at any given time from applicable legislation and statutory regulations.

Article 7 of the articles of association specifies that the company will have a nomination committee. Guidelines have been established on this committee's duties and composition, and on the eligibility of candidates for election. These guidelines were adopted by the general meeting held on 30 August 2011.

8. COMPOSITION AND INDEPENDENCE OF THE BOARD

Composition of the board

Pursuant to article 5 of the company's articles of association, the board of Selvaag Bolig will comprise three to nine members. The chair and the shareholder-elected directors are elected by the general meeting, based on recommendations from the nomination committee.

The board currently comprises seven directors, of whom three are women, and is composed in such a way that it meets the company's need for expertise, capacity and diversity. Weight is given to the whole board being in possession of a broad business and management background as well as in-depth understanding of the housing industry and property development. An overview of each director's expertise, background and shareholding in the company is available on the company's website at www.selvaagboligasa.no.

Employees of the business are represented on the board, and the number of these worker directors is specified in the applicable agreement on pay and conditions. At present, two directors – one male and one female – are elected by the employees. None of the shareholder-elected directors are employed by or have carried out work for Selvaag Bolig other than work related to their board positions.

Shareholder-elected directors are elected for one-year terms. Employee-elected directors are elected for two-year terms. All directors are up for election in 2023. Directors' fees are determined by the general meeting on the basis of a recommendation from the nomination committee.

Independence of the board

The composition of the board ensures that it can act independently of special interests, and it must also function effectively as a collective body to the benefit of the shareholders in general.

No shareholder-elected director is involved in the executive management. Chair Olav Hindahl Selvaag and director Tore Myrvold are a director and CEO of Selvaag AS, respectively. Selvaag AS is the company's principal shareholder and, through subsidiaries and other investments, may have business relations with Selvaag Bolig.

The other shareholder-elected directors are independent of Selvaag Bolig's executive management and significant business relations.

See [Note 22](#) to the annual financial statements for information on the shareholdings of directors in Selvaag Bolig at 31 December 2022. By virtue of their position, each director is subject to the regulations on primary insiders, with clear rules related to such issues as the duty to investigate and report in the event of trading in the company's shares.

9. THE WORK OF THE BOARD OF DIRECTORS

The board's duties

The board of directors bears the ultimate responsibility for management of the group and for supervising the chief executive and the group's operations.

That makes the board responsible for ensuring an acceptable organisation of the business and determining strategies, plans and budgets. The board participates in important strategic discussions throughout the year and undertakes an annual audit of the company's strategy. Furthermore, the board is responsible for establishing control systems and for ensuring that the group is operated in compliance with the established values base, the ethical guidelines and the expectations of the owners for socially responsible operation. The board has a duty to ensure that the financial statements and asset management are subject to satisfactory controls. Matters of significant strategic or financial importance are dealt with by the board. The board is responsible for appointing the chief executive, establishing the chief executive's instructions, authorities and terms of employment, and determining the chief executive's remuneration. In addition, the board will protect the interests of the shareholders while also having a responsibility for the company's other stakeholders.

Each director is duty-bound to consider at all times whether conditions exist which, viewed objectively, might weaken general confidence in their impartiality or which might lay the basis for conflicts of interest. The company also follows up the various offices and so forth held by the directors to provide an information base for the company's management in avoiding unintentional conflicts of interest.

Eleven board meetings were held in 2022, six as physical gatherings.

Director	Attendance, no. of meetings	Attendance in per cent
Olav Hindahl Selvaag	11 of 11	100
Gisele Marchand	10 of 11	91
Camilla Wahl	11 of 11	100
Øystein Thorup	11 of 11	100
Tore Myrvold	11 of 11	100
Patrik Eriksson	11 of 11	100
Sissel Kristensen	11 of 11	100

Instructions for the board

The board has adopted instructions which specify the rules and guidelines for its work and administrative procedures. These are reviewed annually or as required. The instructions for the board define the duties and obligations associated with its work, and its relationship with the chief executive. The chair is responsible for ensuring that the work of the board is conducted in a correct and efficient manner. The board works on the basis of an annual plan, with specified topics and issues for board meetings. The board evaluates its work and competence on an annual basis. This is done through a self-assessment which is summarised for the nomination committee. At least once a year, the board reviews the most important areas of risk as well as internal control in the company.

Instructions for the chief executive officer

The CEO of Selvaag Bolig ASA is responsible for the executive management of the Selvaag Bolig group. The chief executive must also ensure that the financial statements comply with legislation and other relevant provisions, and that the group's assets are managed in an acceptable manner. The CEO is appointed by the board of directors and reports to it. The CEO is duty-bound to keep the board continuously informed on the group's financial position, operations and asset management. The board has also approved an authority structure for the company which clarifies the authority of the CEO and the executive management in terms of which issues must be considered by the board.

Financial reporting

The board receives periodic reports with comments on the company's financial status. Where interim reporting is concerned, the company observes the deadlines specified by the Oslo Stock Exchange.

Board committees

The board has found it appropriate to establish sub-committees to serve as preparatory and advisory bodies for the board.

Audit committee

The audit committee is a preparatory and advisory body for the board. It is elected by and from among the directors, and must comprise at least two directors. At least one of these should have experience from the exercise of accounting or financial management, or of auditing. Members are appointed by the board, and changes to its composition are made when the board might wish to do so or when the members cease to be directors of the company. The audit committee currently comprises the following members:

- Gisele Marchand (chair)
- Tore Myrvold

The company's auditor also attends all the meetings.

The board has adopted separate instructions for the audit committee, which will, among others:

- a. review the company's quarterly, annual and related reports, including ESG reporting, and prepare the board's follow-up of the financial reporting process.
- b. maintain ongoing contact with the company's elected auditor concerning the audit of the annual financial statements.
- c. assess and monitor the independence and objectivity of the auditor and particularly to what degree services other than audit are provided by the auditor.
- d. assess the quality of the external audit, be responsible for preparing the company's choice of auditor and make its recommendation.

- e. ensure that the company has established sufficient and suitable processes for internal control and risk management to ensure that laws and regulations closely tied to financial and non-financial reporting are followed.

The audit committee met seven times in 2022.

The remuneration committee

The remuneration committee serves as a preparatory and advisory body for the board, comprising up to three directors who are independent of the company's executive management. The members of the remuneration committee are appointed by the board for two-year terms or until they cease to be directors of the company. The remuneration committee currently comprises:

- Olav Hindahl Selvaag (chair)
- Gisele Marchand
- Øystein Thorup

The board has adopted separate instructions for the remuneration committee. It must, among other things:

- a. prepare issue for consideration by the board concerning salary and terms of the chief executive.
- b. prepare the board's processing of scorecards/KPIs as a basis for the bonus assessment for senior executives.
- c. prepare the board's consideration of issues of principle related to salary levels, bonus systems, pension terms, employment agreements and the like for the company's senior executives.
- d. address special issues related to compensation for employees in the group to the extent that the committee finds that these affect matters of particular importance to the group's competitive position, profile, recruitment ability, reputation, etc.

The committee has held five meetings in 2022.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility and purpose of the board

Risk management and internal control in Selvaag Bolig are intended to help ensure that the company takes a coherent approach to its operations, financial reporting and compliance with applicable legislation and regulations. The board regularly reviews Selvaag Bolig's risk management and internal control, as well as its guidelines and the like on how the company integrates concern for the world at large with value creation. Internal control also embraces the company's values base, CSR and ethical guidelines, which apply to all company employees.

Board reviews and reporting

An annual strategy meeting is held by Selvaag Bolig to lay the basis for the board's consideration and decisions during the year. The most important risk areas are reviewed at this meeting.

A survey of the company's risk factors and management is conducted regularly. This exercise plays a key role for the board's strategy meeting, and defines the direction of further work on the company's risk management. An overarching management model has been established for continuous follow-up, based on the group's strategy, values base and ethical guidelines. In addition, principles have been drawn up for reporting in the key areas, as well as guidelines for central processes and activities. An authority matrix has also been established for delegating responsibilities to defined roles in the organisation. All employees have clear guidelines on the scope of their own authority and on the next level up for decisions or approvals.

Selvaag Bolig has established a set of internal procedures and systems which are intended to secure uniform and reliable financial reporting and operations. A quality assurance system has also been established to safeguard quality when executing the group's projects. One component of this system is a review, conducted at least once a quarter, of risk in the projects and other parts of the business. This review identifies the financial development of the company's projects and makes it possible to implement possible risk-reducing measures. Planning, management, execution and financial follow-up of construction and production processes and projects are integrated in the Selvaag Bolig group's commercial operation. Construction projects report systematically to the group management.

Selvaag Bolig's consolidated financial statements are prepared in accordance with the applicable IFRS standards. The board receives periodic reports on the group's financial results as well as a description of the status of the most important individual projects. The auditor attends meetings of the audit committee and board meetings related to the presentation of the preliminary annual financial statements. The company's key risk factors are described in the directors' report.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The general meeting determines directors' fees annually on the basis of a recommendation from the nomination committee.

A total of NOK 2 524 000 was paid in directors' fees for 2022. Shareholder-elected directors are given compensation of NOK 50 000 in addition to ordinary board remuneration, where the net proceeds after tax are assumed to be used for the purchase of shares in the company. Remuneration to the individual directors in 2022 is stated in the executive remuneration report published at www.selvaagboligasa.no. Directors' fees are not linked to the group's performance. No options are awarded to directors, and shareholder-elected directors have no agreement on a pension plan or on payment after their period of service has ended. None of the shareholder-elected directors do work for the company in addition to their directorship.

Directors observe general insider regulations for trading in the company's shares. See the aforementioned executive remuneration report for an overview of shares owned by directors.

12. REMUNERATION OF EXECUTIVE PERSONNEL

As mentioned in section 9, a remuneration committee comprising up to three directors has been established. The committee shall support the board's work on the strategy for and main principles of remuneration for the company's senior executives, including the determination of scorecards and the conditions of employment for the chief executive.

The individual components in a remuneration package must be assessed collectively, with fixed basic pay, possible variable pay and other benefits such as pension and termination payments viewed as a whole. Variable pay in the form of bonus payments will be based primarily on objective, definable and measurable criteria. Such variable pay (bonuses) cannot exceed 100 per cent of basic pay for the executive personnel. No options have been awarded to employees or elected officers of the company.

The guidelines and report about remuneration of executive personnel are presented annually to the general meeting in connection with its consideration of the financial statements.

13. INFORMATION AND COMMUNICATION

Selvaag Bolig endeavours to ensure that all reporting of financial and other information is timely and correct, and based on openness and equal treatment of players in the securities market. The company observes the recommendations of the Oslo Stock Exchange on reporting investor information, which came into force on 1 January 2012. Information from Selvaag Bolig is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information regarded as significant for the valuation of the company is distributed and published via the Cision and Oslo Stock Exchange Newsweb messaging systems and at www.selvaagboligasa.no.

The company presents its interim annual results by the end of February. Full financial statements, together with the directors' report and the rest of the annual report, are made available to shareholders every year at least three weeks before the AGM, and by the end of April at the latest. Interim figures are reported within 60 days of the end of the quarter, in accordance with the rules of the Oslo Stock Exchange.

The financial calendar is available on www.selvaagboligasa.no and www.newsweb.no. The primary purpose of information from the company will be to clarify the company's long-term goals and potential, including its strategy, value drivers and important risk factors. The company's guidelines for investor relations provide more detailed specifications of the way information is handled in the group, including defining who will act as the company's spokesperson on various matters. The CEO and CFO of Selvaag Bolig will be the primary spokespersons to the financial market on behalf of the company.

14. TAKEOVERS

The company's articles of association place no restrictions on the purchase of shares in the company. In the event of a possible takeover bid, the board will help to ensure that the company's shareholders are treated equally and that the group's day-to-day operations are not disrupted unnecessarily. The board will seek to help ensure that the shareholders have sufficient information and adequate time to form an opinion on a takeover bid.

The instructions for the board of Selvaag Bolig ASA specify how the company will respond should an offer be made for the company's shares. In such cases, the board will issue a statement which contains an assessment of the offer and a recommendation to the shareholders on whether they should accept it. In this assessment, the board should take account of such considerations as the way a possible takeover would affect long-term value creation in the company. A justification of the recommendation must be provided.

15. AUDITOR

Election of auditor

The group's auditor is elected by the general meeting. In 2021, the company carried out a tender process for the election of an auditor and the board's audit committee presented its recommendation for the election of an auditor to the general meeting. Selvaag Bolig's auditor when presenting the accounts for 2022 is PricewaterhouseCoopers.

Auditor's relationship with board and audit committee

The auditor gives the board an account of its work and provides an assessment of the company's financial reporting and internal control in connection with the annual financial statements. At this meeting, the board is briefed on which services in addition to auditing have been provided during the year. The auditor meets the board at least once a year without the executive management being present. The auditor has the right to attend Selvaag Bolig's general meeting. Written confirmation must be provided once a year by the auditor to the board that the specified requirements for the independence of the auditor have been met.

The auditor attends the meetings of the audit committee. Once a year, the auditor must present the committee with the main features of the plan for conducting the audit work. The auditor will review possible significant changes in Selvaag Bolig's accounting principles, assessments of significant accounting estimates and all significant conditions where disagreement has occurred between the auditor and the executive management. At least once a year, the auditor must review Selvaag Bolig's internal control system with the audit committee – including identifiable weaknesses and proposals for improvement. The board briefs the general meeting on the auditor's fee, broken down between audit work and other services in addition to auditing.

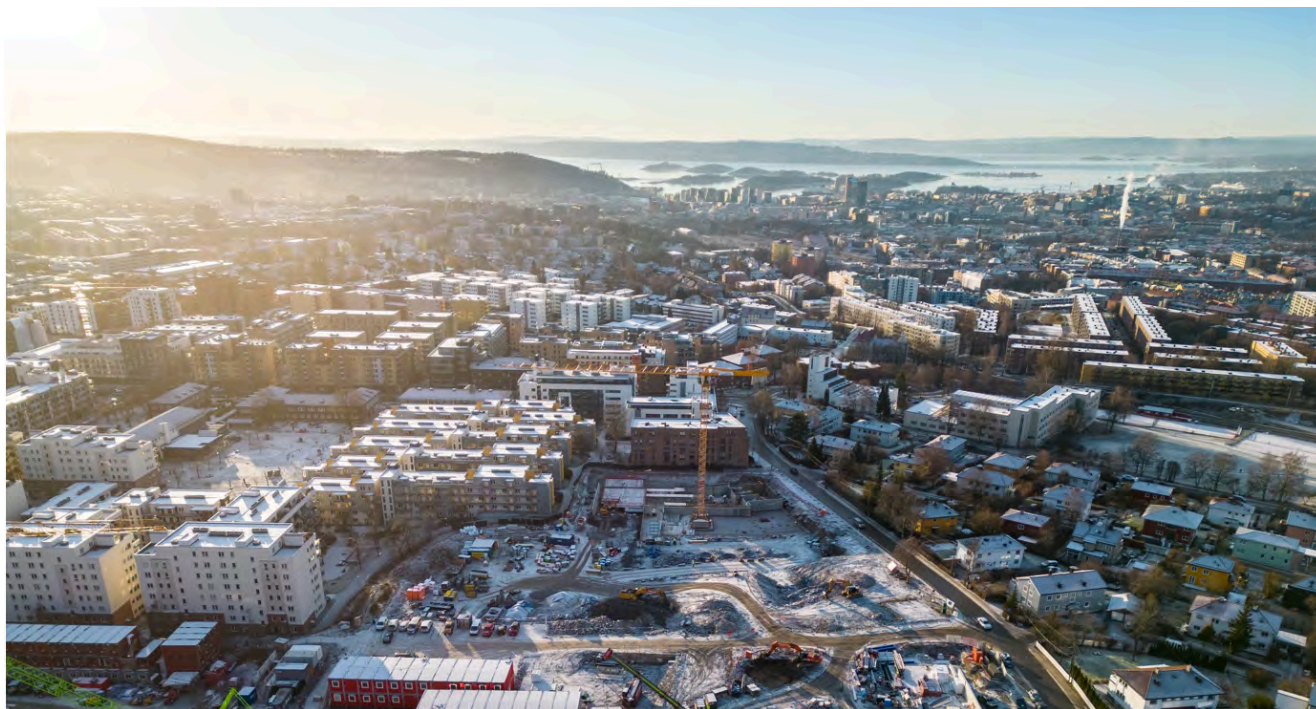


DIRECTORS' REPORT

Selvaag Bolig delivered homes to a combined value of NOK 2.79 billion in 2022. At the end of the year, activity was strong in the company with 1 253 units under construction. Sales in 2022 were, however, lower than in 2021 due to difficult market conditions.

Overview of 2022

The housing market was challenging in 2022 with a sharp decline in new home sales after the first quarter due to increased living costs, inflation and higher mortgage interest rates. In addition, construction costs were at levels which meant that it was not profitable to start sales in a number of new projects. The background for the cost increase was higher material and energy prices. This development started during the pandemic and increased after the outbreak of war in Ukraine. At the start of 2023, activity is increasing somewhat in the new housing market. It is likely that this is related to the loosening of the mortgage regulations from the start of the year, which gives more people the opportunity to finance the purchase of a home. Construction costs have also fallen somewhat, in line with reduced material prices and lower order reserves with the contractors.



Despite the market development, Selvaag Bolig's sales ended at a satisfactory level for the year as a whole. During the year, a total of 561 homes were sold, worth NOK 2 963 million. Adjusted for Selvaag Bolig's share of joint ventures, 448 homes valued at NOK 2 328 million were sold. The relatively strong sales figures were primarily due to the strong first quarter, and satisfactory sales in the projects under construction. The sales allowed the company to start construction of 517 homes so that the total number of homes under construction fell only marginally throughout the year. 586 homes were completed, and 585 homes were delivered customers, and on 31 December the company had 1 253 homes with a sales value of NOK 6 408 million under construction. 67 percent of these and 75 percent of planned completions for 2023 were sold.

Selvaag Bolig has access to a significant land bank that can provide around 11 000 homes in and around Greater Oslo, Stavanger, Bergen, Trondheim and Stockholm, and searches systematically for more plots to further strengthen the project portfolio. Most of the plots are owned by Urban Property, which collaborates with Selvaag. Urban Property was established in 2020 to own Selvaag Bolig's plots, and the plots are bought out step by step, in line with project development. The collaboration also gives Selvaag Bolig the opportunity to buy new plots of land without having to tie up equity. In 2022, Selvaag Bolig bought plots of land in Oslo, Drammen and Stockholm which can provide around 800 homes. That is somewhat more than construction starts, and the land bank has increased accordingly during the year. For more information about the collaboration with Urban Property, see the chapter describing the business in this report.

During 2022, Selvaag Bolig has strengthened the project organisation to improve implementation capacity in Bergen, Stockholm and in the largest projects in the Oslo area. There have been no changes in staffing in other functions. Employee satisfaction was the best in the company since 2017 and the second best since the measurements started in 2011. It is assumed that both measures are tied to the reopening of the offices after the pandemic, good communication across management levels and departments and to the company's clear strategic objectives.

One of the most important strategic priorities in the past year has been to systematise and strengthen the company's ESG work. Clear KPIs and targets have been set, and investments have been made in systems to measure, monitor and report on progress and results. The board considers it to be crucial for the company to be able to manage the transition to a climate-neutral society over time, contribute to lower greenhouse gas emissions, and at the same time maintain a sustainable and responsible business practice that is profitable.

Another important priority has been further development of the housing concept Selvaag Pluss, which are lifestyle homes with shared facilities and services. The concept has been important for acquisition purposes in both Norway and Sweden, but also as a differentiating factor for projects that are for sale. The company has Pluss projects for sale in Lørenskog, Asker and Trondheim, and is continuously working on further development of the concept. In 2023, new Pluss projects are expected to start sales in Stockholm, Lørenskog and Ås, among others.

Selvaag Bolig has a solid financial position, large development projects and access to a significant land bank in areas with population growth and substantial requirements for housing. At the end of the year, the company's equity was NOK 2.35 billion and the equity ratio was 39.4 per cent.

The company has had normal operations in 2022.

Dividend

The board proposes a dividend of NOK 2.00 per share for the second half of 2022, giving a total ordinary dividend of NOK 4.00 per share for 2022.

THE GROUP'S BUSINESS

Selvaag Bolig is one of Norway's leading housing developers. It buys and develops new housing land, and manages the whole value chain from acquisition of land to completion and sale of homes. The group

concentrates on the areas in and around Greater Oslo, Bergen, Stavanger and Trondheim as well as Stockholm. The development business embraces wholly owned projects as well as projects pursued as joint ventures with external investors. Selvaag Bolig manages all the projects, with the exception of one joint venture with AF Gruppen in Ski. The Selvaag Pluss Service AS subsidiary offers services related to Selvaag Bolig's Pluss concept.

Selvaag Bolig does not build itself, but awards construction contracts on a project-by-project basis. That gives it the opportunity to select the best and most competitive contractor for each project. Subjecting construction contracts to competitive tendering increases flexibility and reduces market risk, while helping to tie up less capital and cut execution risk during the construction phase.

The group possesses a high level of expertise on project development. With a modern and industrial approach to housebuilding, this helps to ensure lower construction costs, competitive prices for buyers and increased profits for the company and its owners.

Selvaag Bolig continues Selvaag's historical social commitment, where value creation is combined with socially useful measures. The company builds large projects with a broad array of housing types, and works to develop homes which as many people as possible can afford to buy. Furthermore, Selvaag Bolig seeks to be a driver in the public debate in order to secure operating parameters which make it possible to achieve this objective while simultaneously ensuring good and sustainable housing and urban development. By building good and durable projects, which take account of social and aesthetic properties, in established urban and residential areas and near public transport hubs, the company contributes to more people being able to live a more environment-friendly daily life in walking and cycling distance of shops and services, and close to public transport. Selvaag Bolig also supports culture, mass-participation sports and educational institutions, particularly in the neighbourhoods where the company has projects.

With effect from January 2020, large parts of Selvaag Bolig's available land portfolio is owned by Urban Property. These two companies intend to pursue a long-term strategic collaboration which offers them both a number of advantages. Where Selvaag Bolig is concerned, the collaboration's benefits include increased competitiveness in land purchases and a reduction in tied-up capital. See the [description of the business](#) elsewhere in this report for further information.

FINANCIAL REVIEW

Income statement

(Figures for 2021 are presented in brackets)

Operating revenue

Selvaag Bolig had operating revenues of NOK 2 896.4 million (NOK 3 402.7 million) in 2022. Revenues from units delivered accounted for NOK 2 791.9 million (NOK 3 227.8 million) of the total. In addition, four land plots were sold by the group for a total of NOK 38.9 million. In 2021, land plots and a land contract were sold by the group for a total of NOK 113.8 million. During the year, a total of 585 units (894) were delivered, including 513 (716) from consolidated project companies and

72 (178) from joint ventures.

Operating costs

Operating costs totalled NOK 2 559.7 million (NOK 2 864.1 million), of which project costs for the year totalled NOK 2 313.7 million (NOK 2 617.4 million). Project costs are primarily construction costs for units delivered. Payroll costs accounted for NOK 139.0 million (NOK 136.2 million) of the operating costs.

Other operating costs came to NOK 97.2 million (NOK 100.3 million), including NOK 29.2 million (NOK 39.9 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 85.7 million (NOK 109.7 million).

Operating profit

Consolidated operating profit for the year came to NOK 422.4 million (NOK 648.3 million).

Financial items

Net financial income amounted to NOK 2.7 million (NOK 3.0 million in expense).

Profit (loss)

Pre-tax profit for the year was NOK 425.1 million (NOK 645.3 million). Net tax expense was NOK 86.3 million (NOK 140.4 million). Consolidated tax expense does not include tax liability for tax objects which are not part of the Selvaag Bolig group. Tax on non-controlling shareholders' share of profit for the period is included in the non-controlling share of profit and equity.

Comprehensive income for 2022 came to NOK 338.9 million (NOK 504.9 million). NOK 338.9 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 504.9 million), and NOK 0.0 million to non-controlling shareholders (NOK 0.0 million).

Cash flow

Consolidated cash flow from operational activities was NOK 63.4 million (NOK 392.6 million). The decline from last year primarily reflected fewer delivered units and the effect of the net change in inventory.

Cash flow from investing activities was NOK 239.8 million (NOK 167.1 million). The change from 2021 primarily reflected dividends received from joint ventures in 2022.

Net cash flow from financing activities was negative at NOK 218.0 million (negative at NOK 917.6 million). The change from 2021 primarily reflected less net repayment of construction loans in 2022.

The group's holding of cash and cash equivalents at 31 December totalled NOK 612.7 million (NOK 527.4 million), an increase of NOK 85.2 million from a year earlier.

Balance sheet

Assets in Selvaag Bolig at 31 December 2022 totalled NOK 5 949.6 million (NOK 5 782.0 million). The carrying amount of consolidated inventories (land, housing under construction and completed homes) at 31 December was NOK 4 273.2 million (NOK 4 072.5 million).

Equity at 31 December was NOK 2 345.9 million (NOK 2 468.8 million), corresponding to an equity ratio of 39.4 per cent (42.7 per cent). The board proposes that a dividend of NOK 2.00 per share, corresponding to NOK 187.5 million, be paid to shareholders in Selvaag Bolig ASA for the second half of 2022. NOK 2.00 per share, corresponding to NOK 186.5 million (minus own shares), was paid in August 2022 based on profit for the first half-year. The total dividend for 2021 will be NOK 4.00 per share, corresponding to NOK 374.0 million. That represents 110 per cent of consolidated net profit for 2022.

The group held cash and cash equivalents of NOK 612.7 million (NOK 527.4 million) at 31 December. Selvaag Bolig ASA, the parent company, held cash and cash equivalents of NOK 352.6 million (NOK 283.4 million) at 31 December.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 485.8 million (NOK 2 147.7 million), of which NOK 1 400.4 million (NOK 777.2 million) was non-current and NOK 1 085.4 million (NOK 1 370.5 million) was current. NOK 582.3 million of the current liabilities related to buyback agreements and seller credits to Urban Property (NOK 682.1). See [note 26](#) for more information.

Other current non-interest-bearing debt amounted to NOK 541.9 million (NOK 552.4 million) at 31 December, of which advance payments by customers accounted for NOK 152.1 million (NOK 233.6 million).

Financing and debt

Consolidated interest-bearing debt can largely be divided into four categories: 1) top-up loans from parent company Selvaag Bolig ASA, 2) land loans, 3) buyback agreements with Urban Property and 4) construction loans. At 31 December 2022, the group had no top-up loans, land loans of NOK 226 million, buyback agreements with Urban Property of NOK 582 million and total construction loans of NOK 1 678 million.

Selvaag Bolig has a credit facility of NOK 300 million with DNB, maturing in December 2025. This facility was expanded from NOK 150 million in 2022. In addition, the company also has a credit facility of NOK 150 million in the same bank which is renewed annually. At 31 December, no drawings had been made against either of these facilities. An earlier credit facility of NOK 300 million for financing infrastructure expired in 2022.

Each project in Selvaag Bolig is organised as a single purpose vehicle (SPV). In addition to financing in the parent company, this means that each company seeks its own external capital financing for the development of a project. Land loans are converted to construction loans as the projects start up. Building costs are wholly financed by loans, and increased activity in the companies will accordingly mean that construction loans rise in line with progress. In Sweden, Selvaag Bolig guarantees the implementation of the projects through a self-debtor surety.

Going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic and that the financial statements for 2022 have been prepared on that assumption. This view rests on the group's good capital adequacy and financial position.

Events after the balance sheet date

There have been no events after the balance sheet significantly affecting the Group's financial position.

Parent company Selvaag Bolig ASA

Operating revenues for Selvaag Bolig ASA, the parent company, came to NOK 79.6 million (NOK 128.1 million), and the operating loss for the year was NOK 115.5 million (loss NOK 80.8 million). Ordinary net profit for the year was NOK 391.0 million (NOK 637.3 million). Profit for 2022 included NOK 356.3 million (NOK 801.2 million) in group contributions received from subsidiaries. These internal items are eliminated in the consolidated financial statements.

Allocation of the net profit

The parent company, Selvaag Bolig ASA, made a net profit of NOK 391.0 million (NOK 637.3 million). The parent company's equity amounted to NOK 1 932.2 million (NOK 1 910.7 million) at 31 December.

STRATEGY

The board participates in important strategic discussions during the year and conducts an annual revision of the company's operational and financial strategy together with the executive management.

Selvaag Bolig worked actively in 2022 to manage the business in accordance with the approved strategy and to ensure that the company capitalises on the competitive advantages that this provides.

To ensure that Selvaag Bolig is a driving force in forward-looking housing and urban development, the annual revision of its strategy includes detailed analyses of changes and trends in such areas as urban development, housing concepts, sustainability, the residential environment, housing preferences, demographics, the sharing economy and digitalisation.

For more information on the group's strategy, see the [description of the business](#) in this report.

RISK AND RISK MANAGEMENT

Risk management

As a housing developer, the group is exposed to risk related to land development, sales and the execution of construction projects. These factors can affect the group's business activities and financial position. The board

of Selvaag Bolig accordingly gives a high priority to dealing with and managing risk, and has established routines and control systems to limit overall risk exposure to an acceptable level.

Regular risk surveys contribute to raising awareness of the most significant risk conditions which could affect the business goals defined in the company's strategy and how to deal with them.

The primary risk factors can be categorised as market, operational, financial and climate risk.

MARKET RISK

Housing demand is influenced by a large number of factors at both micro and macro level. It may be affected by substantial fluctuations in the general level of interest rates and/or significant changes in other financial variables to which potential housebuyers might be exposed. Changes in housing demand could furthermore affect Selvaag Bolig's opportunities to sell homes at budgeted prices within the planned time frames. Were the pace of sales to be lower than expected because of changes in market conditions, planned developments could be postponed. The company accordingly has internal requirements related to advance sales, where the general rule is that construction does not begin until homes corresponding to 60 per cent of the value of each building stage in the respective projects, or of the overall project, have been sold.

OPERATIONAL RISK

Risk related to contractors

Selvaag Bolig draws on external construction companies and service providers in connection with developing and building new projects. As a result, it is exposed to the risk of loss and additional project cost if a contractor/supplier finds itself in financial difficulties. To reduce this risk, the company mainly enters into construction contracts with large, well-established players who have a solid financial position and experience, and who can document quality work. In addition, standardised and detailed construction plans developed by Selvaag Bolig are used to reduce the risk of errors, misunderstandings and delays by the contractor.

Furthermore, Selvaag Bolig is exposed to increases in the level of prices for construction contracts and to cost overruns. For projects built on site, the company mainly enters into turnkey contracts. In this way, costs are fixed before sales and construction begin. In the event of high building costs, the company also has the expertise required to implement projects on the basis of subcontracts managed by the construction client. Capacity and risk nevertheless mean that this is not the preferred approach on any scale.

Planning approval risk

Changes to operational parameters or planning decisions by the relevant public authorities could affect both the progress and the viability of Selvaag Bolig's various projects, and might thereby limit opportunities to continue developing its properties. That could lead to delays and increased costs. In order to reduce this risk, the company performs a thorough analysis before buying land, and works systematically to keep in touch with regulators during the whole life of the project.

FINANCIAL RISK

Credit risk

The group's credit risk relates largely to the settlement of its accounts receivable, which primarily involve private customers as housebuyers. Buyers are primarily required to pay a 10 per cent deposit in advance when a sale is agreed, and to document satisfactory financing for the property. Credit risk is regarded as low because payment must be made to the client account at the settlement agent before transfer of the residence.

Foreign exchange risk

The vast majority of the group's activities are based in Norway. The company also has operations in Sweden where project development is financed with capital from the Norwegian operations, and profit repatriation entails a capital transfer from Sweden to Norway. No currency hedging arrangements have been established yet. The company considers the exposure to currency risk to be limited as the Swedish operations make up a low proportion of the total project portfolio and the company has therefore not yet formed a foreign exchange policy.

Interest rate risk (own financing, deposits)

Changes in interest rates affect the group's borrowing costs and could affect the valuation of its assets. The company has opted not to enter into any form of hedging contract. Furthermore, interest rate levels affect the company's return on free liquidity.

Financing risk (access to capital)

Selvaag Bolig depends on access to capital in order to acquire sites and realise projects. In order to finance construction, the company maintains good and close relations with its principal banks, which are well-capitalised Nordic institutions. Competition between the banks is perceived to be satisfactory, and the company has thereby been able to secure the financing required for its projects. Financing of land purchases is primarily channelled through the collaboration with Urban Property AS. In Sweden, land plots are financed with equity and bank financing. Land purchase models are described in [the business description](#) in this report.

Liquidity risk

Conservative liquidity management means having sufficient liquid assets and available financing through lines of credit to meet the group's obligations. Selvaag Bolig administers liquidity actively and pays special attention to maintaining adequate liquidity at all times. The company continuously monitors forecast and actual cash flows.

The board takes the view that the group had a well-balanced exposure to financial and liquidity risk at 31 December. Cash and cash equivalents in the Selvaag Bolig group amounted at 31 December to NOK 612.7 million (NOK 527.4 million) for the group and NOK 352.6 million (NOK 283.4 million) for the parent company. Liquid assets consisted primarily of cash and bank deposits. Selvaag Bolig has a credit facility of NOK 300 million with DNB, maturing in December 2025. The company also has a credit facility of NOK 150

million in the same bank which is renewed annually. At 31 December, no drawings had been made against either of these facilities. An earlier credit facility of NOK 300 million for financing infrastructure, was ended in 2022. Further reference is made to the comments on financing above and to note 16 in the consolidated financial statements for an overview of loans, maturities and loan terms.

CLIMATE RISK

Climate risk consists of physical climate risk and transition risk. Physical risk is associated with increased extreme weather and ecosystem changes. Transition risk is associated with changes in regulations, technology and the market situation in connection with the transition to a low-emission society.

The company has a relatively low exposure to physical climate risk. In this area, there are strict legal and regulatory requirements, and Selvaag Bolig's housing also has its own management systems that reduce risk. Selvaag Bolig, on the other hand, is exposed to transition risk. As the real estate sector has significant greenhouse gas emissions, there are increased demands for transparency, non-financial reporting and emission cuts from especially financial stakeholders and authorities. Selvaag Bolig has therefore implemented a number of risk-reducing measures in 2022 and will continue this work in 2023. These are discussed in the [ESG](#) report.

ORGANISATION

Selvaag Bolig ASA was established in 2008. It is the parent company for the underlying group subsidiaries, which are responsible for operations. At 31 December 2022, the Selvaag Bolig group had 86 employees, with a total of 84.6 full-time equivalents, including 67 in the parent company and 17 in the subsidiaries. The company is led by CEO Sverre Molvik and chief operating officer (COO) Øystein Klungland.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

Selvaag Bolig will create value for society by building good homes, and by working actively to ensure sustainable housing and urban development. This means in part that the company gives priority to urban areas experiencing expansion pressures, develops site-efficient homes with the greatest volume in lower price categories, seeks to be cost-effective and works to ensure positive official policies through a clear presence in the public debate. Ethical, social and environmental considerations are integrated in its day-to-day operations. The company's goal is to be a good and secure workplace, and requires that it and its suppliers pursue their operations in compliance with applicable legislation and statutory regulations. Furthermore, Selvaag Bolig will be a responsible social player and minimise emissions/ discharges and damage to the natural environment. The company has ethical guidelines which are described at www.selvaagboligasa.no.

Continuous efforts are made to ensure that employees are familiar with and observe all the company's guidelines related to CSR and ESG. In 2022, the company has, among other things, updated the materiality matrix, prepared its first complete climate statement, defined KPIs and set targets for reducing greenhouse gas emissions, improved systems for data collection and made preparations for the Transparency Act. The work will continue in 2023 and the company is preparing for further non-financial reporting in connection with new legal requirements and expectations from various stakeholder groups.

See the separate section on ESG in this annual report.

SHAREHOLDER INFORMATION

The company was listed on the Oslo Stock Exchange on 14 June 2012. It had 5 784 shareholders (4 746) at 31 December 2022, of whom 205 were foreign (236). See [note 13](#) to the consolidated financial statements for Selvaag Bolig ASA for detailed shareholder information.

Transactions with related parties

Urban Property (UP) is a related party with the company according to accounting rules, which means that payments of option premiums and repurchasing land are considered related transactions. During 2022, the company repurchased two land plots from UP for NOK 160 million.

Refer to [note 23](#) for further information about the company's transactions with related parties.

CORPORATE GOVERNANCE

Selvaag Bolig ASA is committed to maintaining a high standard of corporate governance. A healthy corporate culture is essential for safeguarding confidence in the company, securing access to capital and ensuing good value creation over time. All shareholders will be treated equally, and a clear division of labour will exist between the board and the company's executive management. Selvaag Bolig complies with the Norwegian code of practice for corporate governance.

A detailed statement on the way Selvaag Bolig implements the sections of the code can be found on the company's website at www.selvaagboligasa.no and in this annual report.

PAY AND OTHER REMUNERATION

Pay and other remuneration of senior executives in the group are presented in [note 22](#) to the consolidated financial statements. This note also outlines the principles on which executive remuneration is based. Selvaag Bolig introduced a share savings programme for all employees and a share purchase programme for the executive management in 2015. These programmes are described in the chapter on [corporate governance](#) in this report.

ANNUAL GENERAL MEETING (AGM)

The AGM will take place on 26 April 2023.

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 need for new homes in Selvaag Bolig's core areas. The demand for new homes is, however, negatively affected by reduced purchasing power in households as a result of geopolitical uncertainty with subsequent high inflation, increased energy prices and rising interest rates. However, some easing of the

mortgage regulations from the beginning of 2023 will likely contribute positively to housing demand as more people have the opportunity to buy their home.

Overall sales activity in the Norwegian housing market for existing dwellings was normal at the end of 2022. In some regions, however, more homes were offered for sale or fewer homes than usual were sold. This led to an increase in inventory in several areas. The relative increase in inventory compared to earlier years has however not continued after the year end.

The pandemic and the war in Ukraine have led to increased construction costs, resulting in postponed sales and construction starts. Over time, the situation could affect the number of homes the company has under construction. Selvaag Bolig sees signs that the price of building materials and transport is falling, which could be positive for the price level of new construction contracts.

As a pure housing developer, the company puts all construction out to competitive tender and accordingly has a sensible staffing level which can easily be adjusted to the level of activity in the market. In the board's view, this has given and will continue to give Selvaag Bolig competitive advantages. Its strategic collaboration with Urban Property, as well as its successful establishment in Sweden could provide substantial benefits for the company over time.

Selvaag Bolig is well equipped organisationally, operationally and financially to support and strengthen its market position going forward. The company has a solid order reserve, upcoming first sales from new projects and capital to buy new land plots.


Oslo, 20 March 2023




Olav Hindahl Selvaag
Chair



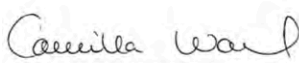
Gisele Marchand
Director



Tore Myrvold
Director



Øystein Thorup
Director



Camilla Wahl
Director



Patrik Eriksson
Director
(Elected by the employees)



Sissel Kristensen
Director
(Elected by the employees)



Sverre Molvik
President and CEO

BOARD OF DIRECTORS, SELVAAG BOLIG ASA



Olav H. Selvaag (born 1969)

Chair



Selvaag has been chair of Selvaag Bolig ASA since 2008. He began his career at KLP Eiendom and has subsequently worked in construction, commercial property and housing development. Selvaag works today as the owner of Selvaag AS and as one of its directors. He is chair of architecture firm Snøhetta AS, Selvaag Bolig ASA, Selvaag By and Fornebu Brygge. His other directorships include Norway's National Theatre and Selvaag Eiendom. Selvaag has an MSc from Stanford University in the USA. He chairs the company's compensation committee. Selvaag is a Norwegian citizen.

Gisele Marchand (born 1958)*Director*

Marchand has been a director of Selvaag Bolig ASA since 2012 and served as chair in 2018-19 while Olav H Selvaag was acting CEO. She has broad management and boardroom experience. Earlier positions include executive vice president for the retail market in Norway at DNB and CEO of Batesgruppen, the Norwegian Public Service Pension Fund, Eksportfinans and the Haavind law firm. Marchand has boardroom experience from such companies as Oslo Børs, Norske Skog and Fornebu Utvikling. She currently works full-time in boardroom positions, serving as chair of Gjensidige Forsikring ASA, Nationaltheatret AS, Norgesgruppen ASA and Boligbygg KF, as a director of Norgesgruppen ASA, Scatec Solar ASA, Eiendomsspar AS and Victoria Eiendom AS, and as a member of the nomination committee for Entra ASA. Marchand has a BSc in business economics from CBS Copenhagen Business School. She chairs the company's audit committee and sits on its compensation committee. Marchand is a Norwegian citizen.

Tore Myrvold (born 1971)*Director*

Myrvold has been a director of Selvaag Bolig ASA since May 2018. He began his career as an auditor with Deloitte before becoming group controller for Hjemmet Mortensen. Myrvold joined Selvaag AS in 2005, and served in such posts as CFO and executive vice president before becoming CEO in the summer of 2016. He is a director of all the Selvaag AS subsidiaries. Myrvold has an MSc in business economics from the BI Norwegian Business School and graduated as a state-authorized auditor from the Norwegian School of Economics (NHH). He is a member of the board's audit committee. Myrvold is a Norwegian citizen.

**Camilla Wahl (born 1970)**

Director

Wahl is a lawyer with long experience from her own law practice as well as with law firms Selmer, Wikborg Rein and Legalteam Advokatfirma DA. She has also served as general manager for Wahl Eiendom AS, and is working chair of the same company today. Wahl has, among others, boardroom experience from Rom Eiendom AS, DnB Eiendomsinvest I ASA and Pareto Bank ASA. She is a Norwegian citizen.

**Øystein Thorup (born 1971)**

Director

Thorup is a lawyer with top-level executive experience from the property sector as CEO at Orkla Eiendom AS and, since 2012, at Avantor AS Eiendom. He has experience from a number of directorships, and is familiar with the whole value chain in project development. He is a member of the company's compensation committee. Thorup is a Norwegian citizen.

**Sissel Kristensen (born 1972)**

Employee-elected director

Kristensen has been a director of Selvaag Bolig ASA since April 2017. She qualified as an auditor at the Oslo College of Business and Economics, and has worked in auditing and accounting since 1995. Kristensen has been chief accountant at Selvaag Bolig ASA since July 2011. She is a Norwegian citizen.

**Patrik Eriksson (born 1985)**

Employee-elected director

Eriksson has been a director of Selvaag Bolig ASA since May 2021. With an MSc in civil engineering from Chalmers University of Technology in Gothenburg, he has worked on project management at the company since 2014 and became a project director in 2021. Eriksson is a Swedish citizen.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

(amounts in NOK 1 000, except earnings per share)	Note	2022	2021
Sales revenues	<u>2, 25</u>	2,830,818	3,341,513
Other revenues	<u>25</u>	65,561	61,233
Total revenues		2,896,379	3,402,746
Project expenses	<u>5</u>	(2,313,735)	(2,617,422)
Pay and personnel expenses, administrative functions	<u>6</u>	(139,035)	(136,160)
Depreciation and amortisation	<u>9, 10</u>	(9,717)	(10,272)
Other operating expenses	<u>7</u>	(97,233)	(100,264)
Total operating expenses		(2,559,720)	(2,864,118)
Share of income (losses) from joint ventures and associated companies	<u>24</u>	85,726	109,697
Other gain (loss), net		-	-
Operating profit (loss)		422,385	648,325
Financial income	<u>8</u>	15,384	10,691
Financial expenses	<u>8</u>	(12,654)	(13,685)
Net financial expenses		2,730	(2,994)
Profit (loss) before income taxes		425,115	645,331
Income tax (expense) income	<u>19</u>	(86,262)	(140,426)
Profit (loss) for the year		338,853	504,905
Other comprehensive income items which may be reclassified to profit or loss			
Foreign currency translation		1,432	(3,223)
Total comprehensive income for the year		340,285	501,682
Profit (loss) for the year attributable to			
Non-controlling interests		7	(4)
Shareholders of Selvaag Bolig ASA		338,846	504,909
Total comprehensive income for the year attributable to			
Non-controlling interests		7	(4)
Shareholders of Selvaag Bolig ASA		340,278	501,686
Earnings per share for profit (loss) attributable to shareholders of Selvaag Bolig ASA			
Earnings per share (basic and diluted, in NOK)	<u>14</u>	3.63	5.40

STATEMENT OF FINANCIAL POSITION


AT 31 DECEMBER

(amounts in NOK 1 000)	Note	2022	2021
ASSETS			
Non-current assets			
Goodwill	<u>9</u>	383,376	383,376
Property, plant and equipment	<u>10</u>	8,152	7,380
Right-of-use assets	<u>10</u>	17,754	25,733
Investments in associated companies and joint ventures	<u>24</u>	234,730	354,699
Loans to associated companies and joint ventures	<u>23, 24</u>	93,674	75,777
Other non-current assets	<u>11</u>	233,866	200,782
Total non-current assets		971,552	1,047,747
Current assets			
Inventory property	<u>5</u>	4,273,209	4,072,466
Trade receivables	<u>11</u>	81,455	83,831
Other current receivables	<u>11</u>	10,673	50,479
Cash and cash equivalents	<u>12</u>	612,670	527,435
Total current assets		4,978,007	4,734,211
TOTAL ASSETS		5,949,559	5,781,958
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of Selvaag Bolig ASA	<u>13</u>	2,338,088	2,461,053
Non-controlling interests		7,795	7,788
Total equity		2,345,883	2,468,841
Liabilities			
Non-current liabilities			
Pension obligations		1,090	1,254
Deferred tax liabilities	<u>19</u>	60,140	38,579
Provisions	<u>20</u>	66,999	62,910
Other non-current non-interest-bearing liabilities	<u>26</u>	265,039	219,622
Non-current lease liabilities	<u>10</u>	10,930	18,630
Non-current interest-bearing liabilities	<u>16</u>	1,400,352	777,200
Total non-current liabilities		1,804,550	1,118,195
Current liabilities			
Current lease liabilities	<u>10</u>	7,861	8,108
Current interest-bearing liabilities	<u>16</u>	503,091	688,330
Current liabilities repurchase agreements and seller credits	<u>26</u>	582,347	682,153
Trade payables	<u>17</u>	99,343	129,986
Current income taxes payable	<u>19</u>	64,541	133,902
Other current non-interest-bearing liabilities	<u>17</u>	541,943	552,443
Total current liabilities		1,799,126	2,194,922
Total liabilities		3,603,676	3,313,117
TOTAL EQUITY AND LIABILITIES		5,949,559	5,781,958

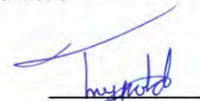
Oslo, 20 March 2023



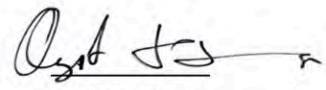
Olav Hindahl Selvaag
Chair



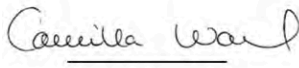
Gisele Marchand
Director



Tore Myrvold
Director



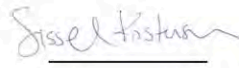
Øystein Thorup
Director



Camilla Wahl
Director



Patrik Eriksson
Director
(Elected by the employees)



Sissel Kristensen
Director
(Elected by the employees)



Sverre Molvik
President and CEO

STATEMENT OF CHANGES IN EQUITY

(amounts in NOK 1 000)	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	
Equity at 1. January 2022	186,898	1,394,857	700,629	6,874	3,528	168,266	2,461,053	7,788	2,468,841	^{*)}
Transactions with owners:										
Dividend	-	-	-	-	-	(466,269)	(466,269)	-	(466,269)	
Share buy back	(992)	-	-	-	-	(18,955)	(19,947)	-	(19,947)	
Employee share programme	1,534	-	-	-	-	21,439	22,973	-	22,973	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	
<i>Total comprehensive income/(loss) for the period:</i>										
Net income/(loss) for the period	-	-	-	-	-	338,846	338,846	7	338,853	
Other comprehensive income/(loss) for the period	-	-	-	1,432	-	-	1,432	-	1,432	
Equity at 31 December 2022	187,440	1,394,857	700,629	8,306	3,528	43,327	2,338,088	7,795	2,345,883	^{*)}
Equity at 1 January 2021	186,996	1,394,857	700,629	10,097	3,528	133,915	2,430,023	7,792	2,437,815	^{*)}
Total comprehensive income/(loss) for the period:										
Dividend	-	-	-	-	-	(467,493)	(467,493)	-	(467,493)	
Share buy back	(1,008)	-	-	-	-	(25,262)	(26,270)	-	(26,270)	
Employee share programme	910	-	-	-	-	22,197	23,107	-	23,107	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	
<i>Total comprehensive income/(loss) for the period:</i>										
Net income/(loss) for the period	-	-	-	-	-	504,909	504,909	(4)	504,905	
Other comprehensive income/(loss) for the period	-	-	-	(3,223)	-	-	(3,223)	-	(3,223)	
Equity at 31 December 2021	186,898	1,394,857	700,629	6,874	3,528	168,266	2,461,053	7,788	2,468,841	^{*)}

^{*)} Non-controlling interests include tax on 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 FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER

(amounts in NOK 1 000)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before income taxes		425,115	645,331
Income taxes paid		(133,995)	(126,725)
Depreciation and amortisation	<u>9, 10</u>	9,717	10,272
Share of (income) losses from associated companies and joint ventures	<u>24</u>	(85,726)	(109,697)
Change in inventory property	<u>5</u>	(141,536)	114,544
Change in trade receivables	<u>11</u>	2,376	(13,365)
Change in trade payables	<u>17</u>	(30,643)	(7,240)
Changes in other working capital assets		33,943	(23,015)
Changes in other working capital liabilities		(15,810)	(97,517)
Net cash flow from operating activities		63,441	392,588
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of tangible and intangible fixed assets		163	-
Payments for acquisition of tangible and intangible fixed assets		(2,344)	(1,097)
Proceeds from disposal of associated companies and joint ventures		-	8,046
Payments for acquisition of associated companies and joint ventures	<u>24</u>	(5,000)	-
Proceeds from disposal of other investments and repayments on loans given		78,000	45,875
Payments for acquisition of other investments and loans given		(58,997)	(39,745)
Dividends and distributions from associated companies and joint ventures	<u>24</u>	228,000	154,050
Net cash flow from investing activities		239,822	167,129
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	<u>16</u>	2,251,525	2,311,996
Repayments of borrowings	<u>16</u>	(1,992,040)	(2,743,972)
Repayments of lease liabilities	<u>10</u>	(8,108)	(8,524)
Dividends paid to equity holders of Selvaag Bolig ASA	<u>15</u>	(466,269)	(467,493)
Share buy back Selvaag Bolig ASA	<u>13</u>	(19,947)	(26,270)
Proceeds from disposal of shares Selvaag Bolig ASA	<u>13</u>	16,811	16,647
Net cash flow from financing activities		(218,028)	(917,616)
Net change in cash and cash equivalents		85,235	(357,898)
Cash and cash equivalents at 1 January	<u>12</u>	527,435	885,333
Cash and cash equivalents at 31 December	<u>12</u>	612,670	527,435

For further specifications, refer to note 12.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the SELVAAG BOLIG group

Notes to the consolidated financial statements for the year ended 31 December 2022.

Note 1 GENERAL INFORMATION

Selvaag Bolig ASA (the company) and its subsidiaries (together the group) is a housing development group involved in the construction of residential property for sale in the ordinary course of business.

Selvaag Bolig ASA is listed on the Oslo Stock Exchange.

The company's ultimate controlling party is Selvaag AS. The registered office of the company is Silurveien 2, NO-0380 Oslo.

Note 2 SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies are set out below, and have been consistently applied to all accounting periods presented unless otherwise stated.

2.1 STATEMENT OF COMPLIANCE

The group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the EU.

These consolidated financial statements were authorised for issue by the board of directors on 20 March 2023.

2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern and historical cost basis, except for derivatives which are recognised at fair value through profit or loss.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the individual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in NOK, which also is the parent company's functional currency.

(B) TRANSACTIONS AND BALANCES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated in subsequent periods.

2.4 CONSOLIDATION

The consolidated financial statements include the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. This is generally presumed to exist when the company holds more than 50 per cent of the voting rights. The existence and effect of potential voting rights which are currently exercisable or convertible are also considered when assessing whether the company controls another entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. A negative comprehensive income in the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, restatements are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the group's ownership interests in subsidiaries which do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Such transactions do not impact the profit or loss statement.

When the group loses control of a subsidiary, the profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, these are accounted for as if the company had directly disposed of the relevant assets (ie, reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS rules). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, at the cost on initial recognition of an investment in an associate or a jointly controlled entity using the equity method.

2.5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO and management group. This group is responsible for allocating resources and assessing the performance of the operating segments.

For the purposes of internal reporting, the group utilises the percentage of completion method for revenues and cost of goods sold, where the degree of completion is estimated on the basis of expenses incurred relative to total estimated cost multiplied by the sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The segment results are reconciled to the operating results for the group in the note.

2.6 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the group has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is neither control nor joint control over those policies. Significant influence is generally presumed to exist when the company holds between 20 per cent and 50 per cent of the voting rights.

Associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. If the group's share of losses of an associate exceeds the group's carrying amount of that associate, the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

If there are loans to an associated company, and the loan is considered to be part of the net investment, any accumulated negative share of the results which exceed the acquisition cost is recognised as a reduction of the carrying amount of the receivable.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate which are not related to the group.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Share of income (loss) from associated companies is included in operating profit (loss) since the investments are considered to be an integral part of the group's operations.

2.7 INVESTMENTS IN JOINT ARRANGEMENTS

A joint arrangement is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control (ie, when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). Joint arrangements are classified as joint operations or joint ventures, depending on the rights to the assets and obligations for the liabilities of the parties to the arrangements. If the parties have rights to the net assets of the

arrangement, the arrangement is a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

The group does not have any interests in joint arrangements classified as joint operations.

The group reports its interests in joint ventures using the equity method, as described in note 2.6 Investments in associates above, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. See [note 2.10](#) below.

Share of income (loss) from joint ventures is included in operating profit (loss), since this is considered integral to the group's operations.

2.8 BUSINESS COMBINATIONS

Where property is acquired through the acquisition of entities, management considers the substance of the assets and activities acquired. When acquiring a group of assets or net assets which do not constitute a business, the cost price is allocated between the individual identifiable assets and liabilities acquired on the basis of their relative fair values at the acquisition date.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Part of goodwill is due to the recognition of deferred tax obligation at nominal value. Nominal value is higher than fair value, and the difference is included in the goodwill.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (ie, the date when the group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as liability is recognised in profit or loss.

2.9 INTANGIBLE ASSETS

- a. Goodwill

Goodwill arising on an acquisition of a business is recognised in the balance sheet at the date of acquisition of the business (see [note 2.8](#) above). Goodwill is not amortised but is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or collections of cash-generating units) expected to benefit from synergies of the business combination.

Goodwill is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill will not be reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

b. Other intangible assets

Other intangible assets acquired through a business combination are initially recognised at fair value, and otherwise at acquisition cost. The asset's residual value and expected useful life are reviewed on an annual basis and adjusted if necessary. If an asset's carrying value exceeds the recoverable amount, the asset will be written down to the recoverable amount. Any gain or loss arising from the disposal of an asset will be determined as the difference between the asset's sales price and carrying value, and recognised in the consolidated statement of comprehensive income as *other net profit (loss)*.

2.10 REVENUE RECOGNITION

The group's main activity is to develop residential properties, and revenue is derived primarily from the sale of residential properties. Properties are usually sold to private customers, but there are some professional customers as well.

The group also has some lease revenue and revenue from other services.

(A) SALE OF RESIDENTIAL PROPERTY

Revenue from the sale of residential property (including any sale of projects under development and undeveloped land) is recognised when the control is transferred to the customer. Control is considered transferred at the time of delivery of the property to the customer.

Customer contracts related to sale of residential properties are in accordance with the Norwegian standard, and will normally include a condition that a minimum percentage of sales in the project is reached. Before commencing the construction phase of a project, the general rule is that the group requires 60 per cent of a project to be sold.

According to Norwegian regulations, the customer is entitled to withdraw from the contract until the property is transferred to them. In such a case, however, the customer is responsible for covering any loss incurred by the group as consequence of their withdrawal. This includes covering the price difference if a lower price is achieved, plus transaction costs.

The customer normally pays 10 per cent of the selling price when signing the contract. This prepayment is paid into an escrow account held by the estate agent. The group does not have a right to the advance payment until it provides financial security in accordance with the Housing Construction Act. Once such security is provided, the advance payment is released from the escrow account and recognised as received cash and other short-term debt (advance payment).

The remaining part of the selling price is paid into the escrow account prior to delivery. The amount is not released from the escrow account until security is provided or all formalities related to the transfer of the property to the customer are finalised. In the period between physical transfer of the property and finalising the formalities by the estate agent, the consideration (reduced by advance payments) is recognised as a trade receivable. Once the right of ownership has been publicly notarised, the remaining consideration is released from the escrow account.

Property may be sold with a degree of continuing involvement by the seller, which may involve commitments to complete construction of the property, or a seller guarantee of occupancy to a housing cooperative for a specific period.

(B) LEASE REVENUES

Rental income from leasing property (operating leases in which the group is a lessor) is recognised on a straight-line basis over the term of the relevant lease and included in other revenues.

(C) SALE OF SERVICES

Control over services is considered to be transferred to the customer as the service is delivered. Revenue from sale of services is recognised when the service is performed. Estate agent services directly associated with the sale of property are included in sales revenue. Other services are included in other revenue.

2.11 INVENTORY PROPERTY

IAS 2 *Inventories* defines inventories as assets held for sale in the ordinary course of business, in the process of production for such sale, or as materials or supplies to be consumed in the production process or in the rendering of services.

The group has property which is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories thus comprise land, property held for resale, property under development and construction and unsold finished units which are not sold. Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. The cost of conversion includes costs directly related to the construction of the property (such as amounts paid to sub-contractors for construction) and an allocation of fixed and variable overheads incurred during development and construction. Borrowing costs directly attributable to the acquisition, construction or production of property are added to the cost of those assets until the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs commences when the plot acquires planning permission. Capitalisation of other directly attributable costs commences when it is more likely than not that the project will be realised. Other costs are included in the cost of inventories only to the extent that they are directly attributable to bringing the inventories to their present location and condition, including planning and design costs, for example. The option premium in plot option contracts with Urban Property is recognised at acquisition cost in inventory as they are incurred when it is probable that the project will be realised.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money (if material), less the estimated costs of completion and the estimated costs necessary to make the sale.

When properties are sold, the carrying amount is recognised as a project expense in the income statement in the period in which the related revenue is recognised.

The group has entered into agreements to purchase land in the future (forwards and purchase options) for use in the ordinary course of business. The land is first capitalised when the cost is incurred or the control is transferred from the seller. If a contract to purchase land in the future is a loss contract, a provision is made for the estimated loss.

2.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes expenditure which is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense during the period in which they are incurred. Depreciation is calculated on a straight-line basis, generally over three to 10 years.

The asset's residual value and useful life are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The assessment is made for each cash-generating unit.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement as *Other gain/(loss) net*.

2.13 FINANCIAL ASSETS

Financial assets are initially recognised at fair value. Subsequent measurement depends on the classification of the assets. Financial assets held within the group's business model where the objective is to collect the contractual cash flows, and where the cash flows are solely payments of principal and interest, are measured at amortised cost. Financial assets not held in this business model are measured at fair value through profit or loss. The group does not have any material financial assets measured at fair value through profit or loss or other comprehensive income.

TRADE RECEIVABLES

Trade receivables are amounts due from customers in the group's ordinary housing development business and related services. Where the trade receivables do not include a significant financing component, they are recognised initially at the amount of the consideration. Impairment is recognised if there is evidence that the estimated future cash flow has been impacted. The risk of impairment is low owing to the practice of requiring advance payments into escrow accounts.

LOANS AND OTHER RECEIVABLES

Loans and other receivables are held in the group's normal business model where the objective is to collect payment and interest when due, and measured at amortised cost using the effective interest method, less any impairment. The receivables are classified as current unless they are due more than 12 months from balance sheet date.

2.14 FINANCIAL LIABILITIES

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost.

BORROWINGS

Borrowings are recognised initially at the received amount, net of transaction expenditures incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction expenditures) and the nominal value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group at the balance sheet date has an unconditional right to defer settlement of the liability for at least 12 months.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest-method. If the interest element is insignificant, trade payables are carried at the original invoice amount.

2.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of cash flows include cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

The cash flow statement is prepared using the indirect method. Interest payments are classified as operational cash flows.

2.16 EQUITY

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised as the proceeds received, net of direct issue expenditures (net of income tax).

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. On subsequent disposal of own shares, any consideration received (net of any directly attributable incremental transaction expenditures and the related income tax effects) is included in equity.

2.17 INCOME TAX

Income tax expense represents current tax expense and changes in deferred tax expense.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense which are taxable or deductible in other years and items which are never taxable or deductible. The group's liability for current tax is calculated using tax rates which have been enacted or substantively enacted by the end of the reporting period.

CHANGES IN DEFERRED TAX

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit. Deferred tax is not recognised when property is purchased through shares in a legal entity.

Deferred tax is also recognised for temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The group recognises deferred tax for associated companies and jointly controlled entities subject to partnership taxation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) which have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences which would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CURRENT AND DEFERRED TAX FOR THE YEAR

Current and deferred tax are recognised in profit or loss, except when they relate to items which are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.18 PROVISIONS

Provisions, such as for warranties or investments in infrastructure, are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that a net outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

2.19 LEASES

In accordance with IFRS 16 Leases, leases are recognised as a right-of-use asset and a lease obligation from the time the right-of-use assets is available for use by the lessee (the commencement date).

Right-of-use assets are measured at acquisition cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made before the commencement date, less any lease incentives received and any costs necessary to restore the asset to the condition required by the lease.

Liabilities arising from a lease are initially measured on a present value basis using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease liabilities include the net present value of the following elements of the lease:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments based on an index or a rate, initially measured using the index or rate at the commencement date
- the exercise price of a purchase option if the group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

When adjustments to lease payments based on an index or rate take effect, or the management makes changes in the evaluation of options to extend or terminate the lease, the lease liability is reassessed and recognised as an adjustment to the right-of-use asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

2.20 EMPLOYEE BENEFITS

The company has a general share purchase programme for employees working more than halftime and a share purchase programme for the company's management. In the general programme, employees can buy shares for up to NOK 200 000 per year with a 20 percent discount, conditional on a two-year lock-up period. In the share purchase program for the company's management, the ceiling for annual investment is the individual's annual salary. The purchases have a 30 percent discount, conditional on a three-year lock-up period. The price per share is set at the market price (volume-weighted average price for the final 10 trading days before the programme opens) for both programs. In the general programme, financing of up to NOK 50 000 is offered through an interest-free loan from the company. The loan is amortised over 12 months.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Obligations related to early retirement pensions (AFP) are part of a multi-employer defined benefit plan. However, the company's share of the liability cannot be reliably measured, and the plan is therefore accounted for as if it were a defined contribution plan.

2.21 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

New accounting standards and amendments

(A) NEW STANDARDS AMENDMENTS THIS YEAR

The group implemented no new standards or changes to standards with a significant impact for the group in 2022.

The IASB has adopted an amendment to IAS 37 which specifies that the direct costs of fulfilling a contract include both incremental costs of fulfilling the contract and the allocation of other costs which are directly linked to fulfilling the contract. Before a loss provision is made for a loss contract, any write-downs from asset impairment must be taken. The change came into force from 1 January 2022. This is relevant to contracts for future land purchases but it has not had a significant effect on the consolidated financial statements.

(B) FORTHCOMING REQUIREMENTS

The IASB has adopted changes to IAS 1 that require companies to disclose information about significant accounting principles instead of important accounting principles. It has been made clearer which principles are significant enough to be disclosed in the accounts. The discussion of accounting principles should focus to a greater extent on the company's specific choices and assessments, rather than general standards and other generic text. Other than that, the change in IAS 1 will have little effect on the consolidated accounts. These changes will come into effect for annual accounts beginning on or after 1 January 2023.

No other forthcoming changes are expected to have a significant impact for the group.

Note 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Estimates and assumptions about the carrying amounts of assets and liabilities which are not readily apparent from other sources will be required. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. The estimates may, by definition, differ from the actual outcome.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ESTIMATION OF NET REALISABLE VALUE FOR INVENTORY (PROPERTY)

Housing development projects are classified as inventory in accordance with IAS 2. Inventories comprise undeveloped land, work in progress and finished units, and are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In determining the net realisable value, management assesses important factors relevant for the valuation, including macroeconomic factors such as expected housing prices and rental levels as well as expected yields, approvals from the authorities, construction costs and project progression. When considered appropriate, management uses reports from external valuation experts to estimate property values or to corroborate the company's own estimates. Changes

in circumstances and in management's assessments and assumptions will result in changes in the estimated net realisable value. See also note 5.

Note 4 SEGMENT INFORMATION

Management has determined the operating segments based on reports reviewed by the CEO and management group, and which are used to make strategic decisions. The figures below were reported to the CEO and the management group at the end of the reporting period. The main segment is defined as property development ("Boligutvikling"). The income in the other segment comes mainly from services and project management, see also note 25. The costs in the other segment mainly relate to salary costs for administration and management which cannot be directly attributed to the projects and thus are not allocated to the housing development segment, see also note 6.

The group utilises the percentage of completion method in its internal reporting, where the degree of completion is estimated on the basis of expenses incurred relative to total estimated costs and the sales rate. Operating revenues under the percentage of completion method also include an estimated profit element for sold units. 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 percentage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)". In addition, the operating profit from IFRS contains items from IFRS 16 Leases, which are not included in the segment reporting. Effects are specified in the table below.

Group management considers segment results based on the percentage of completion method for determining EBITDA. The measurement method is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from associated companies". 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.

At 31 December 2022			
(amounts in NOK 1 000)	Property development	Other	Total
Operating revenues	2,794,366	61,669	2,856,035
Project expenses	(2,234,250)	954	(2,233,296)
Other operating expenses	(34,978)	(210,803)	(245,781)
EBITDA (percentage of completion)	525,138	(148,180)	376,958
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	525,138	(148,180)	376,958
Sales revenues (adjustment effect of percentage of completion)	(2,729,302)	-	(2,729,302)
Sales revenues (completed contracts)	2,769,646	-	2,769,646
Project expenses (adjustment effect of percentage of completion)	2,161,251	-	2,161,251
Project expenses (completed contracts)	(2,241,690)	-	(2,241,690)
Lease expenses	-	9,513	9,513
Depreciation and amortisation	-	(9,717)	(9,717)
Share of income (loss) from associated companies	85,726	-	85,726
Other gain (loss), net	-	-	-
Operating profit (loss)	570,769	(148,384)	422,385
Units in production	1,253	I/A	I/A
Units delivered	585	I/A	I/A
At 31 December 2021			
(amounts in NOK 1 000)	Property development	Other	Total
Operating revenues	3,250,572	57,571	3,308,143
Project expenses	(2,536,524)	(1,510)	(2,538,034)
Other operating expenses	(54,967)	(191,638)	(246,605)
EBITDA (percentage of completion)	659,081	(135,577)	523,504
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	659,081	(135,577)	523,504
Sales revenues (adjustment effect of percentage of completion)	(3,125,757)	-	(3,125,757)
Sales revenues (completed contracts)	3,220,361	-	3,220,361
Project expenses (adjustment effect of percentage of completion)	2,427,795	-	2,427,795
Project expenses (completed contracts)	(2,507,183)	-	(2,507,183)
Lease expenses	-	10,181	10,181
Depreciation and amortisation	-	(10,272)	(10,272)
Share of income (loss) from associated companies	109,696	-	109,696
Other gain (loss), net	-	-	-
Operating profit (loss)	783,993	(135,668)	648,325
Units in production	1,323	I/A	I/A
Units delivered	894	I/A	I/A
Geographic distribution of revenues in segment Property development			
(amounts in NOK 1 000)	2022		2021
Greater Oslo	2,195,477		2,810,011
Rest of Norway	550,107		438,102
Foreign	48,782		2,459
Total operating revenue	2,794,366		3,250,572

Operating revenues from outside Norway in 2022 are from the sale of flats and a land plot in Spain.

Note 5 INVENTORY (PROPERTY)

(amounts in NOK 1 000)	Land	Borrowing cost of land	Capitalised project expenses	Total
At 1 January 2021	821,078	88,218	3,031,496	3,940,793
Additions	309,828	13,463	2,425,805	2,749,095
Reclassifications of land to capitalised project expenses at construction start	(148,241)	(23,453)	171,694	-
Inventory expenses on delivered units (project expenses) ¹⁾	(24,492)	(2,600)	(2,590,330)	(2,617,422)
Carrying amount at 31 December 2021	958,173	75,628	3,038,665	4,072,466
¹⁾ Includes sale of land and a land contract valued at NOK 82.4 million.				
Additions	160,288	35,470	2,318,721	2,514,479
Reclassifications of land to capitalised project expenses at construction start	(452,762)	(17,649)	470,411	-
Inventory expenses on delivered units (project expenses)	(38,929)	(894)	(2,273,912)	(2,313,735)
Carrying amount at 31 December 2022	626,770	92,555	3,553,884	4,273,209
(amounts in NOK 1 000)			2022	2021
Land (undeveloped)			719,324	1,033,800
Work in progress			3,384,214	2,872,244
Finished projects			169,671	166,422
Carrying amount inventory			4,273,209	4,072,466

Capitalisation rates utilised to determine the amount of borrowing costs eligible for capitalisation were between 3.6 per cent and 5.9 per cent during 2022. Corresponding rates were between 2.3 per cent and 3.8 per cent during 2021.

Land loans are normally converted to construction loans in line with the progress of the respective construction projects. 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 of NOK 19.7 million related to land loans were capitalised in 2022, compared with NOK 13.5 million in 2021. Interest charges on construction loans are capitalised during the construction period and recognised under cost of sales in the same way. Capitalised interest on construction loans is included in additions to capitalised project expenses in the table above. Interest charges of NOK 87.0 million related to construction loans were capitalised in 2022, compared with NOK 68.4 million in 2021.

Valuation of properties

Plots of land are considered part of inventory and are valued at the lower of acquisition cost and net realisable value. At the group's request, external valuations of properties have been performed at 31 December 2022. The group management has determined the most significant assumptions relevant to the valuation of individual plots/properties, including size, geographic location, current planning status, potential for development and timing of sale. The external valuation indicates an excess value of NOK 502 million (2021: NOK 519 million) beyond the carrying amounts related to the properties included in land (undeveloped).

Impairment test inventory property

The group's impairment test for inventory property is based on multiple indicators, including external valuations and changes in market conditions. In 2022 and 2021, the group did not recognise any impairment losses related to property in the inventory.

See [note 16](#) for inventory property pledged as collateral for borrowings from financial institutions.

Purchase obligations for land

The group has entered into a number of agreements in recent years on the future acquisition of sites through purchase obligations and options. These are not reflected in the accounts since recognition first occurs on takeover. The agreements relate to the 2023-35 period, with the obligations expected to yield 3 900-5 500 units (net). Of these, about 80 per cent are located in the Greater Oslo area. In relation with the Urban Property transaction, some of the purchasing agreements were transferred to Urban Property. These are referred to as portfolio C in note 26 and constitute approximately 30 per cent of the number of units in the purchase obligations.

Maturity profile for the group's purchase obligations for land	1-5 years		5-10 years		More than 10 years	
	Interval		Interval		Interval	
Estimated residential units (net)	1,650	1,950	1,100	2,250	1,150	1,300

When the agreements will mature is very uncertain, since this depends to a great extent on planning processes which are outside the group's control. The maturity could therefore occur earlier or later than estimated. The group has assessed whether a provision for loss needs to be made for some of these contracts at 31 December 2022. No loss-making contracts have been identified for 2022.

In addition to the purchase obligations, the group has entered into purchase agreements for properties allocated by local authorities in Sweden which are expected to yield 800 units (net).

Note 6 PAY AND PERSONNEL EXPENSES

(amounts in NOK 1 000)	2022	2021
Wages and salaries	(118,767)	(114,208)
Social security tax	(24,527)	(24,794)
Pension costs	(7,185)	(6,417)
Other benefits	(6,224)	(8,972)
Pay expense capitalised to inventory	17,667	18,231
Total pay and personnel expenses	(139,035)	(136,160)
Average number of employees	86	83

At 31 December 2022, 85 employees were included in the defined contribution plan. In addition, one employee was included in a defined benefit plan which is closed to new members. The defined benefit plan carries a net asset of NOK 0.4 million. Seventy-two current employees were included in the early retirement (AFP) plan. See also note 3 for Selvaag Bolig ASA.

Companies in Norway are required to offer an occupational pension plan in line with the Act on mandatory occupational pensions, and the group's companies have a pension plan which meets these requirements. The basis for earned pension rights under the defined contribution plan is 5 per cent of salary between 0 and 7.1 times the National Insurance base amount (G) and 10.5 per cent between 7.1 and 12G.

Note 7 OTHER OPERATING EXPENSES

(amounts in NOK 1 000)	Note	2022	2021
Operation and maintenance		(19,639)	(15,965)
Consultancy expenses		(26,205)	(26,703)
Commissions and other sales-related expenses		(29,236)	(39,929)
Losses on receivables	<u>11</u>	(59)	14
Other operating expenses		(22,094)	(17,681)
Total other operating expenses		(97,233)	(100,264)

Other operating expenses include expenses related to operation of the group headquarters, in addition to NOK 2.1 million (2021: NOK 3.2 million) in services purchased from Selvaag AS and group companies. See also note 23 on related-party transactions for further specification.

Note 8 FINANCIAL INCOME AND EXPENSES

(amounts in NOK 1 000)	Note	2022	2021
Interest income on financial assets measured at amortised cost		14,946	5,203
Net foreign currency gains		438	4
Other financial income ¹⁾		-	5,484
Total financial income		15,384	10,691
Interest expenses on financial liabilities measured at amortised cost		(31,633)	(25,073)
Capitalised interest this year	5	19,729	13,463
Total interest expenses		(11,904)	(11,610)
Net foreign currency losses		(14)	(4)
Other financial expenses		(736)	(2,071)
Total financial expenses		(12,654)	(13,685)
Net financial expenses		2,730	(2,994)

¹⁾ Gain of NOK 5.5 million from the sale of a financial investment in 2021.

Note 9 GOODWILL

(amounts in NOK 1 000)	Goodwill
Cost at 31 December 2020	383,376
Additions	-
Disposals	-
Cost at 31 December 2021	383,376
Additions	-
Disposals	-
Cost at 31 December 2022	383,376
Carrying amount at 31 December 2021	383,376
Carrying amount at 31 December 2022	383,376

Impairment test of goodwill and other intangible assets

The group tests goodwill with an unlimited life for impairment annually, or more often if there are external or internal indications of impairment. Any other intangible assets are tested for impairment if events during the period indicate that the value may be impaired. The group had no other intangible assets at the end of 2022.

Goodwill arisen from business combinations in 2011 is allocated to each of the group's cash-generating segments as follows:

Goodwill	2022
Property development	382,176
Other	1,200
Total	383,376

Goodwill	2021
Property development	382,176
Other	1,200
Total	383,376

Cash-generating units are divided into the property development and other operating segments, see [note 4](#). Goodwill allocated to the "other" segment is related to Selvaag Eiendomsoppgjør AS, previously part of Meglerhuset Selvaag (estate agents).

An external valuation indicates an excess value of NOK 502 million over and above the carrying amounts related to the properties included in land (undeveloped). See [note 5](#). The excess value is allocated to the property development cash-generating unit. The group expects to realise excess value in the existing land bank through projects developed over the next five to 10 years.

The group has tested the goodwill for impairment on the basis of a model for estimating future cash flows from property development projects. The estimated cash flows are discounted to net present value using a weighted average cost of capital discount rate. A discount rate of 7.6% (5.3%) is used. Future cash flows are estimated on the basis of expected cash flow from ongoing projects, future projects from the current land bank and future projects requiring new investment in properties. The annual growth in cash flow is set to two per cent. Expected cash outflows related to new investment in properties and administrative costs are included in the calculation. The most significant assumptions in the calculation model are deemed to be sales volume and discount rate, in addition to the profitability in the projects. The impairment test shows sufficient excess value over and above the carrying amount to conclude that any reasonable decrease in the key assumptions will not trigger an impairment charge for goodwill. No realistic changes in the assumptions indicates an impairment in 2022.

The sensitivity analysis below shows the change in the net present value of future cash flows from changes to key assumptions. None of the scenarios in the table below would have triggered impairment losses.

Note 10 PROPERTY, PLANT, EQUIPMENT AND LEASES

(amounts in NOK 1 000)	Service property	Machinery and plant	Inventory and other equipment	Total property, plant and equipment (A)	Right-of-use lease assets (B)	Total (A+B)
Cost at 31 December 2020	4,003	4,630	27,155	35,788	53,639	89,427
Additions 2021	-	-	1,097	1,097	-	1,097
Disposals 2021	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Cost at 31 December 2021	4,003	4,630	28,252	36,885	53,639	90,524
Additions 2022	-	-	2,344	2,344	4,731	7,075
Disposals 2022	-	-	(325)	(325)	(4,570)	(4,895)
Translation differences	-	-	-	-	-	-
Cost at 31 December 2022	4,003	4,630	30,271	38,904	53,800	92,704
Accumulated depreciation at 31 December 2020	-	(4,630)	(23,826)	(28,456)	(18,663)	(47,119)
Depreciation 2021	-	-	(1,029)	(1,029)	(9,243)	(10,272)
Disposals 2021	-	-	-	-	-	-
Translation differences	-	-	(20)	(20)	-	(20)
Accumulated depreciation at 31 December 2021	-	(4,630)	(24,875)	(29,505)	(27,906)	(57,411)
Depreciation 2021	-	-	(1,429)	(1,429)	(8,288)	(9,717)
Disposals 2021	-	-	162	162	148	310
Translation differences	-	-	20	20	-	20
Accumulated depreciation at 31 December 2022	-	(4,630)	(26,122)	(30,752)	(36,046)	(66,798)
Carrying amount at 31 December 2021	4,003	-	3,377	7,380	25,733	33,113
Carrying amount at 31 December 2022	4,003	-	4,149	8,152	17,754	25,906
Estimated useful life	-	3-5 years	3-5 years		1-9 years	
Amortisation method	No amortisation	straight-line	straight-line		straight-line	

The group as lessee

Right-of-use assets

Leased assets in the group are mainly office buildings. Right-of-use assets related to these are presented in the table above. The group has opted to not recognise leases for assets with low values. Lease payments related to assets with low values are expensed when they occur. A number of the lease contracts include an extension option which can be activated during the last term of the current contract. When entering a new lease contract, the group evaluates whether the extension option is likely to be activated or not.

Lease liabilities

Development in the period

(amounts in NOK 1 000)	2022	2021
Per 1 January	26,738	35,262
New/changed lease liabilities recognised in the period	4,731	-
Disposals	(4,570)	-
Repayments	(8,108)	(8,524)
Per 31 December	18,791	26,738

Specification of lease liabilities

(amounts in NOK 1 000)	2022	2021
Current lease liabilities	7,861	8,108
Non-current lease liabilities	10,930	18,630
Total lease liabilities	18,791	26,738

Maturity profile lease liabilities (nominal values)

(amounts in NOK 1 000)	2022	2021
< 1 year	8,522	9,365
2-3 years	9,845	17,343
4-5 years	1,903	2,387
> 5 years	-	515
Total nominal lease liabilities at 31 December	20,270	29,610

Lease obligations for assets with low values are not included.

Note 11 TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS

(amounts in NOK 1 000)	2022	2021
Seller credits ¹⁾	-	54,000
Capitalised option premiums Urban Property	176,741	91,786
Other loans and receivables	57,125	54,996
Other non-current assets	233,866	200,782

¹⁾ NOK 54 million is related to sale of shares in the Kaldnes Brygge project, Tønsberg.

(amounts in NOK 1 000)	2022	2021
Trade receivables	81,455	83,831
Other receivables	4,707	48,497
Other current financial receivables	4,707	48,497
Prepaid expenses	5,966	1,982
Total other current receivables	10,673	50,479

The carrying amounts of trade and other receivables are denominated in NOK.

Analysis of trade receivables at the end of the reporting period	2022	2021
Not overdue	69,513	74,551
Overdue 1-100 days	3,561	1,074
Overdue > 100 days	9,840	9,665
Gross trade receivables	82,914	85,290
Total allowance for doubtful debts	1,459	1,459
Net trade receivables	81,455	83,831
Losses on receivables	2022	2021
Movement in allowance for doubtful debts	-	-
Receivables written off during the year as uncollectable	(59)	(14)
Losses on receivables in the statement of comprehensive income	(59)	(14)

Losses on receivables have historically been minimal. There is no provision for losses on receivables as the expected credit loss is insignificant.

Note 12 ADDITIONAL INFORMATION FOR THE STATEMENT OF CASH FLOWS

Cash and cash equivalents

(amounts in NOK 1 000)	2022	2021
Restricted bank accounts	708	708
Non-restricted bank deposits and cash	611,962	526,727
Total	612,670	527,435

Interest payments and proceeds

Payments of and proceeds from interest are classified as operating activities. There are normally large differences between the period's expensed interest (before capitalisation) and interest paid because interest on construction loans is added to the principal and is only paid when the construction loan is repaid. Payments were NOK 97 and NOK 91 million in 2022 and 2021 respectively. Proceeds from interest were NOK 9 million in 2022 and NOK 2 million in 2021. Some of the interest paid has been capitalised as part of the inventory in the group, see [note 5](#) for specifications. Other interest is included in other working capital assets and other working capital liabilities.

Net interest-bearing debt

(amounts in NOK 1 000)	2022	2021
Non-current interest-bearing liabilities	1,400,352	777,200
Current interest-bearing liabilities	503,091	688,330
Current liabilities repurchase agreements and seller credits	582,348	682,153
Cash and cash equivalents	(612,670)	(527,435)
Net interest-bearing debt	1,873,121	1,620,248
Gross debt - variable interest rates	2,485,791	2,147,683
Gross debt - fixed interest rates	-	-
Cash and cash equivalents	(612,670)	(527,435)
Net interest-bearing debt	1,873,121	1,620,248

Liabilities from financing activities ¹	
(amounts in NOK 1 000)	
Interest-bearing debt at 31 December 2020	2,468,428
Proceeds from borrowings	2,311,996
Repayments of borrowings	(2,743,972)
Additions	-
Other non-cash movements ²	111,230
Interest-bearing debt at 31 December 2021	2,147,683
Proceeds from borrowings	2,251,525
Repayments of borrowings	(1,992,040)
Additions	-
Other non-cash movements ²	78,623
Interest-bearing debt at 31 December 2022	2,485,791

¹) Lease liabilities not included.

²) Net effect of NOK 78.6 million reflects the difference between accrued and paid interests (NOK 111.2 million).

Loans to associated companies and joint ventures

The group paid NOK 59.0 million in loans to associated companies and joint ventures in 2022, compared with NOK 39.7 million in 2021. Proceeds from loans to companies and joint ventures were NOK 24.0 million (NOK 39.2 million).

Note 13 EQUITY AND SHAREHOLDER INFORMATION

Paid-in capital

(amounts in NOK 1 000, except number of shares)	Number of shares	Share capital	Share premium	Other paid-in capital	Total paid-in capital
Equity at 31 December 2020	93,498,519	186,998	1,394,857	700,629	2,282,484
Share buy-back Selvaag Bolig ASA related to share programme for employees	(536,895)	(1,008)	-	-	(1,008)
Sale of shares from Selvaag Bolig ASA to employees	455,236	910	-	-	910
Equity at 31 December 2021	93,416,860	186,900	1,394,857	700,629	2,282,386
Share buy-back Selvaag Bolig ASA related to share programme for employees	(463,105)	(992)	-	-	(992)
Sale of shares from Selvaag Bolig ASA to employees	767,163	1,534	-	-	1,534
Equity at 31 December 2022	93,720,918	187,443	1,394,857	700,629	2,282,929

At 31 December 2022, the share capital of the company (net of treasury shares) was NOK 187.4 million, comprising 93 720 918 fully-paid ordinary shares with a par value of NOK 2.00. At 31 December 2021, the share capital of the company (net of treasury shares) was NOK 186.8 million, comprising 93 416 860 fully-paid ordinary shares. All issued shares carry equal rights. The change in 2022 is related to the sale of shares to employees through the employee share purchase programme and the purchase of treasury shares for the employee share purchase programme.

Selvaag Bolig ASA held 44 770 of its own shares at 31 December 2022 (348 828 at 31 December 2021).

The board of Selvaag Bolig ASA is mandated by the annual general meeting (AGM) to acquire the company's shares up to a total nominal value of NOK 18 753 137. The amount paid for the shares must be a minimum of NOK 10 and maximum of NOK 100. The board can use the mandate for a possible later write-down of the

share capital with the consent of the general meeting, incentive programmes, settlement for the possible acquisition of businesses, or for the purchase of shares where this is financially beneficial. The board is free to choose the methods to be used for acquiring or disposing of shares. The mandate runs until the AGM in 2023, when an extension of the mandate until the AGM in 2024 will be proposed.

Furthermore, the board of Selvaag Bolig ASA is mandated by the AGM to increase the share capital, on one or more occasions, by up to NOK 18 753 137. The mandate can be used to issue shares as payment related to incentive schemes, as consideration for the acquisition of businesses falling within the company's business purpose, or for necessary strengthening of the company's equity. The mandate runs until the AGM in 2023. Shareholders' pre-emptive right to subscribe for shares can be set aside. The authorisation includes increasing share capital in return for deposits in assets other than money or the right to assume special obligations on behalf of the company. The authorisation does not include a decision on a merger. The authorisation is valid for the annual general meeting in 2023 and is proposed to be extended by one year until the general meeting in 2024.

Other equity reserves

Other reserves in the statement of changes in equity consist of the group's share of transactions with owners in associated companies and joint ventures.

Non-controlling interests (NCI)

	NCI in %		NCI carrying amount at		NCI carrying amount at	
	12/31/2022	12/31/2021	2022	2021	12/31/2022	12/31/2021
(amounts in NOK 1 000)						
Nestlun Pluss AS/KS	25.0 %	25.0 %	7	(4)	7,795	7,788

Ownership structure

At 31 December 2022, the group had 5 784 shareholders, of whom 205 were outside Norway. At 31 December 2021, the group had 4 746 shareholders, of whom 236 were outside Norway.

The 20 largest shareholders at 31 December 2022 were as follows:

Shareholder	Ordinary shares	Ownership/ voting share
SELVAAG AS	50,180,087	53.5 %
Skandinaviska Enskilda Banken AB *	4,796,067	5.1 %
PARETO INVEST NORGE AS	4,671,772	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 *	1,200,000	1.3 %
MUSTAD INDUSTRIER AS	1,136,363	1.2 %
The Northern Trust Comp, London Br *	840,200	0.9 %
Skandinaviska Enskilda Banken AB *	750,000	0.8 %
BANAN II AS	750,000	0.8 %
Landkreditt Utbytte	700,000	0.7 %
Brown Brothers Harriman & Co. *	684,200	0.7 %
Brown Brothers Harriman & Co. *	513,705	0.5 %
Morgan Stanley & Co. International	496,588	0.5 %
Sverre Molvik	492,814	0.5 %
Øystein Klungland	487,582	0.5 %
The Bank of New York Mellon SA/NV *	450,810	0.5 %
THRANE-STEEN NÆRINGSBYGG AS	342,249	0.4 %
Avanza Bank AB *	331,199	0.4 %
Total 20 largest shareholders	76,187,905	81.3 %
Other shareholders	17,577,783	18.7 %
Total ordinary shares	93,765,688	100.0 %

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

The 20 largest shareholders at 31 December 2021 were as follows:

Aksjonær	Antall aksjer	Eierandel
SELVAAG AS	50,180,087	53.5 %
Skandinaviska Enskilda Banken AB *	7,504,973	8.0 %
PARETO INVEST AS	4,281,098	4.6 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	3,117,700	3.3 %
JPMorgan Chase Bank, N.A., London *	1,923,658	2.1 %
Skandinaviska Enskilda Banken AB *	1,000,000	1.1 %
MUSTAD INDUSTRIER AS	970,000	1.0 %
State Street Bank and Trust Comp *	888,439	0.9 %
Skandinaviska Enskilda Banken AB *	848,922	0.9 %
The Northern Trust Comp, London Br *	840,200	0.9 %
BANAN II AS	750,000	0.8 %
SANDEN EQUITY AS	730,000	0.8 %
Landkreditt Utbytte	700,000	0.7 %
VERDIPAPIRFONDET EIKA SPAR	543,194	0.6 %
Brown Brothers Harriman & Co. *	518,981	0.6 %
Sverre Molvik	399,901	0.4 %
VERDIPAPIRFONDET EIKA NORGE	397,699	0.4 %
Øystein Klungland	376,995	0.4 %
HOLTA INVEST AS	376,500	0.4 %
State Street Bank and Trust Comp *	366,247	0.4 %
Total 20 largest shareholders	76,714,594	81.8 %
Other shareholders	17,051,094	18.2 %
Totalt antall aksjer	93,765,688	100.0 %

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

Directors and the chief executive officer held no share options in the company during 2022 and 2021. See [note 22](#) for an overview of share ownership in the company by directors and the chief executive officer.

Note 14 EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit (loss) for the period with the weighted average number of shares in issue. There were no diluting effects related to the share capital in 2022 and 2021.

Resultat per aksje	2022	2021
Profit (loss) for the period attributable to shareholders of the company in NOK 1 000	338,846	504,909
Weighted average number of shares outstanding during the period	93,307,110	93,469,671
Basic earnings per share in NOK	3.63	5.40
Diluted earnings per share in NOK	3.63	5.40

Note 15 DIVIDEND

The company has established a policy of paying dividends twice a year from 2015. The board has proposed a dividend of NOK 2 per share for the second half of 2022, corresponding to NOK 187.5 million. Furthermore, NOK 2 per share was paid on the basis of the financial results for the first half of 2022, corresponding to NOK 186.5 million. The total ordinary dividend for 2022 of NOK 374.0 million equals 110 per cent of net income. In 2021, an ordinary dividend of NOK 466.8 million was paid, corresponding to NOK 5.00 per share. That was equal to 93% of net income. The dividend for the second half of 2022 is subject to approval by the AGM on 26 April 2023 and is not reflected in the financial statements for 2022. See the table below for specification of the amounts.

Dividend paid is calculated on the basis of the total number of shares, which amounts to 93 765 688. To find the net amount paid, the dividend related to treasury shares owned by Selvaag Bolig ASA at the time of approval is deducted.

(amounts in NOK 1 000)	Dividend for the first half			Proposed dividend for the second half ¹			Total for 2022
	NOK per share	Number of shares	Amount	NOK per share	Number of shares	Amount	
Gross dividend	2.00	93,765,688	187,531	2.00	93,765,688	187,531	375,063
Dividend related to treasury shares	2.00	511,933	1,024	-	-	-	1,024
Net dividend paid	-	-	186,508	-	-	187,531	374,039

¹ The amount is calculated gross since the number of treasury shares held at the time the dividend will be approved, 26 April 2023, was not known at 31 December 2022.

The ordinary dividend paid in 2022 was NOK 466.3 million. This consisted of NOK 279.8 million for the second half of 2021 and NOK 186.5 million for the first half of 2022.

(amounts in NOK 1 000)	Dividend for the first half			Dividend for the second half			Total for 2021
	NOK per share	Number of shares	Amount	NOK per aksje	Number of shares	Amount	
Gross dividend	2.00	93,765,688	187,531	3.00	93,765,688	281,297	468,828
Dividend related to treasury shares	2.00	267,169	534	3.00	511,933	1,536	2,070
Net dividend paid	-	-	186,997	-	-	279,761	466,758

The ordinary dividend paid in 2021 was NOK 467.5 million. This consisted of NOK 280.5 million for the second half of 2020 and NOK 187.0 million for the first half of 2021.

Note 16 INTEREST-BEARING LIABILITIES

Spesifikasjon av rentebærende gjeld

(amounts in NOK 1 000)	2022	2021
<i>Non-current liabilities</i>		
Bank loans	1,400,352	777,200
Bonds	-	-
Total non-current interest-bearing liabilities at amortised cost	1,400,352	777,200
<i>Current liabilities</i>		
Bank loans	503,091	688,330
Current liabilities repurchase agreements and seller credits	582,348	682,153
Total current interest-bearing liabilities at amortised cost	1,085,438	1,370,483
Total interest-bearing liabilities at amortised cost	2,485,791	2,147,683

The group's interest-bearing debt falls primarily into four categories: 1) liabilities in parent company Selvaag Bolig ASA (top-up loans), 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans.

At 31 December, the group had no top-up loans, land loans were NOK 226 million, repurchase agreements with Urban Property of NOK 582 million and construction loans of NOK 1 678 million.

Company (amounts in NOK 1000)	Loan instrument	Lender	Year 2022	Maturity data
Selvaag Bolig ASA	Working capital facility	DNB	-	Ikke spesifisert
Selvaag Bolig ASA	Revolving credit facility	DNB	-	12/30/2025
Selvaag Bolig ASA m/døtre	Land loan	Urban Property	582,348	Ikke spesifisert
Selvaag Bolig Langhus AS	Land loan	DNB	57,000	12/31/2024
Selvaag Bolig Hamang AS	Land loan	DNB	60,000	6/30/2023
Jaasund AS	Land loan	SR Bank	24,451	12/31/2024
Aase Gaard AS	Land loan	SR Bank	18,000	12/31/2023
Selvaag Bolig Ballerud AS	Land loan	Sparebanken Øst	48,298	9/30/2023
Sandsliåsen Utbygging AS	Land loan	Nordea	17,700	1/15/2023
Selvaag Bolig Palllassen AS	Construction loan	DNB	359,092	12/31/2023
Skårer Bolig AS	Construction loan	DNB	262,060	5/30/2024
Skårer Bolig AS	Construction loan	DNB	606,404	6/30/2024
Sandsliåsen Utbygging AS	Construction loan	Nordea	108,949	8/31/2024
Selvaag Bolig Solberg AS	Construction loan	DNB	216,445	6/30/2024
Selvaag Bolig Langhus AS	Construction loan	DNB	125,044	12/31/2024
Total non-current interest-bearing debt	-	-	2,485,791	-

Interest rates are based on three-month Nibor plus a margin. At 31 December 2022, the average interest rate was 5.5 per cent for the land loans and 4.2 per cent for the construction loans.

The differences between the disclosed nominal interest rates and effective interest rates are deemed to be insignificant.

The duration of construction loans follows the completion rate and delivery of housing units, so final redemption occurs when the project is completed.

Company (amounts in NOK 1000)	Loan instrument	Lender	Year 2021	Maturity data
Selvaag Bolig ASA	Working capital facility	DNB	-	Ikke spesifisert
Selvaag Bolig ASA	Revolving credit facility	DNB	-	4/28/2023
Selvaag Bolig ASA	Infrastructure	DNB	-	1/31/2024
Selvaag Bolig ASA m/døtre	Land loan	Urban Property	682,153	Ikke spesifisert
Selvaag Bolig Langhus AS	Land loan	DNB	57,000	12/31/2024
Selvaag Bolig Hamang AS	Land loan	DNB	60,000	6/30/2023
Jaasund AS	Land loan	SR Bank	36,751	12/31/2024
Aase Gaard AS	Land loan	SR Bank	22,000	12/1/2022
Selvaag Bolig Ballerud AS	Land loan	Sparebanken Øst	48,000	9/30/2022
Sandsliåsen Utbygging AS	Land loan	Nordea	55,000	10/5/2022
Selvaag Bolig Palllassen AS	Construction loan	DNB	49,517	12/31/2023
Selvaag Bolig Lørenskog AS	Construction loan	DNB / Handelsbanken	41,666	12/31/2022
Skårer Bolig AS	Construction loan	DNB	228,476	6/30/2024
Lervig Brygge AS	Construction loan	SR Bank	217,569	4/19/2023
Sandsliåsen Utbygging AS	Construction loan	Nordea	64,861	8/31/2024
Selvaag Bolig Solberg AS	Construction loan	DNB / Handelsbanken	132,086	12/31/2022
Selvaag Bolig Landås AS	Construction loan	DNB / Handelsbanken	377,279	12/31/2022
Selvaag Bolig Langhus AS	Construction loan	DNB	75,325	12/31/2024
Total non-current interest-bearing debt	-	-	2,147,683	-

Interest rates are based on three-month Nibor plus a margin. At 31 December 2021, the average interest rate was 4.1 per cent for the land loans and 3.1 per cent for the construction loans. The differences between the disclosed nominal interest rates and effective interest rates are deemed to be insignificant. The duration of construction loans follows the completion rate and delivery of housing units, so final redemption occurs when the project is completed.

NON-CURRENT INTEREST-BEARING LIABILITIES MATURITY SCHEDULE FOR NON-CURRENT LOANS:

	2022	2021
To be repaid during 2023	1,085,438	327,086
To be repaid during 2024	1,400,353	450,114
To be repaid during 2025	-	-
To be repaid during 2026 or later	-	-
Total	2,485,791	777,200

Current interest-bearing liabilities

The table below includes liabilities maturing within 12 months subsequent to the reporting period.

	2022	2021
Repayable within 0-6 months after period-end	77,700	-
Repayable within 6-12 months after period-end	1,007,738	1,370,483
Total	1,085,438	1,370,483

Secured loans	2022	2021
Bank loans - financial institutions	1,903,443	1,465,530
Current liabilities repurchase agreements and seller credits 1)	582,348	682,153

¹⁾ Related to cooperation agreement with Urban Property. The agreement contains financial covenants.

<i>Carrying value of land pledged as security on bank loans</i>	2022	2021
Inventory	3,528,691	3,747,837

Note 17 TRADE AND OTHER PAYABLES

(amounts in NOK 1 000)	2022	2021
Trade payables	99,343	129,986
Accrued expenses	346,594	265,207
Other current financial liabilities	-	-
Total other current non-interest-bearing financial liabilities	346,594	265,207
Prepayments from customers (contractual obligations)	152,056	233,611
Other current liabilities	43,293	53,625
Total other current non-interest-bearing liabilities	541,943	552,443

Trade payables

The group's trade payables are repayable 0-3 months after the end of the reporting period.

Note 18 MANAGING CAPITAL AND FINANCIAL RISK MANAGEMENT

18.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market (including currency, interest-rate and price risk), credit and liquidity risk. The group's overall risk management activities seek to minimise potential adverse effects on its financial performance.

The CEO and the management group identify and evaluate financial risks on an on-going basis.

(a) Market risk

(i) Foreign exchange risk

The group is a Norwegian real estate developer, focusing on Norwegian development projects and properties. The group has certain investments in foreign operations, where net assets are exposed to foreign currency translation risk, but to a limited extent. Projects outside Norway are financed in local currency through subsidiaries.

(ii) Price risk

The group is generally exposed to property price risk, and mainly in geographical terms in Norway. In addition, the group has invested in future projects in Sweden as well as one in Spain. The group is also

exposed to risks related to construction costs and material prices. The profit margin for each project will vary, depending on the development of sales income per square metre for the residential properties. The group's exposure to price risk is partly hedged in that advance sales equivalent to 60 per cent of the total sales value of each project are required before construction starts. The group is not exposed to price risks from financial instruments.

The degree of risk associated with the prices of goods and services varies in accordance with contract type. Projects often span several years, and material prices and salary expenses may increase during the construction period. Most contracts are based on fixed prices for the construction period, but certain of them contain indexation clauses which permit price increases.

(iii) Interest-rate risk

The group's interest-rate risk arises largely from long-term borrowings. Borrowings raised at variable rates expose the group to interest-rate fluctuations, which affect cash flows. In addition, the group has option agreements with Urban Property that are exposed to interest-rate fluctuations, see [note 26](#). The group capitalises interest cost as part of development projects (inventory property) in line with the progress of the projects in accordance with IAS 23 Borrowing costs. See [note 16](#) on interest-bearing liabilities for details of the group's borrowings.

(b) Credit risk

Credit risk is managed at group level. The group is exposed to counterparty risk when its companies enter into agreements regarding sales of residential property. Credit risk also arises from outstanding receivables, such as loans to associated companies.

Credit risk related to the sale of property is considered to be limited since sales take place through professional estate agents. Normally, a 10 per cent deposit and documentation of financing are required from homebuyers when they enter into a contract. The balance is settled upon transfer of the title.

Based on the above, the group assesses credit risk associated with financial assets to be low.

The group's maximum exposure to credit risk comprises the classes "trade receivables and other current and non-current receivables" and "cash and cash equivalents." See [note 18.3](#) for the carrying amounts of these classes at 31 December in 2022 and 2021.

(c) Liquidity risk

Conservative liquidity management ensures the group has sufficient liquid assets and funding available to meet its obligations. Selvaag Bolig ASA has a credit facility agreement of NOK 300 million with DNB, which matures in December 2025. The group also has an annually renewed overdraft facility of NOK 150 million with DNB. No drawings had been made against any of these facilities at 31 December.

The group has entered into a number of agreements on the future acquisition of sites that will affect liquidity at the time when the obligations fall due, see also [note 5](#) inventories. Liquidity risk related to those acquisitions is

managed through collaboration with Urban Property (see [note 26](#)), long-term bank connections, credit facilities, available liquidity reserves and close follow-up of the planning processes.

The group manages its liquidity actively to ensure adequate liquidity at any time. It continuously monitors forecasts and actual cash flows.

Maturity schedule for the group's liabilities (nominal values)

Interest-bearing liabilities

Maturity schedule for the group's liabilities (nominal values)

(amounts in NOK 1 000)	Note	Total at 31.12.2022	< 1 year	1-3 years	3-6 years	6-10 years	> 10 years	Not specified
Interest-bearing liabilities								
Bank loans*	16	2,014,779	531,281	1,483,498	-	-	-	-
Other interest-bearing liabilities	16	616,415	616,415	-	-	-	-	-
Total interest-bearing liabilities		2,631,194	1,147,696	1,483,498	-	-	-	-

*1 Including estimated interest payments.

Non-interest-bearing liabilities

(amounts in NOK 1 000)	Note	Total at 31.12.2022	< 1 year	1-3 years	3-6 years	6-10 years	> 10 years	Not specified
Non-interest-bearing liabilities								
Trade payables	17	99,343	99,343	-	-	-	-	-
Other current non-interest-bearing liabilities	17	43,293	43,293	-	-	-	-	-
Other non-current non-interest-bearing liabilities	18.3	265,039	-	265,039	-	-	-	-
Total non-interest-bearing liabilities		407,675	142,636	265,039	-	-	-	-

*1 Including estimated interest payments.

Maturity schedule for the group's liabilities (nominal values)

Interest-bearing liabilities

Maturity schedule for the group's liabilities (nominal values)

(amounts in NOK 1 000)	Note	Total per 31.12.2021	< 1 year	1-3 years	3-6 years	6-10 years	> 10 years	Not specified
Interest-bearing liabilities								
Bank loans*	16	1,536,326	699,674	836,639	12	-	-	-
Other interest-bearing liabilities	16	713,361	713,361	-	-	-	-	-
Total interest-bearing liabilities		2,249,687	1,413,035	836,639	12	-	-	-

*1 Including estimated interest payments.

Non-interest-bearing liabilities

(amounts in NOK 1 000)	Note	Total per 31.12.2021	< 1 year	1-3 years	3-6 years	6-10 years	> 10 years	Not specified
Non-interest-bearing liabilities								
Trade payables	<u>17</u>	129,986	129,986	-	-	-	-	-
Other current non-interest-bearing liabilities	<u>17</u>	53,625	53,625	-	-	-	-	-
Other non-current non-interest-bearing liabilities	<u>18.3</u>	219,622	-	219,622	-	-	-	-
Total non-interest-bearing liabilities		403,233	183,611	219,622	-	-	-	-

¹⁾ Including estimated interest payments.

18.2 Capital risk management

The group's objective when managing its capital is to ensure the ability of the entities in the group to continue as going concerns while providing returns for shareholders and benefits for other stakeholders as well as maintaining an optimum capital structure. This is achieved by maintaining a secure liquidity through the year and a robust equity level.

In achieving this objective, the group focuses on the profitability of the various projects. As a main rule, a 10 per cent contribution margin and a 60 per cent sales ratio before starting construction are required in the projects. At 31 December, the EBITDA margin in ongoing projects was 18.8 per cent (20.3 per cent). See [note 4](#) Segment information for more details. 67 per cent of units under construction were sold at 31 December (67 per cent).

The equity ratio in the group (equity as a percentage of total assets) will not be below 30 per cent. At 31 December, it was 39.4 per cent (42.7 per cent).

In order to optimise the capital structure, the management evaluates all available funding sources on an ongoing basis. Capital requirements are mainly financed through a group account arrangement in which selected companies in the Selvaag Bolig group are included. In addition, the company has a credit facility with DNB of NOK 300 million which matures in December 2025. This facility was expanded from NOK 150 million in 2022. The group also has an annually renewed overdraft facility of NOK 150 million with DNB. No drawings had been made against any of these facilities at 31 December. Ongoing projects are mainly financed through construction loans which mature at project completion.

18.3 Financial asset and liabilities

All financial assets and liabilities in the group are booked at amortised cost.

Classification of financial assets and liabilities

(amounts in NOK 1 000)	Note	2022	2021
Trade receivables and other current and non-current financial assets			
Loans to associated companies and joint ventures		93,674	75,777
Other non-current assets	11	57,125	108,996
Trade receivables		81,455	83,831
Other receivables	11	4,707	48,497
Total trade receivables and other current and non-current financial assets		236,961	317,101
Cash and cash equivalents			
Cash and cash equivalents		612,670	527,435
Trade payables and other non-interest-bearing financial liabilities			
Other non-current non-interest-bearing liabilities	26	265,039	219,622
Trade payables		99,343	129,986
Total other current non-interest-bearing financial liabilities	17	346,594	265,207
Total trade payables and other non-interest-bearing financial liabilities		710,976	614,815
Interest-bearing liabilities			
Non-current interest-bearing liabilities	16	1,400,352	777,200
Current interest-bearing liabilities	16	1,085,438	1,370,483
Total interest-bearing liabilities		2,485,791	2,147,683

Sensitivity analysis

Interest-rate risk

År 2022

	50	100	150
Adjustment to interest-rate level in basis points			
Effect - bank loans	(11,584)	(23,167)	(34,751)
Effect - other loans	-	-	-
Effect on cash flow (in NOK 1 000)	(11,584)	(23,167)	(34,751)

År 2021

	50	100	150
Adjustment to interest-rate level in basis points			
Effect - bank loans	(11,540)	(23,081)	(34,621)
Effect - other loans	-	-	-
Effect on cash flow (in NOK 1 000)	(11,540)	(23,081)	(34,621)

The above tables detail the group's sensitivity to a decrease or increase in interest rates by 50, 100 and 150 basis points respectively. The calculations are based on average interest rates for the year. The effects are calculated on a pre-tax basis and based on the average outstanding amounts during the period. Profit or loss and equity effects are expected to be approximately similar to the effects on cash flow after taxes. Interest related to land loans and building loans is capitalised as part of the inventory and is included in the cost of goods upon delivery of homes. Effects in the result as a result of interest rate changes will therefore occur at different times depending on when the homes are delivered.

Foreign exchange risk

The group is exposed to a limited degree to foreign currency risk. Fluctuations in the amount of +/- five per cent at 31 December in 2022 and 2021 would cause immaterial changes to the group's profit and loss, and would affect the consolidated statement of changes in equity by only immaterial amounts.

18.4 Fair value of financial instruments

Principles for estimating fair values

Book value of assets and liabilities measured at amortised cost is considered to be approximately equal to fair value.

Note 19 INCOME TAXES

Specification of income tax

(amounts in NOK 1 000)	2022	2021
Current income taxes payable	(64,541)	(133,902)
Changes in deferred taxes	(21,721)	(6,524)
Income taxes in profit (loss)	(86,262)	(140,426)

The group's business activities relate mainly to Norway, with only insignificant amounts arising in other countries. An allocation of income tax expense between countries is therefore not considered necessary.

Reconciliation from nominal to effective income tax rate	2022	2021
Profit (loss) before income taxes	425,115	645,331
Estimated income taxes in accordance with nominal tax rate (22%)	(93,525)	(141,973)
Taxable income related to the exemption method, in accordance with section 2-38 of the Norwegian Taxation Act	(1,505)	(1,127)
Other non-deductible expenses	(12,692)	(25,543)
Other non-taxable income	2,600	4,084
Share of income from associated companies and joint ventures	18,860	24,133
Income tax income (expense)	(86,262)	(140,426)
Effective income tax rate *	20.3 %	21.8 %

*) Positive share of income from associated companies and joint ventures included on the basis of the equity method also contributed to reducing the effective tax rate. Profit (loss) before taxes includes the share of profit (loss) attributable to Selvaag Bolig ASAs and non-controlling interests in companies subject to partnership taxation. Consolidated tax expense does not include tax liabilities for taxable entities which are not part of the Selvaag Bolig group. The non-controlling share of the profit (loss) is regarded as a permanent difference. Tax on the non-controlling interests' share of profit (loss) for the period is included in the non-controlling interests' share of profit and equity.

Share of income from associated companies and joint ventures

Share of income from associated companies and joint ventures which are not limited partnerships is recognised on a post-tax basis and therefore does not affect the group's income tax expense. See [note 24](#).

Deferred tax assets and liabilities at 31 December

Utsatt skatt per 31. desember (amounts in NOK 1 000)	2022		2021	
	Eiendel	Forpliktelse	Eiendel	Forpliktelse
Non-current assets	763	-	-	568
Inventory property	-	85,260	-	64,355
Receivables	-	41	-	66
Current liabilities	7,617	-	8,805	-
Non-current liabilities	16,458	-	17,281	-
Losses carried forward	2,655	-	2,660	-
Total temporary differences	27,493	85,301	28,746	64,989
Unrecognised deferred tax assets	2,332	-	2,336	-
Net deferred tax assets (liabilities) in total	(60,140)	-	(38,579)	-

Deferred tax assets are included in the statement of financial position to the extent that the realisation of the related tax benefit through future taxable profits is probable. There are no expiration dates on losses carried forward.

The net movement of deferred tax assets (liabilities) is as follows:

(amounts in NOK 1 000)	2022	2021
Net deferred tax assets (liabilities) at 1 January	(38,579)	(30,506)
Acquisition of subsidiaries	160	(1,549)
Recognised in the statement of comprehensive income	(21,721)	(6,524)
Net deferred tax assets (liabilities) at 31 December	(60,140)	(38,579)

Selvaag Bolig ASA has acquired companies with land plots in previous years. These companies have no activities other than the ownership of the land plots. As a result, the purchases are recognised in the financial statements as purchase of assets and not of business combinations. No accrual for deferred tax occurs with the purchase of assets, which means that the assets are recognised net after deferred tax. See IAS 12.22 c. The land plots in the land bank affected by this had a book value of NOK 239 million (2021: NOK 284 million) at 31 December 2022. Based on a nominal tax rate of 22 per cent, latent tax obligations of NOK 14 million relate to the plots (2021: NOK 18 million). These latent deferred taxes are not recognised in the financial statements.

Note 20 PROVISIONS

(amounts in NOK 1 000)	2022	2021
Provision for contractual infrastructure	66,999	62,910
Total non-current provisions for other liabilities	66,999	62,910

Obligations related to the construction of parking areas amount to NOK 67 million and are linked to previously completed projects, which included an obligation to provide a specific number of parking spaces. These obligations are currently being met through temporary parking areas. Future development of the areas will determine when the temporary car parking areas are to be removed and construction of permanent car parking facilities must commence. The obligations accordingly fall due when the projects are realised. The car parking obligations are expected to fall due some years into the future.

Development during the period

(amounts in NOK 1 000)	2022	2021
Per 1 January	62,910	60,373
Liabilities incurred during the year and effects of changes in estimates	4,089	2,537
Amounts used	-	-
Reclassification by business combinations	-	-
Reclassification of pension obligations	-	-
Liabilities in acquired businesses	-	-
Per 31 December	66,999	62,910

Note 21 CONTINGENT LIABILITIES AND GUARANTEES

The group is subject to the following contingent liabilities as a result of ownership interests in subsidiaries and associated companies:

(amounts in NOK 1 000)	2022	2021
Guarantees to vendors 1	70,046	73,958
Capital not called up - limited partnerships	6,600	6,600
Total contingent liabilities	76,646	80,558

Parent company guarantees of NOK 529.1 million had been given in 2022 and NOK 390.9 million in 2021. These related mainly to guarantees issued by Selvaag Bolig ASA as additional guarantees for seller credits related to land purchases from Urban Property, as well as a land plot purchase in Sweden. The group fulfils legal requirements pursuant to sections 12 and 47 of the Housing Construction Act through purchased guarantees. In addition, it provides guarantees to contractors. Corresponding liabilities included in the statement of financial position are not included in the above amounts.

Note 22 REMUNERATION OF AND FEES TO MANAGEMENT, DIRECTORS AND AUDITORS

Remuneration to management and director's fees:

(amounts in NOK 1 000)	2022	2021
Salary, bonus and other remuneration	28,115	28,229
Share purchase programme	4,438	3,401
Pension	522	489
Total - group management and directors	33,074	32,119

For detailed remuneration to executive management, see the separate remuneration report for 2022 published on the company's website (www.selvaagboligasa.no).

The company has established guidelines for remuneration to executive management which were approved by the company's general meeting on 22 April 2022.

Updated guidelines for remuneration to executive management will be presented to the Annual General Meeting on 26 April 2023.

Specification of fees paid to the auditor:

(amounts in NOK 1 000)	2022	2021
Statutory audit services to the parent company	1,815	1,792
Statutory audit services to subsidiaries	1,400	1,270
Other assurance services	287	149
Other non-audit services	205	-
Total fees paid to the auditor (exclusive of VAT)	3,707	3,211

Note 23 RELATED PARTY TRANSACTIONS

Receivables, liabilities and transactions between Selvaag Bolig ASA and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and are not disclosed in this note. Selvaag AS owns 53.5 per cent of the shares in Selvaag Bolig. Purchases and sales of services involving Selvaag AS and its related parties are based on market terms. These relate mainly to rent, payroll services, use of the brand and the acquisition of land from Urban Property (UP). Details of significant transactions between the group and other related parties are disclosed below.

During the year, group entities entered into the following transactions with related parties:

(amounts in NOK 1 000)	2022	2021
<i>Sales of goods and services</i>		
Associated companies and joint ventures	35,002	33,706
Other related parties (including subsidiaries of the parent company) ¹⁾	715	592
<i>Purchase of goods and services</i>		
Selvaag AS (parent company)	(550)	(550)
Other related parties (including subsidiaries of the parent company)	(9,381)	(10,334)
<i>Financial income</i>		
Other related parties (including subsidiaries of the parent company)	-	-
<i>Option premiums and interests related to seller credits from Urban Property (see note 26 for details)</i>		
Option premiums paid Portfolio B	(15,741)	(17,032)
Accrued and capitalised option premiums Portfolio C	(100,990)	(84,384)
Transaction fees paid	(1,252)	(431)
Accrued interests on seller credits	(19,409)	(11,778)

The following receivables and liabilities were outstanding at 31 December:

(amounts in NOK 1 000)	2022	2021
<i>Receivables</i>		
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries of the parent company)	8,651	8,125
<i>Liabilities</i>		
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries of the parent company)	(3,000)	(2,726)
Repurchase agreements and seller credits with Urban Property	(582,347)	(682,153)

Other related-party transactions

Urban Property¹⁾ (UP) is a related party with the company according to the accounting rules. This means that ongoing option premiums and land repurchases are regarded as related-party transactions. During 2022, the company repurchased two plots from UP for a consideration of NOK 160 million.

The group has provided various guarantees, mainly through purchased guarantees, to associated companies and joint ventures totalling NOK 215.7 million.

Note 24 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Company	Registered office	Year of acquisition	Ownership and voting power	
			2022	2021
Sandvika Boligutvikling KS	Norway	2008	0%	33.3 %
Sandvika Boligutvikling AS	Norway	2008	0%	37.0 %
Tangen pluss AS	Norway	2011	50.0 %	50.0 %
S Trumpet Holding AB (Tidl. Projektbolaget Sädesärlan AB)	Sweden	2011	50.0 %	50.0 %
Kaldnes Brygge AS	Norway	2016	50.0 %	50.0 %
Kaldnes Boligutvikling AS ¹⁾	Norway	2012	25.0 %	25.0 %
Sandnes Eiendom Invest AS	Norway	2013	50.0 %	50.0 %
Kirkeveien Utbyggingsselskap AS	Norway	2013	50.0 %	50.0 %
Tiedemannsfabrikken AS	Norway	2014	50.0 %	50.0 %
Smedplassen Prosjekt AS	Norway	2014	50.0 %	50.0 %
Sinsenveien Holding AS inkl. datterselskaper	Norway	2015	50.0 %	50.0 %
Sandsliåsen 46 Utbygging AS	Norway	2018	50.0 %	50.0 %
Haakon Vlls gate 4 AS og Holding AS	Norway	2017	50.0 %	50.0 %
Fornebu Sentrum Utvikling AS	Norway	2017	50.0 %	50.0 %
Heimdal Stasjonsby AS	Norway	2017	50.0 %	50.0 %
Kanalveien Utvikling AS	Norway	2019	50.0 %	50.0 %
Verftsbyen Bolig AS	Norway	2019	50.0 %	50.0 %
Lurahøyden Bolig AS	Norway	2019	50.0 %	50.0 %
Kanalveien 51-53 AS	Norway	2020	50.0 %	50.0 %

¹⁾ The company is partly owned by Kaldnes Brygge AS.

Specification of investments in associated companies and joint ventures in 2022:

(amounts in NOK 1 000)	Ownership/ voting share	Carrying amount 01.01.22	Additions/ disposals	Share of profit ¹⁾	Dividends/ distributions	Reclassified as participatory loan	Carrying amount 31.12.22
<i>Joint ventures:</i>							
Kaldnes Brygge AS	50.0 %	136,886	-	(2,154)	(54,000)	-	80,732
Sandnes Eiendom Invest AS	50.0 %	84,484	-	(3,569)	-	-	80,915
Tangen pluss AS	50.0 %	414	-	-	-	-	414
S Trumpet Holding AB (Tidl. Prosjektbolaget Sädesärlan AB)	50.0 %	1,829	-	-	-	-	1,829
Kirkeveien Utbyggingsselskap AS	50.0 %	22,984	-	(2)	-	-	22,982
Tiedemannsfabrikken AS	50.0 %	72,309	-	110,245	(172,000)	-	10,554
Smedplassen Prosjekt AS	50.0 %	4,965	-	(26)	(2,000)	-	2,939
Sinsenveien Utvikling AS ²⁾	50.0 %	-	-	(4,596)	-	4,596	-
Sandsliåsen 46 Utbygging AS ²⁾	50.0 %	-	-	(131)	-	131	-
Haakon Vils gate 4 Utvikling AS ²⁾	50.0 %	-	-	(2,328)	-	2,328	-
Fornebu Sentrum Utvikling AS ²⁾	50.0 %	-	-	(1,995)	-	1,995	-
Heimdal Stasjonsby AS	50.0 %	10,206	-	(1,086)	-	-	9,120
Kanalveien Utvikling AS	50.0 %	1,205	-	(162)	-	-	1,043
Kanalveien 51-53 AS ²⁾	50.0 %	-	-	(387)	-	387	-
Verftsbyen Bolig AS	50.0 %	19,366	5,000	(165)	-	-	24,201
Lurahøyden Bolig AS	50.0 %	50	-	(7,918)	-	7,868	-
Total		354,699	5,000	85,726	(228,000)	17,305	234,730

¹⁾ None of the companies had other income or expenses.

²⁾ Negative carrying amount is recognised net together with participatory loans.

Specification of investments in associated companies and joint ventures in 2021:

(amounts in NOK 1 000)	Ownership/ voting share	Carrying amount 01.01.21	Additions/ disposals	Share of profit ¹⁾	Dividends/ distributions	Reclassified as participatory loan	Carrying amount 31.12.21
<i>Associated companies:</i>							
Sandvika Boligutvikling KS	33.3 %	686	-	332	(1,018)	-	-
Sandvika Boligutvikling AS	37.0 %	623	-	117	(740)	-	-
<i>Joint ventures:</i>							
Kaldnes Brygge AS	50.0 %	101,985	-	34,901	-	-	136,886
Sandnes Eiendom Invest AS	50.0 %	84,732	-	(248)	-	-	84,484
Tangen pluss AS	50.0 %	414	-	-	-	-	414
S Trumpet Holding AB (Tidl. Prosjektbolaget Sädesärlan AB)	50.0 %	69,329	-	8,542	(76,042)	-	1,829
Kirkeveien Utbyggingsselskap AS	50.0 %	22,947	-	37	-	-	22,984
Tiedemannsfabrikken AS	50.0 %	82,009	-	65,300	(75,000)	-	72,309
Smedplassen Prosjekt AS	50.0 %	5,916	-	299	(1,250)	-	4,965
Sinsenveien Utvikling AS ²⁾	50.0 %	-	-	(364)	-	364	-
Sandsliåsen Utbygging AS ⁴⁾	50.0 %	4,190	(4,190)	-	-	-	-

(amounts in NOK 1 000)	Ownership/ voting share	Carrying amount 01.01.21	Additions/ disposals	Share of profit ¹⁾	Dividends/ distributions	Reclassified as participatory loan	Carrying amount 31.12.21
Sandsliåsen 46 Utbygging AS ²⁾	50.0 %	-	-	(98)	-	98	-
Haakon Vlls gate 4 Utvikling AS ²⁾	50.0 %	-	-	(2,719)	-	2,719	-
Fornebu Sentrum Utvikling AS ²⁾	50.0 %	336	-	(1,332)	-	996	-
Pottemakerveien Utvikling AS ³⁾	50.0 %	-	(8,046)	8,046	-	-	-
Heimdal Stasjonsby AS	50.0 %	12,566	-	(2,360)	-	-	10,206
Kanalveien Utvikling AS	50.0 %	1,331	-	(126)	-	-	1,205
Kanalveien 51-53 AS ²⁾	50.0 %	-	-	(261)	-	261	-
Verftsbyen Bolig AS	50.0 %	19,735	-	(369)	-	-	19,366
Lurahøyden Bolig AS	50.0 %	50	-	-	-	-	50
Total		406,850	(12,236)	109,697	(154,050)	4,438	354,699

¹⁾ None of the companies had other income or expenses.

²⁾ Negative carrying amount is recognised net together with participatory loans.

³⁾ Sold in 2021.

⁴⁾ The company became a wholly owned subsidiary of Selvaag Bolig ASA in 2021.

Subsidiaries in the group had given NOK 93.7 million (NOK 75.8 million) in loans to associated companies and joint ventures at 31 December.

Summarised financial information (100 per cent) for associated companies and joint ventures at 31 DeCember

(amounts in NOK 1 000)	2022	2021
Total assets	1,974,666	1,599,949
Total liabilities	1,590,379	924,250
Net assets	384,287	675,699
Total revenues	946,863	1,793,372
Total profit (loss) for the year	171,456	219,713

Note 25 ADDITIONAL INFORMATION, REVENUES

(amounts in NOK 1 000)	2022	2021
Revenues - units delivered ¹⁾	2,791,889	3,227,753
Revenues - other property	38,929	113,760
Other revenues ²⁾	65,561	61,233
Total operating revenues	2,896,379	3,402,746

¹⁾ Of which approximately 75 per cent (99 per cent) from Greater Oslo area, 24 per cent from the rest of Norway (one per cent) and one per cent from abroad (zero per cent).

²⁾ Other revenues derived from non-core activities, mainly rental, project management and service revenue. See specification below.

Other revenues

(amounts in NOK 1 000)	2022	2021
Rental revenue	4,072	3,502
Project management and service revenue	59,055	55,741
Other operational revenues	2,434	1,990
Total other revenues	65,561	61,233

Rental revenue in 2022 and 2021 derived from short-term contracts.

Revenues from project management relate to services provided to joint ventures. Service revenues derive mainly from services provided to guests and tenants in Pluss projects.

The group had 1 253 units under construction at 31 December (1 323), of which 80 per cent (73 per cent) were in Greater Oslo. The combined sales value of units under construction was NOK 6 408 million (NOK 6 736 million), with sold units accounting for NOK 4 035 million (NOK 4 465 million) of this total. 67 per cent of units under construction were sold (67 per cent). The sold units are mainly due to be delivered to purchasers in 2023 and 2024.

Note 26 COLLABORATION WITH URBAN PROPERTY

With effect from January 2020, large parts of the available land portfolio for Selvaag Bolig (SBO) in Norway have been owned by Urban Property (UP). The companies are long-term and strategic partners. UP is owned by Oslo Pensjonsforsikring AS, Equinor Pensjon and Selvaag AS, each with a 30 per cent holding, 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 two 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.

The transaction with UP in 2020 covered properties which were divided into Portfolios A, B and C. Portfolio A was converted to portfolio C with effect from 1 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. For the year 2022, premiums paid and capitalised were NOK 15.7 million (NOK 17.0 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 also covers future property acquisitions. 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 (property) and other non-current, non-interest-bearing liabilities, respectively. The asset is reclassified as inventory when the land is taken over, whereas the remaining unpaid option premium is reclassified as short-term debt, repurchase agreements and seller credits. For 2022, provisions and capitalisation of option premiums in portfolio C were NOK 101.0 million (NOK 84.4 million). Accumulated provisions and capitalisation at 31 December 2022 totalled NOK 174.4 million (NOK 85.7 million).

SBO can cancel the option at any given time in exchange for a break fee comprising the accumulated option premium paid from the time of purchase plus a fixed supplement corresponding to a 48-month option premium. When exercising an option, SBO pays 50 per cent of the purchase price to UP on taking over the property and 50 per cent on completion of the project.

During 2022, SBO bought back two land plots in portfolio C from UP for a total of NOK 160 million. In 2022, SBO paid down a total of NOK 203.9 million on seller credits to UP (NOK 104.0 million). Debt related to repurchase agreements and seller credits was NOK 582.3 million at the end of the year (682.2).

Note 27 PROPORTIONAL CONSOLIDATION, ASSOCIATED 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 number 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.

	2022			2021		
	IFRS	Adj share Assoc/ JV gross	Pro forma gross Assoc/JV	IFRS	Adj share Assoc/ JV gross	Pro forma gross Assoc/JV
(amounts in NOK 1 000)						
Sales revenues	2,830,818	463,631	3,294,449	3,341,513	883,495	4,225,008
Other revenues	65,561	9,801	75,362	61,233	13,034	74,267
Total operating revenues	2,896,379	473,431	3,369,810	3,402,746	896,529	4,299,275
Project expenses	(2,313,735)	(329,638)	(2,643,373)	(2,617,422)	(724,295)	(3,341,717)
Salaries and personnel costs	(139,035)	(1,174)	(140,209)	(136,160)	(1,739)	(137,899)
Depreciation and amortisation	(9,717)	(3,845)	(13,562)	(10,272)	(3,850)	(14,122)
Other operating expenses	(97,233)	(22,652)	(119,885)	(100,264)	(21,375)	(121,639)
Total operating expenses	(2,559,720)	(357,308)	(2,917,028)	(2,864,118)	(751,259)	(3,615,377)
Associated companies and joint ventures	85,726	(85,726)	-	109,697	(109,697)	-
Other gain (loss), net	-	-	-	-	-	-
Operating profit (loss)	422,385	30,398	452,783	648,325	35,573	683,898
Financial income	15,384	1,323	16,707	10,691	82	10,773
Financial expenses	(12,654)	(6,891)	(19,545)	(13,685)	(3,599)	(17,284)
Net financial expenses	2,730	(5,569)	(2,839)	(2,994)	(3,517)	(6,511)
Profit (loss) before income taxes	425,115	24,829	449,944	645,331	32,056	677,387
Income taxes	(86,262)	(24,829)	(111,091)	(140,426)	(32,056)	(172,482)
Net income	338,853	-	338,853	504,905	-	504,905

All associated companies and joint ventures have been established to develop housing projects. The financial information is therefore shown together.

Note 28 CLIMATE RISK

Climate risk consists of physical climate risk and transition risk. Physical risk is associated with increased extreme weather and ecosystem changes. Transition risk is associated with changes in regulations, technology and the market situation in connection with the transition to a low-emission society.

In 2021, Selvaag Bolig carried out an assessment (www.selvaagboligasa.no/klimarisiko) of potential climate-related risks and opportunities, as well as the company's management of these based on guidelines from the Task Force on Climate-related Financial Disclosures (TCFD). The assessment concluded that the property sector as a whole has a significant exposure to both physical risk and transition risk.

The assessment further concluded that Selvaag Bolig has a relatively low exposure to physical climate risks, but is exposed to transition risks. At present, identified climate risks have not affected the company's measurement of assets and liabilities.

Physical climate risk

As Selvaag Bolig develops homes and commercial property which are taken over by the buyer on completion, physical climate risk primarily applies to the selection of land. In all projects, climate risk is mapped through a risk and vulnerability analysis (RVA analysis). The analysis reveals conditions that are important for whether the area is suitable for development purposes, and any changes in such conditions as a result of planned

development. Elements that are mapped follow the theme guide for civil protection in spatial planning from the Norwegian Directorate for Civil Protection (DSB).

Transition risk

Selvaag Bolig is experiencing increased demands for transparency, non-financial reporting, and climate requirements in connection with the regulation of property. Through its operations, the company has an impact on the climate and environment, including through the production of purchased materials and on construction sites. Selvaag Bolig has therefore set targets for reducing greenhouse gas emissions. This has so far not had a significant financial impact on the company, but it is uncertain how this will affect the company in the future. It cannot be ruled out that it will affect the company financially in the form of increased construction costs, costs for compensatory measures, or increased sales prices for the company's products. During 2023, Selvaag Bolig will continue its work on mapping transition risks.

Note 29 EVENTS AFTER THE BALANCE SHEET DATE

No events of significance have occurred after the balance sheet date.

FINANCIAL: PARENT COMPANY

STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

amounts in NOK 1 000	Note	2022	2021
Operating revenue and expenses			
Sales revenue	<u>1,11</u>	79,081	127,297
Lease revenue		540	779
Other operating revenue		-	-
Total operating revenue		79,621	128,076
Project expenses		2,933	-12,008
Pay and personnel expenses	<u>2,3</u>	-142,167	-140,570
Depreciation and amortisation	<u>6</u>	-954	-930
Other operating expenses	<u>2,11</u>	-54,904	-55,410
Total operating expenses		-195,092	-208,918
Operating profit (loss)		-115,471	-80,842
Financial items			
Inntekt på investering i datterselskap		0	0
Interest received from group companies		24,805	13,143
Other interest income	<u>11</u>	10,576	3,001
Other financial income		584,042	1,320,629
Interest charges paid to group companies		-31,713	-28,680
Other interest charges		-6,814	-6,762
Other financial costs	<u>4</u>	-18,659	-438,073
Other gains (loss), net		0	11,482
Net financial items		562,237	874,740
Profit (loss) before income taxes		446,766	793,898
Income tax (expense) income	<u>5</u>	-55,788	-156,594
Net profit		390,978	637,304
Profit (loss) for the year		390,978	637,304
Allocation			
Proposed dividend		187,531	281,297
Transferred to/from other equity		203,447	356,007
Total allocation		390,978	637,304

FINANCIAL POSITION

At 31 DECEMBER

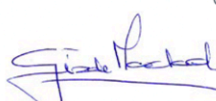
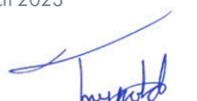
amounts in NOK 1 000	Note	2022	2021
Assets			
Non-current assets			
Intangible assets			
Deferred tax asset	<u>5</u>	3,219	3,966
Total intangible assets		3,219	3,966
Property, plant and equipment			
Land, buildings and property	<u>6</u>	3,476	3,476
Inventory and other equipment	<u>6</u>	1,625	1,939
Total property, plant and equipment		5,101	5,415
Non-current financial assets			
Investments in subsidiaries	<u>7</u>	1,579,167	1,503,546
Investments in associated companies	<u>7</u>	108,254	118,645
Other investments		0	-
Other receivables	<u>8,9,10</u>	731,601	866,209
Total non-current financial assets		2,419,022	2,488,400
Total non-current assets		2,427,342	2,497,781
Current assets			
Receivables			
Trade receivables	<u>8,9,10,11</u>	16,579	12,716
Other receivables from group companies	<u>10</u>	356,402	803,625
Other receivables		6,821	46,587
Total receivables		379,802	862,928
Cash and cash equivalents	<u>12</u>	352,627	283,433
Total current assets		732,429	1,146,361
Total assets		3,159,771	3,644,142


FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER

amounts in NOK 1 000	Note	2022	2021
Equity and liabilities			
Paid-in capital			
Share capital	13,14	187,531	187,531
Own shares	14	-103	-682
Share premium account	14	1,395,478	1,395,478
Other paid-in capital	14	349,260	328,338
Total paid-in capital		1,932,166	1,910,665
Total equity		1,932,166	1,910,665
Liabilities			
Accrued liabilities			
Pension obligation	3	1,506	1,634
Total accrued liabilities		1,506	1,634
Non-current liabilities			
Non-current interest-bearing liabilities		-	-
Other non-current liabilities	8,10	874,215	1,157,944
Total non-current liabilities		874,215	1,157,944
Current liabilities			
Trade payables	10,11	6,057	5,720
Current income taxes payable	5	40,973	132,696
Public taxes		15,152	16,179
Dividend	14	187,531	281,297
Intercompany debts	10	64,070	90,866
Other current liabilities		38,101	47,141
Total current liabilities		351,884	573,899
Total liabilities		1,227,605	1,733,477
Total equity and liabilities		3,159,771	3,644,142

Oslo, 20 March 2023


Olav Hindahl Selvaag
Chair

Gisele Marchand
Director

Tore Myrvold
Director

Øystein Thorup
Director

Camilla Wahl
Director

Patrik Eriksson
Director
(Elected by the employees)

Sissel Kristensen
Director
(Elected by the employees)

Sverre Molvik
President and CEO

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

amounts in NOK 1 000	Note	2022	2021
Cash flow from operating activities			
Profit (loss) before income taxes		446,766	793,898
Income taxes paid		-132,744	-111,529
Other (gains) losses, net		-	-11,481
Depreciation and amortisation	<u>6</u>	954	930
Share of (income) losses from associated companies and joint ventures		15,391	2,170
Change in trade receivables		-3,863	13,131
Change in trade payables		337	-821
Changes in other working capital*		31,748	-398,798
Proceeds from disposal of tangible and intangible fixed assets		358,589	287,501
Payments for acquisition of tangible and intangible fixed assets			
Proceeds from disposal of tangible and intangible fixed assets		150	-
Payments for acquisition of tangible and intangible fixed assets		-802	-
Proceeds from disposal of subsidiaries and associated companies		-	40,000
Payments for acquisitions of subsidiaries and associated companies		-33,722	-59,568
Proceeds from disposal of other investments and repayments on loans given		271,881	138,302
Payments for acquisition of other investments and loans given		-57,497	-37,600
Net cash flow from investing activities		180,010	81,134
Cash flow from financing activities			
Payment of group contribution		-	-117,019
Dividends paid to equity holders of Selvaag Bolig ASA		-466,269	-467,493
Share buy back Selvaag Bolig ASA	<u>14</u>	-19,947	-26,270
Proceeds from disposal of shares Selvaag Bolig ASA		16,811	16,647
Net cash flow from financing activities		-469,405	-594,135
Net change in cash and cash equivalents		69,194	-225,501
Cash and cash equivalents at 1 January		283,433	508,933
Cash and cash equivalents at 31 December		352,627	283,433

* Changes in other working capital are mainly due to write-downs of investments in subsidiaries and income from group contribution with no cash effect.

ACCOUNTING PRINCIPLES

Accounting policies for Selvaag Bolig ASA

The annual accounts have been compiled in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP).

Use of estimates

The preparation of the accounts pursuant to the Accounting Act requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise its judgement. Areas where such judgements are extensively applied, where the level of complexity is high,

or where assumptions and estimates are significant for the annual accounts are described in the notes.

Sales revenues

Revenues from sales of goods and services are assessed at the fair value of the consideration, net after deduction of VAT. Sales of goods are recorded as income when the company has delivered its products to the customer and no

unfulfilled liabilities exist which could influence the customer's acceptance of the delivery. Provision for expected guarantee work is recorded as a cost and as a provision for liabilities. Services are recorded as income as they are provided.

Classification of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets associated with the flow of goods are classed as current assets. Other receivables are classified as current assets if they are to be repaid within one year. Analogue criteria are applied for liabilities. Nevertheless, the first year's instalment on long-term receivables and liabilities is not classified as a current asset or liability.

Acquisition cost

The acquisition cost of assets comprises the purchase price less bonuses, discounts and the like, plus purchase expenses (freight, customs duty, non-refundable public duties and other direct purchase expenses). Where purchases in foreign currencies are concerned, the asset is capitalised at the exchange rate prevailing at the time of the transaction.

Where tangible fixed assets and intangible assets are concerned, the acquisition cost also includes direct expenses for preparing the asset for use, such as costs for testing the asset. Interest expenses related to manufacturing fixed assets are expensed.

Intangible assets

Expenses for own development activities are expensed on a continuous basis. Expenses for other intangible assets are capitalised to the extent that it is possible to identify a future financial benefit related to developing an identifiable intangible asset, and the expenses can be measured reliably. In the opposite case, such expenses are expensed on a continuous basis.

Tangible fixed assets

Land and residential flats are not depreciated. Other tangible fixed assets are capitalised and depreciated on a straight-line basis to their residual value over the expected exploitable lifetime of the asset. In the event of changes to the depreciation plan, the effect is allocated over the remaining depreciation period (the breakpoint method). Maintenance of fixed assets is expensed continuously as operating expenses. Upgrades and improvements are added to the acquisition price of the asset and depreciated in line with the asset. The distinction between maintenance and upgrade/improvement is calculated in relation to the asset's condition at the time of acquisition.

Leased fixed assets are capitalised as fixed assets if the lease is regarded as financial.

Investments in other companies

With the exception of short-term investments in listed shares, the cost method is used for recording investments in other companies. The cost price is increased when funds are injected in connection with capital expansions or when group contributions are made to subsidiaries. Dividends received are basically recorded as income. Dividends which exceed the share of retained earnings after the acquisition are recorded as a reduction in the acquisition cost. Dividend/group contribution from subsidiaries is recorded in the same year that the subsidiary allocates the amount. Dividend from other companies is recorded as financial income on receipt.

Impairment of fixed assets

Where there is an indication that the carrying amount of a fixed asset is higher than its fair value, the asset is tested for impairment. This test is performed at the lowest level of fixed assets which has independent cash flows. If the carrying amount is higher than both the sales value and the recoverable amount (present value in continued use/ ownership), the asset is written down to the higher of sales value or recoverable amount. Earlier impairments, with the exception of impaired goodwill, are reversed if the requirements for impairment are no longer present.

Inventory and buildings under construction

Goods are assessed at the lower of acquisition cost (on the Fifo principle) and fair value. The cost price of manufactured products includes direct material and payroll costs with the addition of a relative share of indirect costs.

When developing homes on its own account, the company uses the percentage of completion method, where the recording of project profit as income is limited to the relative share of the project which has been sold. The practical consequence of the accounting policy applied is that total project costs incurred during the life of the project are expensed as cost of sales and the project value (costs plus share of profit) is recorded as income and capitalised in the balance sheet. Project value less payments from customers is normally recorded as work in progress. If payments from customers exceed the contractual income earned, the excess is recorded as advances from customers.

When the project is completed, the cost price of unsold homes is transferred to inventory and thereby reduces operating revenues and expenses by the cost price of the unsold homes. In certain circumstances at the termination of the project, this can result in low or negative operating income/cost of sales in the company's annual accounts.

Construction contracts

Work in progress related to fixed-price contracts with a long production life is assessed using the percentage of completion method. The degree of completion is calculated as costs incurred as a percentage of the expected total cost. The total cost is reassessed continuously. Where a project is expected to show a loss, the whole loss is expensed immediately.

Receivables

Accounts receivable are capitalised in the balance sheet after deduction of the provision for expected loss. Provision for loss is made on the basis of an individual assessment of the receivables and a supplementary provision to cover other expected loss. Significant financial problems at the customer, the probability that the customer will go into liquidation or enter a financial restructuring, and delays and shortfalls in payments are regarded as indicators that the receivable must be written down. Other receivables, both current and long-term, are recorded at the lower of face value and fair value. Fair value is the present value of expected future payments. Nevertheless, no discounting is done when the effect of discounting is insignificant for the accounts. Provision for loss is assessed in the same way as accounts receivable.

Foreign currency

Receivables and liabilities in foreign currencies are assessed at the exchange rate prevailing at the end of the accounting year. Exchange rate gains and losses related to the sale and purchase of goods in foreign currencies are recorded as sales income and cost of sales.

Liabilities

Loans are initially recorded at fair value less transaction costs. They are then measured at amortised cost, with differences between the loan paid out (less transaction costs) and the redemption value recorded in the profit and loss account over the term of the loan using the effective interest rate method. Loans are classified as current unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Guarantee work/claims

Guarantee work/claims related to completed sales are assessed at the estimated cost of such work. The estimate is calculated on the basis of historical figures for guarantee work, but corrected for expected variance because, for example, of changes in quality assurance routines and the product range. The provision is recorded in other short-term liabilities, and the change in the provision is expensed.

Pensions

Pensions are accounted for in accordance with the Norwegian Accounting Standard on pension expenses. Defined contribution pension plans are accrued using the matching principle. Contributions for the year to the pension scheme are expensed. Early retirement commitments under the Norwegian Confederation of Trade Unions/Confederation of Norwegian Enterprise (LO/NHO) AFP scheme relate to a defined benefit multi-enterprise plan, but are recorded as a defined contribution plan since they are not measurable.

Tax

Tax expense in the profit and loss account includes both tax payable for the period and the change in deferred tax. Deferred tax is calculated using relevant tax rates on the basis of temporary differences arising between accounting and tax values as well as possible tax-related losses for carrying forward at the end of the accounting year. Temporary tax-increasing and tax-reducing differences which reverse or could reverse in the

same period are offset. Recording deferred tax benefit on net tax-reducing differences which are not offset and losses for carrying forward is justified on the basis of expected future earnings. Deferred tax and tax benefit which can be capitalised are recorded net in the balance sheet.

Tax reduction on group contribution paid, and tax on group contribution received which is applied to reducing the acquisition price or directly against equity, are applied directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an effect on deferred tax).

Deferred tax is recorded at the nominal amount.

Cash flow statement

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments which can be converted immediately and without significant price risk to known cash amounts and with a remaining term of less than three months from the acquisition date.



NOTES

Note 1 REVENUE

Specification of revenue	2022	2021
Project management and business management	47,676	50,652
Other revenue	31,405	76,645
Total	79,081	127,297

The revenues are from Norway.

Note 2 PAY, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES, ETC

Pay and personnel expenses	2022	2021
Wages and salaries	114,513	109,259
Social security tax	17,308	16,971
Pension costs	5,408	5,012
Other benefits	4,938	9,328
Total	142,167	140,570

Average number of employees	2022	2021
	64	67

	Salary	Bonus	Share purchase programme	Pension	Other	Total
Remuneration to CEO - Sverre Molvik	3,809	3,519	1,288	104	158	8,878

For remuneration of other members of the group management and shares owned by these and by directors, see the executive pay report published on www.selvaagboligasa.no.

NOK 2 524 000 has been paid in director's fees in 2022.

Fees paid to the auditor	2022	2021
Statutory audit services (incl technical support with the annual accounts)	1,815	1,792
Other assurance services	145	149
Other assurance services	-	-
Other non-audit services	-	-
Total fees paid to the auditor	1,960	1,941

Note 3 PENSION

Selvaag Bolig ASA is required to offer an occupational pension plan in line with the Act on mandatory occupational pensions ("lov om obligatorisk tjenestepensjon"). The company has a pension plan which meets these requirements.

Defined contribution plan

Selvaag Bolig ASA has a defined contribution plan for all employees.

AFP pension

The company also has an early retirement plan (AFP) covering 69 employees. The AFP plan, established at 1 January 2011, is regarded as a multicompany defined benefit plan, but is treated as a defined contribution plan until reliable and sufficient information is available to determine the company's share of pension cost, pension obligation and funds in the plan. Hence the company's pension obligations are not reflected as debt in the financial statements.

The AFP obligation from the previous plan was included as debt and was taken to income in 2010, except for the obligation related to expected payments to cover the remaining shortfall in the old AFP plan.

Other non-vested plans

The company also has other non-vested pension plans where the obligation is estimated and accounted for annually.

Pension costs	2022	2021
Pension cost - IBP/UFP	4,406	4,118
Other pension cost (incl AFP)	1,002	894
Net pension cost	5,408	5,012

Pension obligations	2022	2021
Early retirement pension (AFP)	-	-
Other pension plans	1,506	1,634
Net pension obligations	1,506	1,634

Economic assumptions		
Members in non-vested plans	2	2
Discount rate	3.20%	1.50%
Future increase in salaries/pensions	3.75%	2.50%
Future increase in National Insurance base amount	3.50%	2.00%
Expected share of pension withdrawal through the AFP plan	50.00%	50.00%

Note 4 OTHER FINANCIAL EXPENSES

Specification of other financial expenses	2022	2021
Currency	11	5
Write-downs, shares in subsidiaries	18,370	437,726
Other financial expenses (guarantees and amortised cost, etc)	278	342
Total	18,659	438,073

Note 5 INCOME TAXES

Deferred tax assets and liabilities	2022	2021
Temporary differences		
Non-current assets	-3,360	-3,810
Net pension funds/obligations	-1,506	-1,634
Accruals	-9,765	-12,583
Net temporary differences	-14,631	-18,027
Base for deferred tax asset	-14,631	-18,027
22% deferred tax asset	-3,219	-3,966
Deferred tax (asset) in the balance sheet	-3,219	-3,966

Deferred tax assets are fully recognised as the company expects the position to be utilised against future profits.

Base for tax expense, change in deferred tax and taxes payable	2022	2021
Profit (loss) before income taxes	446,766	793,898
Permanent differences	-193,184	-82,108
Base for tax income (expense)	253,582	711,790
Change in temporary differences	-3,396	-20,991
Base for income tax payable	250,186	690,799
Changes in equity with effect on taxes	-	-
Group contribution given	-63,946	-87,637
Use of loss carried forward	-	-
Taxable income (base for tax payable in the balance sheet)	186,240	603,162

Specification of income tax expense	2022	2021
Current income taxes payable	40,973	132,696
Taxes payable from group contribution recognised against investment in subsidiaries	-	-
Tax effect from group contribution given	14,068	19,280
Income tax before change in deferred tax	55,041	151,976
Change in deferred tax	747	4,618
Income taxes in profit (loss)	55,788	156,594

Taxes payable	2022	2021
Taxes payable (22% of base for taxes payable in profit (loss))	55,041	151,976
Taxes payable from group contribution given	-14,068	-19,280
Taxes payable	40,973	132,696

Reconciliation from nominal to effective income tax rate	2022	2021
22% profit (loss) before tax	98,289	174,658
Permanent differences (22%)	-42,501	-18,064
Total	55,788	156,594

Reconciliation of deferred tax asset	2022	2021
Deferred tax (asset) at 1 January	-3,966	-8,584
Change in deferred tax	747	4,618
Net deferred tax liabilities (assets) at 31 December	-3,219	-3,966

Note 6 FIXED ASSETS

Fixed assets	Land	Inventory and other equipment	Total
Cost at 1 January 2019	3,476	21,712	25,188
Additions	-	802	802
Disposals	-	325	325
Cost at 31 December 2019	3,476	22,189	25,665
Accumulated depreciation	-	20,564	20,564
Accumulated write-downs	-	-	-
Carrying amount at 31 December	3,476	1,625	5,101
Depreciation current year	-	954	954

Land is not depreciated.

Inventory and other equipment are depreciated over three to five years on a straight-line basis.

Note 7 SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Subsidiary	Registered office	Ownership and voting power	Equity last year (100 %)	Profit and loss last year (100 %)	Carrying amount
Selvaag Pluss AS	Oslo	100%	160,449	970	185,135
Selvaag Bolig Sandsliåsen AS	Bergen	100%	6,553	-361	7,581
Sandsliåsen Utbygging AS	Bergen	100%	23,291	29,947	68,615
Selvaag Boligutvikling I AS	Oslo	100%	16,430	-873	16,300
Selvaag Bolig Vestby AS	Oslo	100%	2,409	-38	2,407
Landås Varmesentral AS	Oslo	100%	3,648	-3	3,343
Selvaag Eiendomsoppgjør AS	Oslo	100%	1,428	-130	1,455
Selvaag Bolig Lilleaker AS	Oslo	100%	3,817	478	17,638
Selvaag Bolig Lørenskog AS	Oslo	100%	995	28,208	121,460
Selvaag Bolig Grenseveien AS	Oslo	100%	3,526	-1,821	5,764
Selvaag Bolig Bjerke AS	Oslo	100%	10,984	-624	13,598
Selvaag Bolig Langhus AS	Oslo	100%	12,021	14,925	12,918
Selvaag Bolig Solberg AS	Oslo	100%	27,686	20,414	35,503
Selvaag Løren 7 AS	Oslo	100%	5,342	-609	66,923
Selvaag Bolig Hamang AS	Oslo	100%	43,133	-2,403	64,095
Selvaag Bolig Øst AS ¹⁾	Oslo	30%	219,105	5,806	58,711
Selvaag Bolig Rogaland AS	Stavanger	100%	263,519	95	377,714
Selvaag Pluss Eiendom KS ²⁾	Oslo	66.7 %	221,675	3,992	180,135
H-Pro 5 AS	Oslo	100%	125,618	-619	126,357
Selvaag Bolig Ballerud AS	Oslo	100%	4,107	1,502	20,717
Selvaag Bolig Avløs AS	Oslo	100%	1,051	-43	1,050
Selvaag Bolig Tomt II AS	Oslo	100%	443	-39	440
Selvaag Bolig Landås AS	Oslo	100%	52	62,144	28,271
Øya Lervig Brygge AS	Stavanger	100%	2,560	-171	2,560
Selvaag Bolig Hovinenga	Oslo	100%	4,465	-345	4,465
Selvaag Bolig Torvmyra AS	Trondheim	100%	3,857	-54	7,391
Selvaag Bolig Lørenporten AS	Oslo	100%	14,100	2,927	11,172
Selvaag Bolig Trævarefabrikken AS	Oslo	100%	7,686	15,797	7,680
Vestparken AS	Oslo	100%	9,154	-550	9,146
Skårer Bolig AS	Oslo	100%	34,898	44,219	12,302
Lørenskog Sentrum Vest AS	Oslo	100%	-10,760	-1,836	68,590
Kaldnes Brygge Syd AS	Oslo	100%	3,044	-16	890
Selvaag Bostad AB	Stockholm	100%	27,563	-9,489	38,840
Carrying amount at 31 December					1,579,167

¹⁾ The company is owned 30% by the parent company and 70% by a subsidiary

²⁾ The company is owned 66.7% by the parent company and 33.3% by a subsidiary

Associated company	Registered office	Ownership and voting power	Equity last year (100 %)	Profit and loss last year (100 %)	Carrying amount
Kirkeveien Utbyggingselskap AS	Oslo	50%	4,542	-4	22,722
Smedplassen Prosjekt AS	Trondheim	50%	466	-147	200
Tiedemannsfabrikken AS	Oslo	50%	200	220,487	100
Sinsenveien Utvikling AS	Oslo	50%	-10,259	-9,192	25
Sandsliåsen 46 Utbygging AS	Bergen	50%	-811	-261	15
Heimdal Stasjonsby AS	Trondheim	50%	15,490	-2,173	7,700
Fornebu Sentrum Utvikling AS	Oslo	50%	-6,803	-3,989	5,016
Haakon Vlls gate 4 Utvikling AS	Trondheim	50%	-10,233	-4,655	25
Kaldnes Brygge AS	Tønsberg	50%	6,856	-4,327	46,000
Kanalveien Utvikling AS	Bergen	50%	-759	-323	1,436
Kanalveien 51-53 AS	Bergen	50%	-1,548	-774	15
Verftsbyen Bolig AS	Oslo	50%	33,609	-330	25,000
Carrying amount at 31 December					108,254

Subsidiaries owned via other subsidiaries	Registered office	Ownership and voting power
Aase Gaard AS	Stavanger	100%
Administrasjonsbygget AS	Stavanger	100%
Alfaz Del Sol Services SL	Spania	100%
Nordic Sol Commercial SL	Spania	100%
Nordic Residential SL	Spania	100%
Jaasund AS	Stavanger	100%
Jaasund Næring AS	Stavanger	100%
Lade Alle 67-69 Holding AS	Oslo	100%
Lervig Brygge AS	Stavanger	100%
Nesttun Pluss Komplementar AS	Oslo	75%
Nesttun Pluss KS	Oslo	75%
Nyhavn Pluss AS	Oslo	100%
Selvaag Bolig Bjørnåsen Syd II AS	Oslo	100%
Selvaag Bolig Kornmoenga AS	Oslo	100%
Selvaag Bolig Lillohøyden AS	Oslo	100%
Selvaag Bolig Skallestadskogen AS	Oslo	100%
Selvaag Bolig Løren 5 AS	Oslo	100%
Selvaag Bolig Nybyen Økern AS	Oslo	100%
Selvaag Bolig Pallplassen AS	Oslo	100%
Selvaag Bolig Formtoppen AS	Oslo	100%
Selvaag Bolig Vinterportalen AS	Oslo	100%
Selvaag Bolig Vaagen AS	Stavanger	100%
Selvaag Pluss International Holding AS	Oslo	100%
Selvaag Pluss Service AS	Oslo	100%
Selvaag Pluss Service AB	Sverige	100%
SPEKS Property SL	Spania	100%
Selvaag Bolig Bispelva AS	Oslo	100%
Strandkanten Pluss II AS	Oslo	100%
Skårerbyen Næring AS	Oslo	100%
Skårerbyen Næring 2 AS	Oslo	100%
Pallplassen Blokk A AS	Oslo	100%
Gårdskvartalet Hus 5 Utleiebolig AS	Oslo	100%
Langhus Utleiebolig AS	Oslo	100%
Selvaag Bostad Entreprenad AB	Stockholm	100%
Selvaag Bostad Holding AB	Stockholm	100%

Investments in subsidiaries, associated companies and joint ventures are accounted for using the cost method.

Note 8 RECEIVABLES AND LIABILITIES

Trade receivables	2022	2021
Trade receivables nominal value	16,579	12,716
Allowance for doubtful debts	-	-
Net trade receivables	16,579	12,716
Maturity schedule for non-current loans:		
To be repaid during 2023	-	-
To be repaid during 2024	-	-
To be repaid during 2025	28,667	43,000
To be repaid during 2026	-	-
To be repaid during 2027 or later	845,548	1,114,944
Total	874,215	1,157,944
Pledged debts	2022	2021
Debt	-	-

Carrying amount of land pledged as security on bank loans	2022	2021
Shares in subsidiaries	115,713	111,666

Note 9 RECEIVABLES FROM ASSOCIATED COMPANIES AND JOINT VENTURES

	Kortsiktig		Langsiktig	
	2022	2021	2022	2021
Tiedemannsfabrikken AS	46	-	-	-
Kaldnes Brygge AS	47	-	-	-
Dockside Næring AS	13	15	-	-
Sinsenveien Utvikling AS	335	116	21,114	7,651
Smedplassen Prosjekt AS	-	-	-	-
Sandsliåsen 46 Utbygging AS	-	-	3,531	1,898
Kaldnes Boligutvikling AS	-	-	-	-
Heimdal Stasjonsby AS	198	583	14,348	13,723
Haakon Vlls gate 4 Utvikling AS	988	-	3,569	10,265
Fornebu Sentrum Utvikling AS	4,293	2,100	55,116	30,651
Sandnes Eiendom Holding AS	-	-	2,184	2,088
Elveparken Sandnes AS	275	103	-	-
Lurahøyden Bolig AS	165	229	329	344
Kirkeveien Utbyggingselskap AS	55	-	2,500	2,500
Verftsbyen Bolig AS	1	1	-	-
Kanalveien 51-53 AS	-	-	8,718	7,317
Kanalveien Utvikling AS	-	-	4,213	4,001
Total	6,416	3,147	115,622	80,438

Note 10 INTERCOMPANY BALANCES

Current receivables	Trade receivables		Other receivables	
	2022	2021	2022	2021
Group companies	1,486	1,332	356,662	803,625
Total	1,486	1,332	356,662	803,625

Receivables due in more than one year	2022	2021
Group companies	608,671	724,831
Total	608,671	724,831

Current liabilities	Trade liabilities		Other current liabilities	
	2022	2021	2022	2021
Group companies	460	0	63,946	90,866
Total	460	0	63,946	90,866

Liabilities due in more than one year	2022	2021
Group companies	845,548	1,114,944
Total	845,548	1,114,944

Note 11 RELATED PARTY TRANSACTIONS

Sale of goods and services	2022	2021
Associated companies and joint ventures	33,707	32,557
Other related parties (including subsidiaries and joint ventures of parent company)	715	592
Purchase of goods and services	2022	2021
Selvaag AS (parent company)	550	550
Other related parties (including subsidiaries and joint ventures of parent company)	9,381	10,334
Financial income	2022	2021
Selvaag AS (parent company)	-	-
Associated companies and joint ventures	4,720	1,884

The following receivables and liabilities were outstanding at 31 December:

Receivables	2022	2021
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries and joint ventures of parent company)	8,651	8,125
Debt	2022	2021
Other related parties (including subsidiaries and joint ventures of parent company)	3,000	2,726

Goods and services sold to related parties are sold at the same prices and terms as to external third parties. Administrative services are purchased from the parent company on market-based terms.

Details of transactions between Selvaag Bolig ASA and other related parties are specified above. Intercompany balances and transactions between Selvaag Bolig ASA and its subsidiaries, which are related parties to the company, are not included here.

Note 12 RESTRICTED BANK ACCOUNTS

The company had no restricted bank accounts at 31 December 2022.

Note 13 SHARE CAPITAL AND SHAREHOLDERS

The share capital of NOK 187 531 376 comprised 93 765 688 shares with a par value of NOK 2.00.

The 20 largest shareholders at 31 December 2022	Number of shares	Ownership
SELVAAG AS	50,180,087	53.5 %
Skandinaviska Enskilda Banken AB	4,796,067	5.1 %
PARETO INVEST NORGE AS	4,671,772	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	1,200,000	1.3 %
MUSTAD INDUSTRIER AS	1,136,363	1.2 %
The Northern Trust Comp, London Br	840,200	0.9 %
Skandinaviska Enskilda Banken AB	750,000	0.8 %
BANAN II AS	750,000	0.8 %
Landkreditt Utbytte	700,000	0.7 %
Brown Brothers Harriman & Co.	684,200	0.7 %
Brown Brothers Harriman & Co.	513,705	0.5 %
Morgan Stanley & Co. International	496,588	0.5 %
Sverre Molvik	492,814	0.5 %
Øystein Klungland	487,582	0.5 %
The Bank of New York Mellon SA/NV	450,810	0.5 %
THRANE-STEEN NÆRINGSBYGG AS	342,249	0.4 %
Avanza Bank AB	331,199	0.4 %
Total 20 largest shareholders	76,187,905	81.3 %
Other shareholders	17,577,783	18.7 %
Total number of shares	93,765,688	100.0 %

*1) Further information on shareholders is presented at: <http://sboasa.no/en/>

Note 14 EQUITY

Changes in equity	Share capital	Own shares	Share premium account	Other paid-in capital	Total
Equity 1 January	187,531	-682	1,395,478	328,338	1,910,665
Share buy back	-	-956	-	-18,992	-19,947
Sale of own shares	-	1,534	-	21,438	22,973
Net income/(loss) for the period	-	-	-	390,978	390,978
Dividend paid	-	-	-	-184,972	-184,972
Accrued dividend	-	-	-	-187,531	-187,531
Equity at 31 December	187,531	-103	1,395,478	349,260	1,932,166

Note 15 CONTINGENT LIABILITIES AND GUARANTEES

Selvaag Bolig ASA has provided the following guarantees:	Amount
Tax guarantee	7,000
Guarantees related to loans to subsidiaries ("Selvskyldnergaranti")	529,084
Construction client guarantee	477,436
Pre-payment guarantee pursuant to the section 47 of the Housing Construction Act	227,260
Contractor guarantee pursuant to the section 12 of the Housing Construction Act	1,040,832
Other guarantees	52,937
Total	2,334,549

DECLARATION BY THE BOARD OF DIRECTORS AND CEO


We hereby confirm that, to the best of our knowledge, the annual financial statements for the group and the parent company for 2022 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the parent company taken as a whole.

The directors' report gives a true and fair view of the development, profit and position of the group and the parent company, as well as a description of the principal risks and uncertainties facing the group.

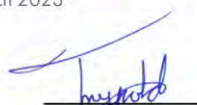
Oslo, 20 March 2023



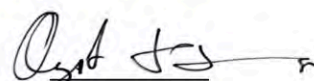
Olav Hindahl Selvaag
Chair



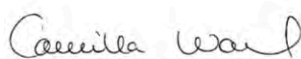
Gisele Marchand
Director



Tore Myrvold
Director



Øystein Thorup
Director



Camilla Wahl
Director



Patrik Eriksson
Director
(Elected by the employees)



Sissel Kristensen
Director
(Elected by the employees)



Sverre Molvik
President and CEO





To the General Meeting of Selvaag Bolig ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Selvaag Bolig ASA, which comprise:

- The financial statements of the parent company Selvaag Bolig ASA (the Company), which comprise the financial position as at 31 December 2022, the statement of profit and loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Selvaag Bolig ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other 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 opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 11 April 2008 for the accounting year 2008 with a renewed election on the 26 April 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The business has mainly been unchanged compared to last year. There have been no regulatory changes, transactions or events of material importance that have led to new focus areas. The value of inventory has the same characteristics and risks this year as last year and has consequently been an important focus area in our audit in 2022 as well.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Value of inventory</i></p> <p>In the financial statements for 2022, SBO's inventory is mainly made up of</p> <ul style="list-style-type: none"> • undeveloped land, • work in progress, and • finished units. <p>The inventory constitutes a significant portion of the assets in the statement of financial position, and is measured at the lower of acquisition cost and net realisable value, which requires management to exercise judgement. If a material impairment is identified, a write down of the inventory would be recognized in the financial statement. No material impairment has been recognized in 2022.</p> <p>Construction of a project is only initiated when a defined minimum pre-sale is achieved. The remaining units are normally sold gradually throughout project completion. The risk of impairment of work in progress is lower than for undeveloped properties and finished units that have not been sold. We have therefore mainly focused on the valuation of undeveloped properties and finished units that have not been sold.</p>	<p><i>Undeveloped land</i></p> <p>Acquisition cost for undeveloped properties comprise of historical cost price, plus accumulated interest from when government regulation was approved. For the undeveloped land sold to UP which remain in SBO's statement of financial position ("portfolio B"), the option premium is added on an ongoing basis. We checked the acquisition cost for all material purchases of land against purchase contracts. For undeveloped land where loan interest was capitalized for the first time, we checked that there were supporting documents for government regulation for housing purposes and confirmed the capitalized interest amounts against confirmations received directly from the banks. Option premium added to the land sold to UP are checked against underlying option agreements. Furthermore, we checked sales of undeveloped land against sales documentation, and that reclassification of undeveloped land to work in progress was supported by documentation for approved construction start. These procedures did not identify material deviations.</p> <p>In order to determine the risk of impaired net realisable value of the undeveloped land, we obtained a copy of external valuers' appraisals. We assessed the competence and objectivity of the external valuation firm and we satisfied ourselves that they used widely recognized and appropriate methods and assumptions in their valuations. We inspected management's correspondence with the valuation firm in order to substantiate that the valuation firms were given an</p>

<p><i>Undeveloped land</i></p> <p>The carrying value of undeveloped land is annually measured against the net realisable value. If the net realisable value is lower, impairments are made. If there are indications of impairment, management derives the net realisable value of undeveloped land using a profitability estimate for the planned housing project. These estimates may include factors such as projected house prices and returns, government approvals and estimated construction costs. Determining these assumptions requires management to use judgement. The exercise of judgement affects the value of the undeveloped properties and the statement of comprehensive income directly.</p> <p><i>Finished units</i></p> <p>Each year, management assess the carrying value of finished units that have not been sold against expected net realisable value. Impairments are carried out if the net realisable value is lower. Net realisable value is based on managements' estimates. The use of judgement affects the carrying value of finished units and the statement of comprehensive income directly.</p> <p>How management has used judgement and the management's valuations is described in more detail in note 3. Specification of inventory is given in note 5.</p>	<p>unbiased mandate and information from management. These procedures gave us no indication of errors or lack of objectivity in the external valuations.</p> <p>Where the external valuation indicated a market value close to or below the carrying acquisition cost, we obtained management's profitability estimate for the housing project and challenged management's internal assessments further.</p> <p>Our assessment included comparing management's assumptions to corresponding assumptions in the external valuations, regulatory status, observed market prices and our knowledge of and experience from the Group's other projects. Our procedures substantiated that the assumptions used by management were reasonable.</p> <p><i>Finished units</i></p> <p>To determine the value of unsold finished units, we obtained a specification of the units and their carried acquisition costs and compared these with the expected net realisable values.</p> <p>We checked the carrying value of the properties by testing the management's internal controls directed at attributing costs to the correct projects and units.</p> <p>We checked the net realisable value by comparing management's estimated sales prices against observed market values for recent comparable sales in the area. We were particularly attentive to the assessment of properties located in areas where the development in the housing market has been weak. Furthermore, we assessed the sales prices, less estimated costs necessary to make the sales, against the carrying acquisition cost. Our procedures showed that the carrying values of the unsold properties were not materially impaired.</p> <p>We assessed and found that the information in note 3 and note 5 was in accordance with the requirements of IFRS and that the information reflects the impairment process and management's use of judgement in an appropriate manner.</p>
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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes

public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Selvaag Bolig ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name selvaagboligasa-2022-12-31-nb.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 20 March 2023

PricewaterhouseCoopers AS

Petter Walstad
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
Statement of use	Selvaag Bolig Asa has reported the information cited in this GRI index for the period 01.01.2022 to 31.12.2022 with reference to the GRI Standards	
GRI 1 used - GRI 1: Foundation 2021		
GRI 2: General indicators 2021		
2-1	Organisational details	Description of the business (10)
2-2	Entities included in the organisation's sustainability reporting	About this report (16)
2-3	Reporting period, frequency and contact point for questions about the report or content	About this report (16)
2-4	Restatements of information	Key indicators (34)
2-5	External audit	Description of the business (10)
2-6	Products and services, value chain and other business relationships	Inspiring working conditions (36)
2-7	Employees	Inspiring working conditions (36) The transparency act (32)
2-8	Workers who are not employees and the type of work they do	9. The work of the board of directors (50)
2-9	Governance structure and composition	8. Composition and independence of the board (49)
2-10	Nomination and selection of the highest governance body	Independence of the board (49)
2-11	Chair of the highest governance body	The board's duties (50)
2-12	Role of the highest governance body in overseeing the management of impacts	Governance (17)
2-13	Delegation of responsibility for sustainability	Governance (17)
2-14	Role of the highest governance body in sustainability reporting	Governance (17)
2-15	Conflicts of interest	The board's duties (50)
2-16	Communication of critical concerns and notifications	Whistleblower routines (18)
2-17	Collective sustainability knowledge of the highest governance body	Composition of the board (49)
2-18	Evaluation of the knowledge and performance on sustainability of the highest governance body	Composition of the board (49)
2-19	Remuneration policies	11. Remuneration of the board of directors (53) 12. Remuneration of executive personnel (54)
2-20	Process to determine remuneration	11. Remuneration of the board of directors (53) 12. Remuneration of executive personnel (54)
2-21	Annual total compensation ratio	Pay and other remuneration (66) Note 22 remuneration of and fees to management, directors and auditors (111)
2-22	Statement on sustainable development strategy	Strategic priorities (19)
2-23	Policy commitments	The UN's Sustainable Development Goals (20) Social conditions (31)
2-24	Embedding policy commitments to maintain responsible business behaviour	Governance (17) Greenhouse gas emissions (24) Resource use in Selvaag Bolig's projects (27) Biological diversity (30) Labour crime and social dumping (34) Ethics in the supplier chain (40)
2-25	Processes to remediate negative impacts	Climate and environment (22) Biological diversity (30) Social conditions (31)
2-26	Mechanisms for seeking advice and raising concerns	Whistleblower routines (18)

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
2-27	Compliance with laws and regulations	Climate and environment (22) Labour crime and social dumping (34) Ethics in the supplier chain (40)
2-28	Membership in associations	Cooperative partners (15)
2-29	Stakeholder engagement	Stakeholder dialogue and material topics (19)
2-30	Share of employees covered by collective bargaining agreements	Labour crime and social dumping (34)
All employees have individual agreements.		
GRI 3: Material topics 2021		
3-1	Process to determine material topics	Stakeholder dialogue and material topics (20) ESG: Material topics (149)
3-2	List of material topics	Stakeholder dialogue and material topics (20) ESG: Material topics (149)
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	Ethics in its own activities (40)
205-1	Risk evaluation related to corruption	Ethics in its own activities (40)
205-2	Communication and training about anti-corruption policies and procedures	Ethics in its own activities (40)
205-3	Confirmed incidents of corruption and actions taken	Ethics in its own activities (40)
GRI 301: Materials 2016		
3-3	Management of material topics	Resource use in Selvaag Bolig's projects (27)
301-1	Materials used by weight or volume	Resource use in Selvaag Bolig's projects (27)
GRI 303: Water and drainage 2016		
3-3	Management of material topics	Biological diversity (30)
301-1	Interactions with water as a shared resource	Biological diversity (30)
GRI 304: Biological diversity 2016		
3-3	Management of material topics	Biological diversity (30)
304-1	Operating areas owned, rented or managed in protected areas or areas of high biodiversity outside of protected areas	Biological diversity (30)
304-2	Significant influence on biodiversity from company's production	Biological diversity (30)
GRI 305: GHG emissions 2016		
3-3	Management of material topics	Greenhouse gas emissions (24)
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions (24)
305-2	Indirect (Scope 2) GHG emissions	Greenhouse gas emissions (24)
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse gas emissions (24)
305-4	GHG emissions intensity	Greenhouse gas emissions (24)
GRI 306: Waste 2020		
306-1	Waste and waste-related influence	Resource use in Selvaag Bolig's projects (27)
306-2	Handling significant waste-related influence	Resource use in Selvaag Bolig's projects (27)
Own-defined	Building regulation TEK17 Paragraph 9-8 Waste sorting	Resource use in Selvaag Bolig's projects (27)
GRI 308: Environmental evaluation of suppliers 2016		
3-3	Management of material topics	Climate and environment (22)
308-1	Environmental evaluation of suppliers	Climate and environment (22)
308-2	Negative environmental impact in supplier chain and handling it	Climate and environment (22) Biological diversity (30)
GRI 401: Labour 2016		
401-1	New employees	Inspiring working conditions (36)
401-3	Parental leave	Equality and diversity (38)
404-3	Percentage of employees who have a regular career development evaluation	Inspiring working conditions (36)
GRI 405: Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees	Equality and diversity (38)
405-2	Ratio of basic salary and remuneration of women to men	Inspiring working conditions (36)

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 406: Non-discrimination 2016		
3-3	Management of material topics	Inspiring working conditions (36)
406-1	Incidents of discrimination and corrective actions taken	Inspiring working conditions (36)
GRI 407: Freedom of Association and Collective Bargaining 2016		
3-3	Management of material topics	The Transparency Act (32)
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The Transparency Act (32)
GRI 409: Forced labour 2016		
3-3	Management of material topics	Safe construction sites (33)
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	The Transparency Act (32) Safe construction sites (33)
GRI 413: Local communities		
3-3	Management of material topics	Inclusive local communities (35)
413-2	The operation's actual and potential negative impact on local communities	Inclusive local communities (35)
GRI 414: Supplier Social Assessment 2016		
3-3	Management of material topics	The Transparency Act (32) Safe construction sites (33)
414-1	New suppliers that were screened using social criteria	The Transparency Act (32) Safe construction sites (33)
414-2	Negative social impacts in the supply chain and actions taken	The Transparency Act (32) Safe construction sites (33)
Health and safety		
3-3	Management of material topics	Safe construction sites (33)
	Own-defined - HSE	Safe construction sites (33)
Energy		
3-3	Management of material topics	Energy efficiency (26)
	Own-defined – Building regulation, paragraph 14-2	Energy efficiency (26)
Climate-related risk		
3-3	Management of material topics	Climate risk (65) Note 28 Climate risk (119)
	Own definitions - TCFD	Note 28 Climate risk (119)

APPENDIX

ESG: MATERIAL TOPICS

	Topic	External impact	Financial impact
Environment	Emissions supply chain	Significant	Significant
	Emissions construction sites	Medium	High
	Climate related risk	Low	Significant
	Bio diversity greenfield	High	High
	Bio diversity supply chain	Medium	Low
	Ecosystems on properties	Low	Low
	Waste and pollution supply chain	Low	Low
	Waste and pollution demolition	Low	Low
	Waste and pollution construction sites	High	High
	Water contamination construction sites	High	Medium
	Water contamination supply chain	Low	Low
	Water consumption supply chain	Medium	Medium
	Water consumption in buildings	Low	Low
	Material consumption	Significant	High
	Energy efficiency in buildings	Low	High
	Energy consumption construction sites	Low	Medium

Significant	Significant
High	High
Medium	Medium
Low	Low

	Topic	External impact	Financial impact
Social	Health and safety construction sites	Significant	Significant
	Human rights supply chain	High	High
	Social dumping	Significant	High
	Negative impact local communities	Medium	High
	Economic influx local communities	Low	Low
	Discrimination hiring processes	Low	Low
	Discrimination vulnerable groups	Low	Low
	Violation trade union rights	Medium	Low

	Topic	External impact	Financial impact
Governance	Transparent ownership	Low	Medium
	Ethics supply chain	Significant	Significant
	Ethics own operations	Medium	High

Carbon Accounting Report 2022

Selvaag Bolig

The purpose of this report is to illustrate the organisation's greenhouse gas emissions (GHG emissions), as an integral part of an overall climate strategy.

The report covers Selvaag Bolig's operations in Norway and Sweden, including offices and viewing centres, as well as all building projects completed in 2022.

The information used in this report comes from both external and internal sources and has been converted into CO₂ equivalents. The analysis is based on the international standard "A Corporate Accounting and Reporting Standard", which was developed by "the Greenhouse Gas Protocol Initiative" - the GHG protocol. ISO standard 14064-1 is based on this.



Housing projects 2022

The report is based on the requirements for climate accounting in Building Technical Regulations TEK17 § 17-1 Greenhouse gas accounting from materials, further referred to as TEK17. In accordance with TEK17, the life cycle stages A1-A3 (the product stage of material), A4 the transport of the materials to the construction site and A5 waste on the construction site (the implementation stage), and B2 maintenance and B4 replacement (the use stage) are defined. Selvaag Bolig has also kept climate accounts for B6 estimated energy consumption in operation.

The requirements in TEK17 apply from 1st of July 2022 with a transition period of one year. For building applications before 1st of July 2023 the initiative holder may choose to follow the requirements that applied before the regulatory change. In practice, this will mean that the requirements in TEK17 will apply to buildings that are completed from 2025 at the earliest, when the construction time is considered.

However, Selvaag Bolig decided to keep carbon accounts as early as 2021. In 2022, carbon accounts have been kept for all the completed projects. The method used to prepare the carbon accounts for 2022 has been adjusted to meet the requirements specified in TEK17.

As regulatory requirements are evolving, missing data on input factors in individual projects may occur. Hence, there may be deficiencies in the carbon accounting, despite being mandatory by TEK17. Selvaag Bolig has chosen to concentrate on the main materials; wood, concrete, steel, insulation, plasterboard, and other essential materials for the current reporting in accordance with NS 3451:2022 building section 22-26 for reporting building projects. Despite potential missing data elements in the carbon reporting, it gives a good image of the company's overall footprint. In accordance with TEK17, building parts 215 and 216 (basement/foundation) are also included in the report. The building sections are separated in the accounts, presented as material emissions above and below cover of the 1st floor.

* According to TEK17, all materials without an associated EPD (Environmental Product Declaration) have received a 25% surcharge in the total emissions for the applicable materials.

* This 2022 report should not be compared with a corresponding report for 2021, as this year's accounts include significantly more categories of building material as well as material belonging to basement/garage. In addition, more projects have been reported than in the previous year, which makes the emissions data for the total emissions not comparable. In contrast, key figures and climate indicators for 2021 and 2022 can be compared based on more average data.

The report shows emissions in Scope 1, Scope 2 and Scope 3, where emissions data from company cars, electricity, district heating, purchased goods and services, use of sold products, waste, upstream transport and distribution as well as business trips are included.

Reporting Year Energy and GHG Emissions

Emission source	Description	Energy	Emissions	% of total emissions
		(MWh)	tCO _{2e}	
Transportation total		104.7	25.3	0.1%
Petrol	Company cars	104.7	25.3	0.1%
Scope 1 total		104.7	25.3	0.1%
Electricity total		415.2	2.9	0.01%
Electricity Norway		405.2	2.8	0.01%
Electricity Sweden		10.0	0.1	<0.01%
District heating location total		34.0	0.9	<0.01%
District heating Norway mix		24.0	0.5	<0.01%
District heating SE/Stockholm		10.0	0.4	<0.01%
Electric vehicles total		7.0	0.2	<0.01%
Electric car Nordic	Company cars	7.0	0.2	<0.01%
Scope 2 total		456.3	4	0.02%
Use of sold products			2,733.2	10.68%
Electricity Norway	Estimated electricity consumption of building lifetime		1,844.3	7.21%
Other material inputs	B4 maintenance of material		731.5	2.86%
Other material inputs	B2 replacement of material		70.4	0.27%
Heat Bio 90% (Nordic)	Estimated district heating consumption of building lifetime		87	0.34%
Waste total			315.52	1.23%
Waste generated during construction of buildings			315.31	1.23%
Mixed waste, recycled			1.66	0.01%
Wood waste, recycled			13.76	0.05%
Cardboard waste, recycled			1.77	0.01%
Wood waste, incinerated			11.86	0.05%
Paper waste, recycled			0.65	<0.01%
Metal waste, recycled			6.37	0.03%
Plasterboard waste, recycled			10.87	0.04%
Plastic waste, incinerated			61.32	0.24%
Concrete waste, recycled			0.26	<0.01%
EE waste, recycled			0.21	<0.01%
Organic waste, incinerated			0.01	<0.01%
Industrial waste, landfill			0.03	<0.01%
Hazardous waste, treated			0.24	<0.01%
Hazardous waste, recycled			<0.01	<0.01%
Residual waste, incinerated			87.76	0.34%
Industrial inert waste, landfill			110.60	0.43%
Plastic waste, recycled			2.99	0.01%
Organic waste, treated			0.03	<0.01%
Mineral wool waste, recycled			0.03	<0.01%
Soils contaminated, landfill			1.51	0.01%
Mixed industrial waste, recycled			3.40	0.01%
Waste generated from own			0.21	<0.01%

activities			
Mixed waste, recycled		0.09	<0.01%
Plastic waste, recycled		0.01	<0.01%
Paper waste, recycled		0.03	<0.01%
Organic waste, treated		0.08	<0.01%
Business travel		43.73	0.17%
Mileage all cars	Norway and Sweden	7.32	0.03%
Fly	Norway and Nordic	35.1	0.14%
Train		<0.01	<0.01%
Ferry, car passengers		0.01	<0.01%
Hotel nights	Norway, Sweden, Europe	0.7	<0.01%
Taxi		0.6	<0.01%
Purchased goods and services total		22,238.18	86.92%
Purchased goods and services, buildings		16,458.33	64.33%
Steel		1,889.45	7.38%
Plasterboard		356.89	1.39%
Fireboard		26.2	0.10%
Steel, reinforced		1,051.85	4.11%
Bricks and mortar		288.2	1.13%
Wood		754.65	2.95%
Insulation		128.83	0.50%
Concrete		11,067.61	43.28%
XPS isolasjonsplate		35.99	0.14%
Leca		1.25	<0.01%
Glass wall unit		13.25	0.05%
Wood door		126.55	0.50%
Steel door		146.99	0.58%
Sliding door/balconydoor		148.75	0.58%
Window		329.77	1.29%
Facade		92.1	0.36%
Purchased goods and services basement & foundations		5,779.85	22.59%
Plasterboard		2.4	0.01%
Concrete		4,868.21	19.03%
Steel		87.68	0.34%
Wood		0.7	<0.01%
Insulation		66.43	0.26%
XPS isolasjonsplate		13.1	0.05%
Steel reinforced		731.83	2.86%
Steel door		95	0.04%
Upstream transportation and distribution		225.41	0.88%
Truck with trailer 33t+		222.56	0.87%
Truck 17t+		2.51	0.01%
Truck 7.5-17t		0.23	<0.01%
Sea Cargo Avg. load		0.11	<0.01%
Scope 3 total	-	25,556.04	99.86%
Total	561	25,585.34	100%
KJ		2,019,268,800.0	

Reporting Year Market-Based GHG Emissions

Category	Unit	2022
Electricity Total (Scope 2) with Market-based calculations	tCO ₂ e	164.9
Scope 2 Total with Market-based electricity calculations	tCO ₂ e	165.8
Scope 1+2+3 Total with Market-based electricity calculations	tCO ₂ e	25,750.24

Key Energy and Climate Performance Indicators

Kategori	Enhhet	2022
Direct emissions (Scope 1)	tCO ₂ e	25.3
Indirect emissions from energy consumption, location based (Scope 2)	tCO ₂ e	4.1
Indirect emissions from energy consumption, market based (Scope 2)	tCO ₂ e	165.8
Scope 1 + 2 emissions	tCO ₂ e	29.4
Indirect emissions, administration (Scope 3)	tCO ₂ e	43.81
Total emissions, administration (S1+S2+S3)	tCO ₂ e	73.1
Total energy usage Scope 1+2	tCO ₂ e	560.9
Emissions per employee	kgCO ₂ e	302.4
CO ₂ -intensity (total)	tCO ₂ e	25,585.3
CO ₂ -intensity for materials	tCO ₂ e	19,815.4
CO ₂ -intensity for generated waste*	tCO ₂ e	276.4
Materials	Tonne	205,719.96
Waste generated*	Tonne	3,362.2
Emissions per BTA total (inc. basement/foundation)	kgCO ₂ e	342.67
Emissions per BTA total (exc. basement/foundation)	kgCO ₂ e	361.8
Emissions per BTA total per year (60y) (inc. basement/foundation)	kgCO ₂ e	5.7
Emissions per BTA total per year (60y) (exc. basement/foundation)	kgCO ₂ e	6.0
Emissions per BTA total per year (50y) (inc. basement/foundation)	kgCO ₂ e	6.7
Emissions per BTA total per year (50y) (exc. basement/foundation)	kgCO ₂ e	7.1
Net energy consumption (kWh per m ² /heated BRA completed projects)		92.9

*Emissions from waste are based on the construction of buildings and do not include emissions related to administrative waste

Total emissions for Selvaag 2022

Including the housing projects and office operations, Selvaag Bolig's emissions for the reporting year 2022 are **25,585.34 tCO₂e**. With 86 employees, whereof 84.6 where full-time employees, this amounts to 302.43 kgCO₂e per employee. The discharge is distributed as follows:

Scope 1:	25.30 tCO ₂ e	0.10%
Scope 2:	4.00 tCO ₂ e	0.02%
Scope 3:	25,556.04 tCO ₂ e	99.88%

Scope 1:

Company cars: Emissions in Scope 1 come from company cars belonging to the office operations. It consists of

25.30 tCO₂e, and 0.10% of the total emission.

Note:

Overall, only a very low proportion of the emission comes from Scope 1. On the other hand, there is a large proportion of Selvaag Bolig's Scope 1 and 2 emissions with 86.35% and 34.61% of the emissions related to administration. Electrification of the car fleet will therefore lower emissions linked to current Scope 1 emissions.

Scope 2:

Energy consumption: Emissions from power consumption are 2.9 tCO₂e and account for 0.01% of the total emissions.

District heating: District heating has a total emission of 0.9 tCO₂e and accounts for <0.01% of the total emission.

Electric car: Emissions related to electric cars also come from company cars and have an emission of 0.2 tCO₂e and account for <0.01% of the total emission.

Note:

The emissions from electricity consumption and district heating associated to buildings as well as electricity consumption associated to the use of electric cars do not account for more than 0.02% of Selvaag Bolig's total emissions. However, this accounts for 5.47% of the emissions in Selvaag Bolig's administration and 13.65% of Scope 1 and Scope 2 emissions.

Scope 3:

Purchased goods and services: Most of Selvaag Bolig's emissions stem from the categories of goods and services purchased. Accounting for 22,238.18 tCO₂e and 86.92% of the total emissions.

Waste: Emissions associated with waste account for 1.23% of the total emissions with 315.52 tCO₂e. All information and data foundations for waste are based on final reports from waste management companies belonging to the various projects.

Upstream transport and distribution: This category demonstrate emissions related to the transport of materials from the supplier to the construction site. Activities belonging to this category show an emission of 225,41 tCO₂e, which amounts to 0.88% of the total emission.

Use of sold products: The category use of sold products contains emissions from estimated electricity and district heating consumption for the life of the building as well as B2 and B4 emissions and together accounts for 10.68% of the emissions and 2.733.20 tCO₂e.

Business travel: Emissions from business travel are associated with office operations in Norway and Sweden and account for 0.17% of the total emissions with 43.73 tCO₂e.

Note:

Most of Selvaag Bolig's emissions belong to Scope 3 and comes from the housing projects that were completed in 2022. Emissions related to purchased goods and services account for 86.92% of the total emissions and 87.02% of the emissions in Scope 3. Emissions from the use of sold products accounts for 10.68% of Selvaag Bolig's total emissions and 10.69% of the emissions associated with Scope 3. In other words, this is where there is the greatest potential for future emission reductions.

Administration 2022

In 2022, Selvaag Bolig had 86 employees, whereof 84.6 where full-time employees, and an emission of **73.11 tCO₂e** from their office operations and exhibition centres, corresponding to 0.29% of the company's total emissions. This gives an emission of 864 kgCO₂e per employee. The discharge is distributed as follows:

Scope 1: 25.3 tCO₂e 34.61%

Scope 2:	4.0 tCO ₂ e	5.47%
Scope 3:	43.8 tCO ₂ e	59.92%

The emissions related to Selvaag Bolig's offices and businesses come mainly from company cars and business trips, where company cars account for 25.5 tCO₂e (34.88% - fossil and electric cars) and business trips for 43.8 tCO₂e (59.91%). The activity with the largest emissions in administration can be found in the business travel category and is air travel in Norway and Europe. They account for 59.64% of the company's emissions linked to Selvaag Bolig's offices and businesses.

Methodology and sources

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is done according to A *Corporate Accounting and Reporting Standard Revised edition*, currently one of four GHG Protocol accounting standards on calculating and reporting GHG emissions. The reporting considers the following greenhouse gases, all converted into CO₂-equivalents: CO₂, CH₄ (methane), N₂O (laughing gas), SF₆, HFCs, PFCs and NF₃. For corporate reporting, two distinct approaches can be used to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased, or rented assets. It also includes any process emissions, from e.g. chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used in Cemasys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption.

Primarily two methods are used to "allocate" the GHG emissions created by electricity generation to the end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen). Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the market-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is on the one hand to show the impact of energy efficiency measures, and on the other hand to display how the acquisition of GoOs or RECs affect the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO₂e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is due to Norway's large export of GoOs/RECs to foreign consumers. In a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

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