

Annual Report  
SELVAAG BOLIG

2021





## ONE OF NORWAY'S LEADING HOUSING DEVELOPERS

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 70-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 make cities better**

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 peoples 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 for 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.

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

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# ONE OF THE BEST YEARS IN SELVAAG BOLIG'S HISTORY

In June 2022, it will be 10 years since Selvaag Bolig was listed on the Oslo Stock Exchange. Ten years with a solid development, substantial returns for shareholders and nearly 10 000 new homes. Selvaag Bolig now has over 4 500 shareholders and more than 1 300 homes under construction. We are ranked as one of Norway's best places of employment, we have highly satisfied customers, and we are an important premise setter in the housing market.

2021 was once again a good year for Selvaag Bolig. Total sales for the year were the next best in our history, we started construction on more homes than we completed and at the end of 2021 we had thus increased the number of homes under construction. We are well-positioned for that trend to continue. We have many homes that will be offered for sale, the planning progress in several large projects is good, and we have built a land bank for 800 homes in Stockholm where we are planning to start our first sales during 2022.

During the pandemic years of 2020 and 2021 we have delivered more than 1 600 homes to satisfied buyers, and we would like to thank employees and joint venture partners who have delivered before their deadlines. Although we have experience, implementation skills and financial muscles, we succeed primarily because both employees and suppliers give that little extra – from even before we buy the land until the homes are completed and, not least, during the guarantee period.

## WE BELIEVE IN THE LARGE CITIES

Our vision is to improve the cities of the future, and we have always had a strategy of building well-planned and cost-effective homes in large cities with growing populations where there is strong demand for housing. That is still the case. The pandemic, which hopefully will loosen its grip in 2022, has, however, led to changes in where and how people want to live. At Selvaag Bolig, we believe that the cities' growth will continue, and that labour immigration will increase now that that the pandemic hopefully is over.

Urbanisation is a global megatrend. People move to the large cities because of work and educational opportunities, and a multitude of social and cultural activities. Many will thus live near, or at least within a reasonable distance from the city centres.

## OUR HOUSING CONCEPTS ARE UNIQUE

In 2004, we introduced Selvaag Pluss Homes. This is a trademarked concept where residents receive extra services, experiences and security. During recent years we have seen that the interest in buying services that simplify everyday living has increased significantly, both for families and single person households. We see too that municipalities want to build more

housing like that because it contributes to more vibrant local communities and better quality of life for residents. In addition, the elderly who choose to live in a Pluss Home live there longer because they need less follow-up from public health services, and they experience less loneliness. In Greater Stockholm, where the municipalities are large landowners, we have obtained access to several good land plots, partly due to this. To ensure our competitiveness, we are continuously adapting and developing the contents of our concept with new services and solutions.

We are also developing completely new housing concepts, which will meet future needs and give us a competitive advantage at the same time. One example of this is Selvaag City which offers compact flats, with residents able to access shared facilities and services in the same way as with Pluss. We believe it is socio-economically sensible and profitable to build more compact housing with lower unit prices, allowing younger people to be able to afford their first home. We also see that municipalities where we are building see that it makes sense to allow more projects with small flats, as long as there are shared facilities and services. We hope to get the green light to build our first City project during 2022.

Pluss homes and variations of the concept will make up a larger part of our portfolio in the future, and thus will become a key part of Selvaag Bolig's further development. So far, we have completed about 2 000 Pluss homes and at the end of 2021 we had more than 3 500 under development or in planning.

## WE ARE MAKING OUR SUSTAINABILITY WORK MORE CONCRETE

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. Today, sustainability is about everything from climate change to working conditions in the supplier chain, financing solutions, architecture, technology, health and city development. Both national and international focus on sustainability and climate change have increased significantly, and there are requirements for, among others, environmental management, due diligence, non-financial reporting and openness about working conditions in our supplier chain. The work this entails

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 the EU taxonomy that need to be clarified.

In the short term, the sum of new requirements can lead to higher prices for the products we are selling. The green shift is, however, necessary and will give serious companies many opportunities. We have thus implemented a number of measures in 2021 to ensure that we meet expectations from stakeholders, from coming legal changes, giving us a foundation on which we can base the company's sustainability work. The goal is to make sure that we contribute to national and international sustainability goals, but also to give Selvaag Bolig competitive advantages.

An important task in 2021 has been to revise the project management system of the company and include sustainability to a greater extent. In addition, the basis for construction contracts has been extended to include reporting of necessary information from construction projects. We have mapped and recorded more detailed data than ever before, and we are proud to present our first greenhouse gas report (see appendix page 124). Further, we have undertaken a climate risk assessment. This will reinforce sustainability overall in the company and in our projects. This is also important for the further work with goals and strategy.

**We thus have three clear environmental priorities for the future:**

1. We will develop housing and city prospects that are sustainable and facilitate living with as small as possible environmental footprint.
2. We will be transparent, so that it is easy to get an overview of the company's environmental influence.
3. We will set clear targets for reducing emissions.

**WE ARE WELL POSITIONED FOR THE FUTURE**

Selvaag Bolig has the experience and a size that allows us to handle changes. We have a strong position, allowing us to seize the opportunities that come from an increased focus on sustainability and stricter regulations.

As the leader I am sure that we have the formula to succeed and that we are prepared for growth in the years ahead. We have good products, access to attractive land plots for nearly 11 000 homes, experienced and talented employees and we have a product that is much needed. Buying a home is the most important investment most of us will make during our lives, and we are enabling more people to do just that. Buying a home from us should be a good investment. At the same time, the company should be an attractive and safe investment object. We will make the cities of the future better.

Feel free to get in touch with us if you have any feedback about this report.



Sverre Molvik  
CEO

**KEY FIGURES\* 2021:**

Operating revenue IFRS:	NOK 3 403 million
Operating profit:	NOK 648 million
Pre-tax profit:	NOK 645 million
Number of units sold:	821
Net sales value:	NOK 4 026 million
Number of units started:	880
Number of units delivered:	894
Number of units completed:	867
Number of units under construction:	1 323
Number of employees:	86
Turnover:	8.1%
Sickness absence:	2.3%
Equal opportunities on the board (shareholder-elected board members)	40% females 60% males
Estimated emissions per GFA (kgCO <sub>2</sub> e)**	298.3

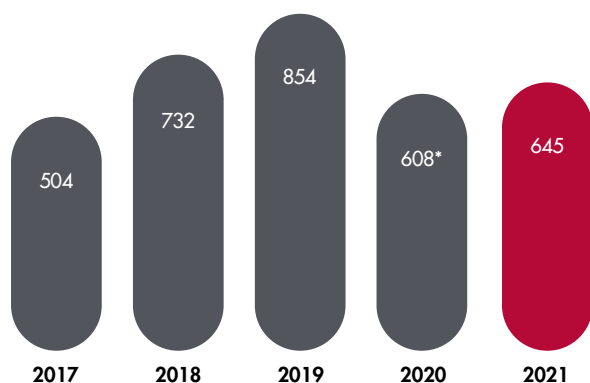
\*All figures are Selvaag Bolig's share.  
 \*\* Kilograms of CO<sub>2</sub>-equivalents (kgCO<sub>2</sub>e) per gross floor area (GFA). Conversion of climate gasses to CO<sub>2</sub>-equivalents is performed by multiplying the number of tonnes of each individual gas by the global warming potential (GWP) 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.



ILLUSTRATION: RINGVE PLUSS, TRONDHEIM

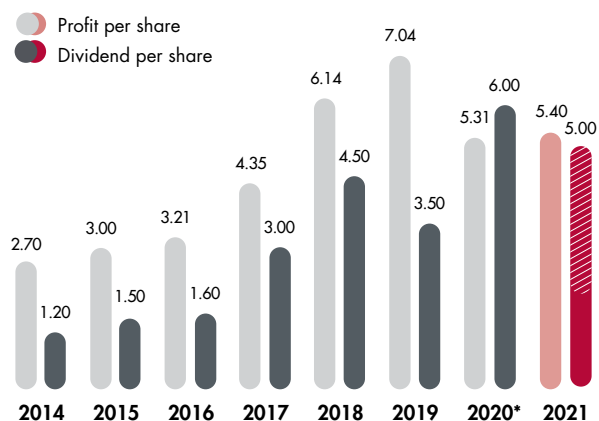
# KEY FIGURES FOR SELVAAG BOLIG

## PRE-TAX PROFIT (NOK MILLION)



\* Not including NOK1045 million from UP transaction

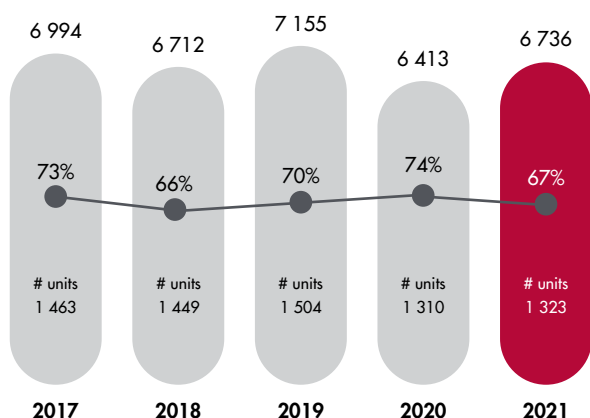
## ANNUAL DIVIDEND AND PROFIT PER SHARE



Proposed dividend for 2nd half 2021: NOK 3.00 per share

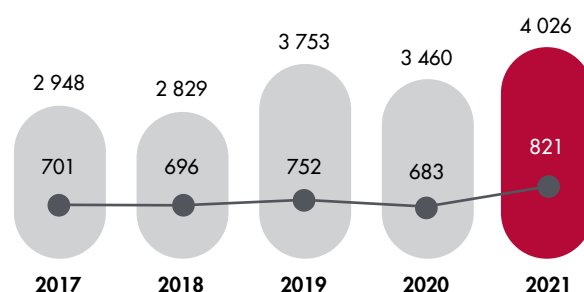
\* Not including gain and dividend from UP transaction

## RESIDENTIAL UNITS IN PRODUCTION



● Sales value of units in production  
● Share of units sold under construction  
# Units under construction

## RESIDENTIAL UNIT SALES<sup>1)</sup>



● Value of units sold (NOK million)  
● Number of units sold

(Amounts in NOK million)

	2021	2020	2019	2018	2017
<b>IFRS highlights</b>					
Operating revenue	3 402.7	2 698.0	3 368.8	3 342.1	3 228.8
Operating profit	648.3	1 643.8	864.7	750.5	543.7
<b>PRE-TAX PROFIT</b>	<b>645.3</b>	<b>1 653.5<sup>2)</sup></b>	<b>854.0</b>	<b>732.5</b>	<b>503.8</b>
Cash flow from operations	392.6	1 615.7	985.9	427.0	303.2
Net cash flow	-357.9	-293.4	521.7	171.5	-400.6
Equity ratio	43%	41%	49%	48%	45%
<b>EARNINGS PER SHARE IN NOK</b>	<b>5.40</b>	<b>16.33</b>	<b>7.04</b>	<b>6.14</b>	<b>4.35</b>

<sup>1)</sup> Units sold are sales contracts entered into in accordance with the Housing Construction Act. Pursuant to the IFRS, these are recognised on delivery.

<sup>2)</sup> Pre-tax profit 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**  
Vice president communications  
and market



**Line Lian Mjell**  
Vice president market\*



**Christopher Brunvoll**  
CFO\*\*

\* Took office on 9 August 2021.

\*\*Took office on 1 March 2021.

# DESCRIPTION OF THE BUSINESS

## BUSINESS MODEL/STRATEGY

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 3-6 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.

During 2021, Selvaag Bolig has established a more complete organisation in Stockholm, and strengthened its focus on sustainability. There have not been other changes in our areas of business or our value chain in 2021.

## 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 page 63. Selvaag Bolig has also separated operations of Pluss Homes into a separate company. Selvaag Bolig has 86 employees of which 67 are employed in Selvaag Bolig ASA. The remainder are employed in Selvaag Pluss Service AS, Selvaag Eiendomsoppgjør AS and in Swedish 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 homes with shared facilities and services has increased in recent years. Thanks to the size of its projects, the various types of homes can be combined in each of them. That enhances residential quality and sustainable neighbourhoods with 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 takes an efficient approach to housebuilding which helps to position it as a cost-effective player, well equipped to meet possible fluctuations in the housing market. Subjecting all construction activity to competitive tendering offers several advantages:

### Focused organisation:

About 65 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 ensure 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:

No in-house construction arm eliminates the need for big staffing adjustments in the event of market fluctuations.

### Improved capacity:

No capacity problems when several projects are to be built simultaneously.

## LAND PURCHASING AND FINANCING

### Norway

In January 2020, large parts of Selvaag Bolig's available land portfolio were sold to Urban Property. The sale was implemented to refine the core business, increase the attention devoted to operations, manifest value in Selvaag Bolig's day-to-day activity, and increase its growth opportunities. Urban Property is a financially sound, well-capitalised and predictable collaborator, and an important long-term and strategic partner for Selvaag Bolig. The collaboration between Urban Property and Selvaag Bolig is now well established and is functioning as planned.

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

## DESCRIPTION OF THE BUSINESS

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 two 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.
- More efficient and predictable financing of new and existing sites.
- Increased competitiveness when purchasing land.
- Downside risk limited to 48 months of option premiums (break fee).

### Sweden

In Sweden, Selvaag Bolig's agreements on land purchases are based on the Swedish model, primarily through land allocation by local authorities, who are large landowners in Sweden. Allocation is often in conjunction with a bidding competition where price is one of several criteria. Payment for the land typically occurs when planning permission is given. The land zoning risk is thus eliminated.

### VALUE DRIVERS

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. The company's sales strategy is the key factor in its good progress. Segmentation of residential schemes and optimising composite projects with a broad range of house 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. Selvaag Bolig sets high internal standards for quality at every level, and has extensive quality requirements for products and

operations at its subcontractors. That helps to reduce the risk of errors in the projects, and to ensure that all homes have a high standard and meet the company's environmental requirements.

### 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 or increase financial risk. 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.

### RISK MANAGEMENT IN CONSTRUCTION ACTIVITY

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. See page 41 for more information about risk and risk management.

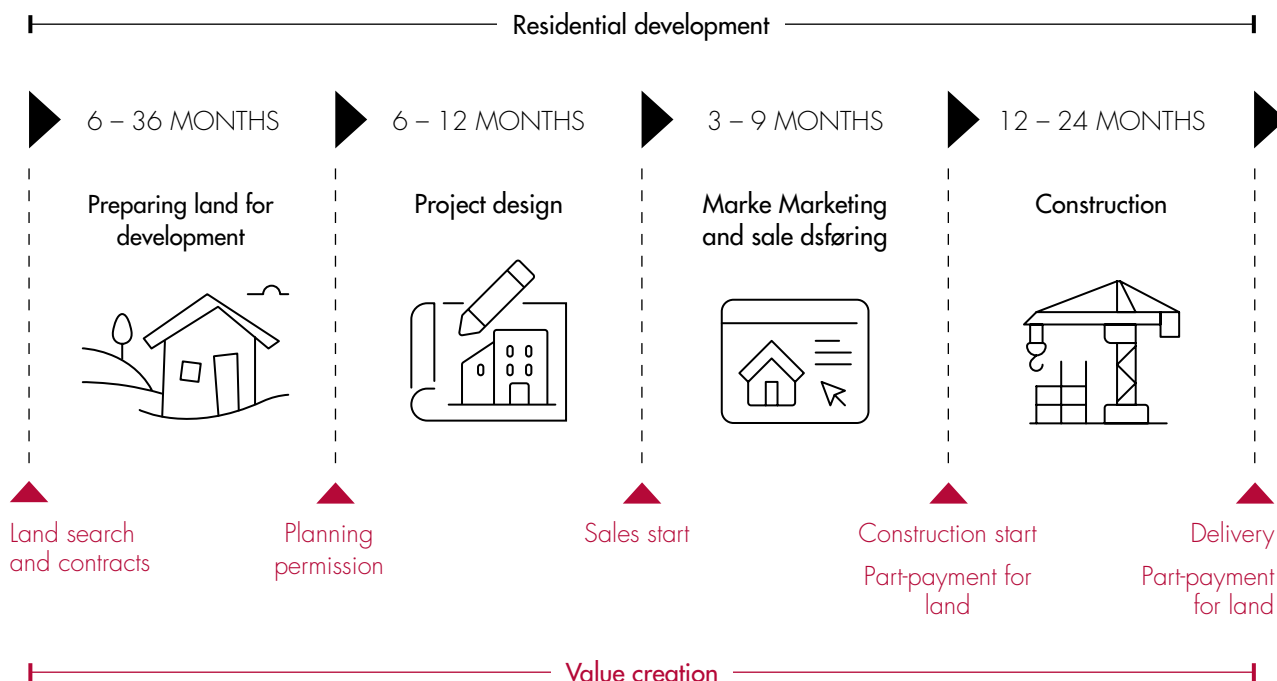
### EXTERNAL RISK FACTORS

Low interest rates, low unemployment, substantial household purchasing power and a high level of population growth in urban areas have contributed to a big demand for new housing – particularly in Greater Oslo, where Selvaag Bolig has the bulk of its business. However, experience from earlier years indicates that negative shifts could occur in demand, in part because of a deterioration in macro-economic conditions, regulatory changes or increased supply in the market. Climate change could lead to stricter environmental requirements in project development and affect access to new land, contractors and raw materials. There is also uncertainty regarding how geopolitical uncertainty could affect Selvaag Bolig.

### KEY FIGURES

See key figures on page 7.

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

### Effective and flexible cost structure

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

### 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.

### 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



ILLUSTRATION: SKÅRERBYEN, LØRENSKOG

# SUSTAINABILITY



## VISION

We will make the cities of the future better

## MISSION

We make it easier for more people to live better

## AMBITION

We contribute to inclusive local communities and facilitate a sustainable lifestyle

## PROMISES

Choosing us is choose a safe, solid and competent partner, who always deliver what we promise. We shall develop smart, sustainable and profitable projects

## VALUES

Care

Creativity



# SUSTAINABILITY IN SELVAAG BOLIG

Selvaag Bolig shall create value for society by building good, long-lasting homes which ordinary people can afford to buy. Caring for the climate, environment and local communities is thus an integrated part of our business.

## THE COMPANY'S VALUES SHOW THE WAY

Selvaag Bolig will be a leading housing supplier in the areas where it invests, building homes and neighbourhoods which both employees and shareholders can be proud of, and stand the test of time. Our values, "care" and "creativity", are guiding lights for us. Care is shown by building homes for ordinary people, protecting the environment, ensuring employee well-being and confidence among our partners. We show our creative power through innovation and implementation.

A more sustainable development is needed to solve climate challenges, and stakeholders request more information about how the company manages its impact on the environment and society in general. There are also new statutory reporting requirements such as the Transparency Act, the Gender Equality Act and the EU taxonomy. In the past year, Selvaag Bolig has made a significant effort to meet expectations for non-financial reporting.

## SOLID ANCHORING

Selvaag Bolig's board is responsible for compliance with all relevant official requirements, legislation and statutory regulations. Sustainability is high on the agenda in the company's strategic work, and in 2021, the coordinating responsibility for sustainability was given to the executive vice president for communications, sustainability and strategy. In addition, the entire company's group management has sustainability KPIs linked to variable pay. The company must both take advantage of opportunities and implement corrective measures if necessary.

Sustainability is a key topic at the board's annual strategy seminar with executive management, where goals are set for the coming financial year. The board receives reports from executive management at three meetings during the year, and decisions about KPIs and an evaluation of goal achievement take place annually. The board's audit committee also receives ongoing information on sustainability work from executive management.

The board has established overarching principles for corporate governance, which are enshrined in the company's key guidelines and procedures (see text box). 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 about Selvaag Bolig's corporate governance, see a separate chapter in the annual report for 2021.

## SELVAAG BOLIG AS A CONSTRUCTION CLIENT

Selvaag Bolig's ambition is to build homes that create inclusive local communities and that facilitate a sustainable lifestyle. It is our responsibility to ensure responsible processes during the project's entire development period.

In 2021, Selvaag Bolig delivered 894 homes. There are considerable variations in both home sizes and location. However, the homes are mainly apartments in large projects in the company's core areas, and the average size is about 70 square metres of living space. All development projects are subject to strict public requirements and most development projects are also subject to special requirements by local authorities. There were no known violations of laws and regulations, or guidelines in 2021.

## DUE DILIGENCE

Large development projects have deliveries from very many national and international suppliers, which entails an increased risk of pollution, human rights violations, work-related crime and corruption. The risk of a negative influence is reduced by government legislation and regulation, but also by Selvaag

Selvaag Bolig's guidelines and procedures include:

- Ethical guidelines\*
- Environmental policy
- Anti-corruption guidelines
- Procedures for whistleblowing of censurable conditions

\* Our ethical guidelines and management systems will be revised in 2022, in accordance with OECD's due diligence guidance for responsible business conduct, and UN's Guiding Principles Reporting Framework (UNGPR) for business activity and human rights.



## SUSTAINABILITY

Bolig's experience and systematic approach to project development. In our daily work, this is mainly taken care of by our control routines and management system which consists of project management documents with checklists and routines for mapping and execution of each phase of project development: land purchase, planning and pre-project, receiving tenders, sales preparations, to implementation, execution, the liability period and daily operations.

### 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.

Selvaag Bolig did not receive any whistleblowing notifications in 2021. The company has informed employees and suppliers about the notification routines and possibilities, and encourages all censurable conditions to be reported.

### ABOUT THE SUSTAINABILITY REPORT

This report has been prepared with reference to The Global Reporting Initiative (GRI) Standards for the reporting year 2021. 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. Any requirement for external verification of the company's sustainability work will be considered in 2022.

### SCOPE AND LIMITATIONS

The report includes all business areas in Selvaag Bolig ASA and the company's projects, as well as other 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 strategy, Kristoffer Gregersen: [kgr@selvaagbolig.no](mailto:kgr@selvaagbolig.no)

## SUSTAINABILITY

### MATERIAL ISSUES FOR SELVAAG BOLIG

Selvaag Bolig shall contribute to comprehensive and long-term value creation, minimise the risk associated with the transition to a sustainable society and open up for the opportunities provided by the green shift. In order to make the company's work more concrete, a materiality analysis has been carried out, identifying the areas in which the company has the greatest impact. The analysis guides the company in its management documents, reporting and the company's strategy work.

The analysis was prepared by an external adviser and completed in 2020. The basis used was a stakeholder analysis from 2019, where representatives for shareholders, suppliers, banks, authorities, employees and management were consulted. Further changes have been made in connection with this year's reporting. These are explained in the GRI index. Selvaag Bolig plans to update the materiality analysis in accordance with the GRI standard for 2021 during 2022.

Selvaag Bolig has refined its role as a construction client and thus projects are built by contractors. The company's biggest influence on climate and environment, society and the economy takes place in its homebuilding projects and in the supply chain.

### Significant topics in the company

- Sustainable urban development
- Climate risk
- Good working environment
- Gender equality

### Significant topics in the supply chain

- Responsible operations
- Safety at the construction site
- Environmentally friendly buildings and construction process



## SELVAAG BOLIG IS CONTRIBUTING TO THE UN'S SUSTAINABILITY GOALS

The UN 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 a member of the Norwegian Green Building Council, and is working towards the goals of international initiatives such as the UN "Framework Convention on Climate Change" (Paris agreement) and the UN's Sustainability goals.

# Selvaag Bolig is contributing to the UN's Sustainability goals





<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p>We ensure compliance with the Norwegian Working Environment Act, the obligations in the construction client regulations, good health, safety and environmental (HSE) regimes and applicable contracts, both in our own company and throughout the supplier chain (target 8.8).</p>	<p>Read more in the chapters «Selvaag Bolig as a workplace» (page 30) and «Responsible operations and working conditions at working sites» (page 34)</p>
<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>We develop sustainable local communities which support sustainable towns and a sustainable lifestyle, in part by concentrating on developing transformation areas near hubs (target 11.3).</p> <p>We make good material choices (target 11.6) and ensure that our housing projects are built to cope with tomorrow's climate.</p> <p>By planning for good social residential environments, we ensure green and healthy outdoor areas in our housing projects (target 11.7).</p>	<p>Read more in the chapters «Sustainability in Selvaag Bolig» (page 16) and «Sustainable urban development» (page 21)</p>
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>We specify requirements for material choices and resource use by our suppliers which promote sustainability (target 12.2).</p> <p>We ensure prudent waste handling and sorting in our construction projects (target 12.5).</p>	<p>Read more in the chapter «Climate and environment» (page 24)</p>
<p><b>13</b> CLIMATE ACTION</p> 	<p>We build homes tailored for tomorrow's climate (target 13.1).</p> <p>We reduce the climate and environmental footprints over the useful life of our homes, in part by reducing emissions and improving resource use by subcontractors to promote sustainability (targets 13.2 and 13.3).</p>	<p>Read more in the chapter «Climate and environment» (page 24)</p>



ILLUSTRATION: RÅDHUSHAGEN, SKI

# SUSTAINABLE URBAN DEVELOPMENT

The biggest impact a builder has is related to where its projects are built, for whom they are built and how they are built.

## LOCAL FOCUS

The development of urban and housing projects often takes many years, and there are several different stakeholders in such processes. Examples of stakeholders are existing neighbours, future residents, local and national authorities, interest groups, sports associations, educational institutions, businesses and heritage building authorities.

Selvaag Bolig acknowledges that the company's construction projects can have a negative impact on both nature, climate and local interests. Increased traffic, noise during construction, protection of biological diversity, access to green areas, the need for recreational areas and the preservation of existing buildings are typical aspects that stakeholders are concerned about.

Regardless of the size of the project, it is therefore important that all affected parties are involved at an early stage, to see to it 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.

## AREA-EFFICIENT HOUSING IN CITIES

The home is the hub of future urban development. A persistent trend in the markets where Selvaag Bolig operates is urbanisation. Cities and the surrounding areas will, according to a number of national and international forecasts<sup>1</sup>, have strong population growth also in the years ahead.

Contributing to sustainable urban development is central to the company's strategy and is a clear environmental goal. 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.

Through the housing concepts Selvaag Pluss and Selvaag City, Selvaag Bolig develops lifestyle homes with shared facilities and services. These concepts are helping more inhabitants share the costs of social and technical infrastructure, thus helping more people to live in urban areas, on a smaller area,

with a lower need for energy and transport. The core of the Pluss projects is a common lounge, hosts and services that simplify the residents' everyday lives. Residents have access to guest flats, a gym, function rooms, meeting rooms and a host of other communal facilities. In 2021, Selvaag Bolig conducted an evaluation of the Pluss concept, which shows that residents also experience increased quality of life, increased security and reduced loneliness.

Pluss homes now make up a larger share of the company's development portfolio than before. See separate case below.

## SOCIAL AND ENVIRONMENTALLY FRIENDLY NEIGHBOURHOODS FOR EVERYONE

Selvaag Bolig will build good homes that households with a normal income can afford to buy. In 2021, the company's average home was 70 square metres and cost NOK 4.9 million. 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.

This has been important in Selvaag's more than 70-year history. Selvaag has developed new district centres from scratch, and Selvaag Bolig continues this tradition. In the years ahead, the company will continue, among other things, the development of two large districts in Lørenskog, building a district centre with about 2,000 homes at Fornebu in Bærum, and an urban area with 1,200 homes at Bjerke in Oslo. The common denominator for these areas is that they are built with high quality, have social meeting places outside and inside, respect the environmental and ensure that residents are within walking distance of everything they need on a daily basis. In addition, a broad composition of housing types ensures diversity.

<sup>1</sup> World Bank (2020). Urban development. Available at: <https://www.worldbank.org/en/topic/urbandevelopment/overview#1> (Accessed: 17 March 2022). Statistics Norway (2020). Voksende byer og aldrende bygder. Available at: <https://www.ssb.no/befolkning/artikler-og-publikasjoner/voksende-byer-og-aldrende-bygder> (Accessed: 17 March 2022).

## PLUSS HOMES GET EXTRA POINTS

Residents in Pluss homes are more satisfied with the housing situation and enjoy a better quality of life than before they moved in, the evaluation report shows. Selvaag Bolig's Plus concept provides a completely new way of living – suitable for everyone.

"The first Pluss home was launched in 2004. Today, our offer is more relevant than ever. For young people, it's about everything that simplifies life. For the elderly, it's about security. In addition, young and old get a common meeting place," says Anders Haavik, who is the general manager of Selvaag Pluss Service.

### Residents appreciate the staffed reception

An evaluation report, carried out by Rodeo on behalf of Selvaag Bolig, shows that Pluss residents are significantly happier with life after moving in. The report also shows that the residents greatly appreciate the service provided, and give the hosts and reception services a particularly high score. In addition, the residents answer that they are less lonely than before they moved in.

"The most important thing for me is that the residents are happy. That is why I am interested in seeing each individual's needs. I arrange family dinners, lecture evenings, wine tasting and excursions. I bake buns and serve coffee. I plan the activities based on the wishes of the residents, so that they all have the opportunity to participate in something they want to do," says host Lena Johansson at Svea Fanfar in Stockholm.

### Bringing neighbours together

Svea Fanfar gets the best score of all the Pluss home projects in Selvaag Bolig's customer satisfaction survey in 2021, scoring 91 out of 100 points. The residents of Svea highlight Lena's qualities in particular.

"It's a lot about being seen, I think. If you are lonely, you can have a chat with me at the reception. It provides security and predictability in everyday life. For a busy resident in a full-time job, it may be that I arrange dry cleaning or a package delivery," says Johansson.

Svea Fanfar consists of 93 flats, with a large diversity of residents. More than 50 children under the age of 12 live here, in addition to many older people.

"In Stockholm, it is unfortunately not so common to contact the neighbours you share an apartment building with. Therefore, I am extra proud each time I see that residents meet on their own initiative here at Svea Fanfar, after we have held joint events. Good relations with the neighbours are important for well-being," says Johansson.

### Social sustainability and sharing economy

Social sustainability is about a society characterized by trust, belonging and a good local community. The residential environment is an important factor for both physical and mental health. For many, it is important to be able to grow old in the same place as they have lived for many years, without having to move and get used to new surroundings. A Pluss home can contribute to this, and especially contribute to better well-being and health among the elderly.

The Pluss homes are also perceived as more environmentally friendly and in tune with the times we live in. Here you can live in smaller apartments, and rather share common areas such as lounges, guest homes, meeting rooms, party rooms and fitness rooms with neighbours. It is better for the personal finances of each individual and provides significant energy savings.

"Before, many moved out of town when they started a family. They were looking for larger housing and a local community. Now this trend has reversed. Working people want to live centrally, close to work, but still want the sense of community that you only found in smaller places before," says Johansson.

### FACTS ABOUT PLUSS HOMES:

Selvaag Bolig's Pluss homes were launched in 2004, as the country's first, major investment in homes with additional services.

The most important element in a Pluss home is located outside the flat – in attractive service areas and with hosts that help to simplify the residents' everyday lives.

Selvaag Bolig has so far completed 2 000 Pluss homes, divided into 13 projects in Greater Oslo, Bergen, Stavanger, Drammen, Kristiansand, Stockholm and Spain. The company has about 3 500 Pluss homes under development.

## SUSTAINABILITY



Lena Johansson is a hostess at Svea Fanfar in Stockholm. Her good relationship with the residents contribute to high customer satisfaction

# CLIMATE AND ENVIRONMENT

There are both risks and opportunities in the transition to a low-emission society. This will require changes both for Selvaag Bolig and in the company's projects.

According to the International Energy Agency (IEA), the construction and operation of buildings accounted for 39 percent of global carbon emissions in 2018, and a significant part of this comes from the production of building materials such as steel and concrete<sup>2</sup>.

As the construction client, Selvaag Bolig is responsible for minimising emissions in the company's construction projects, and facilitating low energy consumption in finished buildings. An important task in 2021 has been to map the company's emissions. Further, Selvaag Bolig has tightened the climate risk management in the company and thus carried out a climate risk analysis based on guidelines from the Task Force on Climate-related Financial Disclosures (TCFD) (see Appendix page 124).

These two measures have been milestones for Selvaag Bolig, forming an important basis for the company's further work for climate-friendly development. In 2022, the company will further develop its sustainability strategy and set clear goals for reducing emissions. The overall responsibility for sustainability work lies with the board and group management. The executive vice president for communications, sustainability and strategy follows up the work on a daily basis.

## GUIDELINES FOR CLIMATE AND ENVIRONMENT

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.

## UNCERTAINTY REGARDING CLASSIFICATION OF BUILDINGS IN EU'S TAXONOMY

The EU taxonomy is a regulation requiring the publication of sustainability information that will enter into force in Norway through the EEA agreement. 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 regulation when it enters into force. However, there is still uncertainty about how real estate companies will be able to respond to several key points in the taxonomy.

In 2021, Selvaag Bolig stress tested one project against the taxonomy. This revealed that a number of national requirements in Norway do not currently harmonise with the EU taxonomy classification system. An example is the "nearly zero emission building" (nZEB), which is the EU standard for "nearly zero-emission buildings", a requirement in the EU energy directive from 2010. Despite the fact that Norway has high requirements for energy efficiency, and that Selvaag Bolig's projects could be within the threshold values in the nZEB standard, the requirements in the taxonomy cannot be met. This is because the EU directive has not been introduced in Norway. The same applies to documentation requirements that it must not be built on arable land, green areas with high biodiversity or forested area. Here, the EU taxonomy refers to definitions in the EU LUCAS survey that do not include Norway.

Selvaag Bolig follows the development of the framework closely through the industry organisation Home Builders

## CLIMATE AND ENVIRONMENTAL CONSIDERATIONS ARE INTEGRATED INTO THE COMPANY'S PROJECT MANAGEMENT SYSTEM

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.

In 2021, Selvaag Bolig introduced a new requirement that every large projects close to urban centres must have an environmental plan that defines overall green goals and addresses the project's environmental footprint before work

<sup>2</sup> The Global Status Report for Buildings and Construction (2019). Available at: [https://iea.blob.core.windows.net/assets/3da9daf9-ef75-4a37-b3da-a09224e-299dc/2019\\_Global\\_Status\\_Report\\_for\\_Buildings\\_and\\_Construction.pdf](https://iea.blob.core.windows.net/assets/3da9daf9-ef75-4a37-b3da-a09224e-299dc/2019_Global_Status_Report_for_Buildings_and_Construction.pdf) (Accessed: 17 March 2022)



**Selvaag Bolig is a member of Norwegian Green Building Council:**

By membership in Norwegian Green Building Council, Selvaag Bolig is obligated to be a driver for environmentally friendly solutions locally and nationally.



**About BREEAM**

BREEAM is an environmental certification tool for buildings and a tool to measure environmental performance. Certification is based on documented environmental performance in nine categories related to climate and environment. Each category has topics with criteria, or things that can be done to reduce the impact on the environment from the project.

**Certification levels**

BREEAM-NOR certifies projects at five levels: Pass, good, very good, excellent and outstanding.

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 facilitate a sustainable lifestyle, for example through the sharing of common areas, carpools and energy solutions.

**SELVAAG BOLIG SETS REQUIREMENTS FOR CONTRACTORS**

Selvaag Bolig's environmental focus influences the selection and follow-up of contractors. Contracts set clear requirements for contractors to operate in accordance with the laws and regulations in force at any given time and in accordance with Selvaag Bolig's guidelines. No breaches were discovered during 2021.

In 2021 the company decided that all projects starting in 2022 will use BREEAM NOR pre-analysis as a management tool<sup>3</sup>. This was done in order to ensure good environmental management in the company's construction projects. The analysis measures the projects based on the various certification levels of BREEAM (see more in the text box). In this way, the company will be able to identify how ambitions can be reached through specific actions in the projects. From 2022 all the company's projects will be mapped up against the environmental criteria in BREEAM.

In 2022, Selvaag Bolig started developing its first BREEAM-certified project. Lille Løren park in Oslo shall be certified as BREEAM Good. Due to certification costs and uncertainty regarding actual climate benefits, Selvaag Bolig has not introduced certification requirements in other projects. Potential requirements for certification will be based on our experience from the construction of Lille Løren park.

**EMISSION CONTROL**

Selvaag Bolig seeks to be transparent about its emissions, and an important task in 2021 was to establish a greenhouse gas account (see detailed accounts in appendix page 124). The account comprises Selvaag Bolig's operations in Norway and Sweden, including offices and display centres. In addition, greenhouse gas emissions are estimated for all the company's projects completed in 2021. The estimate is calculated based on 128 of the 867 units that were completed in 2021. From 2022 the account will comprise all units completed. The project accounts are based on the proposed legal requirements for climate accounting in Norwegian building regulation TEK 17 where life cycle stages A1-3 and B4-5 are defined. Selvaag Bolig has also kept climate accounts for transporting materials to the construction site (A4), estimated energy consumption (B6) as well as waste on the construction sites.

The total accounts show that 99.7 per cent of the company's emissions come from the supply chain and are related to the development of projects. In the projects, the materials steel and concrete accounted for 17 009 tCO<sub>2</sub>e or about 84% of the company's total greenhouse gas emissions. 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 developers. Moving forward, Selvaag Bolig will work to reduce the projects' emissions, and will at all times monitor new construction technical solutions and construction methods that reduce unnecessary use of materials and increase the proportion of climate-friendly materials used.

Targets for reducing greenhouse gas emissions will be set with the housing project Skifabrikken in Nordre Follo municipality as a reference. The project was completed in 2021 and has

<sup>3</sup> It is assumed to a large extent that the BREEAM framework will be compatible with the reporting requirements of the EU Taxonomy for sustainable activities and for the upcoming EU rules for Corporate Sustainability Reporting Directive (CSRD).



## SUSTAINABILITY

been built in accordance with Norwegian building regulation TEK17. Selvaag Bolig will, however, await the revision of the regulations before targets are set and methods for reducing emissions are chosen.

### GHG PROTOCOL

The climate report has been prepared with reference to the Greenhouse Gas Protocol (GHG) standard, which divides emissions into three categories: direct emissions (Scope 1), indirect emissions from energy supply (Scope 2) and other indirect emissions related to the company's value chain (Scope 3<sup>4</sup>). Selvaag Bolig's climate reporting covers all the company's business areas as well as subsidiaries and joint ventures.

### KEY INDICATORS

The table below shows Selvaag Bolig's Scope 1 and 2 emissions. This is based on reported data and includes all emission sources related to operating assets where the company has operational control, as well as indirect emissions related to purchased energy for, among other things, office electricity or district heating/cooling.

	2021	2020	Goal
Direct emissions (Scope 1) (tCO <sub>2</sub> e)	16.8	Not measured	To be decided in 2022
Indirect emissions from energy usage, market-based (Scope 2) (tCO <sub>2</sub> e)	219.7	Not measured	To be decided in 2022
Indirect emissions from energy usage, location-based (Scope 2) (tCO <sub>2</sub> e)	4.4	Not measured	To be decided in 2022

The table below shows Selvaag Bolig's Scope 3 emissions. The project accounts are based on the proposed legal requirements for climate accounting in Norwegian building regulation TEK 17 where life cycle stages A1-3 and B4-5 are defined. Selvaag Bolig has also kept climate accounts for transporting materials to the construction site (A4), estimated energy consumption (B6) as well as waste on the construction sites. Based on data from two pilot projects with a total of 128 apartments and must be regarded as an estimate. Selvaag Bolig completed 867 apartments in 2021. The data and calculations of these projects will be used to prepare full climate accounts for all completed housing projects in 2022.

	2021	2020	Goal
Estimated indirect emissions from materials (Scope 3) (tCO <sub>2</sub> e)	20 104.3	Not measured	To be decided in 2022
Estimated emissions per GFA (kgCO <sub>2</sub> e)	2.98	Not measured	To be decided in 2022
Estimated net energy usage (kWh per m <sup>2</sup> heated GFA in finished home)	92	Not measured	≤ 95*
Material usage (tonnes)	143 114.9	Not measured	To be decided in 2022
Waste (tonnes)	4 934.2	Not measured	To be decided in 2022
Waste sorting (per cent)	80	80	80**

\* The requirement in the Norwegian building regulation TEK17 is maximum 95 kWh per m<sup>2</sup> heated GFA.

\*\* The requirement in the Norwegian building regulation TEK17 is ≥ 60 per cent

<sup>4</sup> The reporting for Selvaag Bolig's value chain and housing projects is based on average emissions per unit (flat). Two projects were used as the basis for estimating the emissions for the remaining 739 units Selvaag Bolig completed in 2021. The figures for 2021 are aggregated based on emissions/GFA. See the table for overall climate reporting (listed according to the GHG protocol) and page 125 for a detailed report.

# OFFSHORE TECHNOLOGY IN LOCAL HEATING PROJECTS

At Landås in Asker, Selvaag Bolig has used advanced technology from the oil industry. We have drilled 300 metres into the ground in search of water to heat the 187 homes that are being built on the site.

Local heating is a renewable resource. Traditionally, local heating systems, where the water is basically used for heating, require the drilling of several hundred wells to heat a residential complex the size of the Landås project.

## MAJOR ENVIRONMENTAL BENEFITS

With geological experts from Ruden AS, Selvaag Bolig discovered that the rock in the ground at Landås made it possible to choose a so-called open well park, with only 40 to 50 wells.

An open hydraulic solution requires more preparation and precision than so-called closed wells, but the solution gives major environmental savings. Fewer boreholes result in less emissions. The method is also gentler on nature, and the heat capacity is greater. In addition, the local heating system significantly reduces the need for supplied energy and the size of the power grid in each individual flat.

## REUSE OF TECHNOLOGY

While the oil industry has been drilling for black gold for decades, tomorrow's gold is crystal clear and warm. But the principles and exploration technology are the same.

Experiences from the oil industry have been used in all stages, both in the ground and geological survey at Landås, in the drilling itself and in the logging of the boreholes. As this is a project on land, it has also been necessary to adapt and refine the well drilling techniques. This is groundbreaking work, not only for Selvaag, but for our entire industry.

## CONTINUOUS INNOVATION

The water we have been searching for circulates in cracks in the rock 250 to 300 metres below the surface. It is precisely the cracks that are attractive in open well solutions. More water circulates here, which in turn gives more effect. The water is pumped up, heat is extracted, and it is sent back. This is sustainability in practice.

The project has been complex, and Selvaag Bolig has encountered a number of challenges along the way. Among other things, not all wells drilled are suitable for the open solution. Therefore, we have decided along the way to go for a hybrid solution, with both an open and closed system, so that we utilise all the resources on the ground. This solution is completely new, and we have developed it together with our subcontractors, Ruden AS and Nordisk Energikontroll. In order to reach the goal, continuous innovation has been absolutely crucial. This is completely in line with our vision of always accepting challenges and innovating, to create smart and sustainable projects. Now we see the results. Our experience from this pioneering project will be very valuable in later projects.

## FACTS

- The Landås projects consists of 187 homes. As of March 2022, 69 of the homes have been completed and occupied.
- For heating, Selvaag Bolig has used an open well solution, with twenty-some wells below the building.
- The water, which circulates at a depth of 300 metres, is pumped up and into an energy central in the area. The energy in the water is used for heating by five high-quality NIBE heat pumps with a combined 300 kW. Each heat pump has two compressors, which gives the system very high operational reliability.
- The local heat is also used to heat the pedestrian area and driveway in the area.
- The residential blocks will achieve near zero energy, with a delivered quantity of 40 kWh per square metre per year, and are intended to meet heating requirements and heat-loss figures for nearly zero emission buildings.

## SUSTAINABILITY



# SELVAAG BOLIG AS A WORKPLACE

Selvaag Bolig aims to be one of Norway's most attractive workplaces, and a key ingredient is that all employees have access to development opportunities.

The company has a total of 86 employees, three of whom are part-time employees. Four are employed in Sweden, one in Spain, 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.

As a construction client Selvaag Bolig has a significant share of contract workers. All of the company's projects are managed by Selvaag Bolig but are entirely built by external contractors. The number of workers at the construction sites varies significantly from project to project and depending on the phase of project development. During 2021 the company had 19 different construction sites.

## EMPLOYEE SATISFACTION

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.

The company pays special attention to employee satisfaction. For the seventh year in a row, Selvaag Bolig was certified as a «Great Place to Work»<sup>5</sup> and is ranked as one of Norway's best workplaces<sup>6</sup>. In 2021, the overall score was 86 per cent, which was slightly lower than in 2020 and 2019. The decline was seen in comparable companies and is tied to indicators such as flow of information and work-life balance. It is thus assumed that this development is influenced by lockdowns tied to the corona pandemic. The survey also identified areas of improvement tied to how the company contributes to society. The executive management and heads of departments are working systematically to improve this.

## CO-OWNERSHIP AND BENEFITS

Selvaag Bolig has a philosophy that co-ownership promotes value creation through increased engagement and loyalty. At the end of 2021, 70 per cent of Selvaag Bolig's employees owned shares in the company.

## 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 2021, Selvaag Bolig had a sickness absence of 2.3%, which was a decline from 3.3% from 2020, and the company considers this to be that an acceptable outcome and a positive development.

## 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 development of expertise enhancement for each employee. During 2021, 96.5 per cent 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 2021. All employees have also taken an obligatory class in ethics and IT security, and during 2022 an e-learning platform will be expanded with a module about human rights.

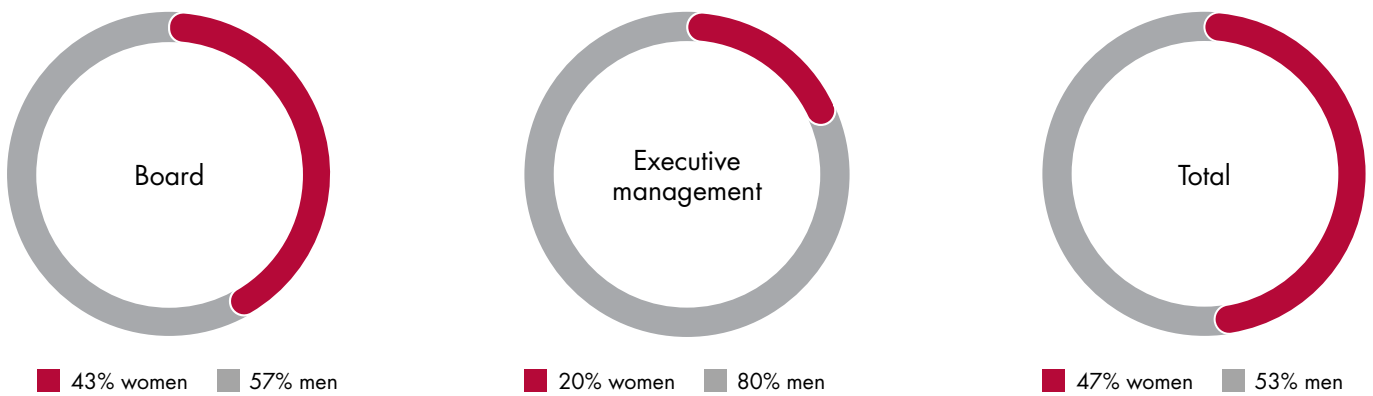
## ZERO TOLERANCE FOR DISCRIMINATION

A fundamental principle in the organisation is to emphasise

<sup>5</sup> The annual employee survey and following certification are performed by the company Great Place to Work Institute which is leading global expert at developing, maintaining and recognising good workplaces.

<sup>6</sup> Include reference. Announced in March.

Gender balance in Selvaag Bolig ASA



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. No notifications about discrimination were received in 2021.

**EQUALITY AT SELVAAG BOLIG**

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 2021 was 53 per cent men and 47 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, despite an increase in the share of women from 0 per cent in 2020 to 20 per cent in 2021. Over time, Selvaag Bolig will

strive to have a better gender balance in the executive management.

According to Norwegian law, parents have the right to combined paid leave for a total of 12 months in connection with the birth of a child. Parents may share the leave where each must take a minimum of 15 weeks. The payment of paid parental leave by the government is limited to 6G (as of 1 May 2021, this equals NOK 638 394). Selvaag Bolig covers however also the basic salary above the 6G limit and has a flexible attitude to a longer parental leave and encourages men to take more parental leave than the minimum quota.

In 2021 three men and two women took a combined total of 54 weeks of parental leave at Selvaag Bolig. The company believes this shows that the schemes are good, as everyone with the right to parental leave exercised the right.

## SUSTAINABILITY

### AVERAGE FIXED SALARY BY TYPE OF POSITION IN 2021 (NOK 1 000)

	All employees	Men	Women
All positions	1 094	1 463	771
Group management	2 544	2 793	1 550
Non-core activities	514	514	514
All positions except group management and non-core activities	1 078	1 282	860

### KEY INDICATORS

	2021	2020	Goal
Employee satisfaction	86%	88%	> 80%
Sickness absence	2.30%	3.30%	> 3%
Turnover	8.1%	7.5%	
Appraisal interviews	96.5%	100%	100%
No. of notifications	0	0	
Overall gender balance	47% women 53% men	54% women 46% men	> 40% women > 40% men
Gender balance, shareholder-elected board members	40% women 60% men	40% women 60% men	> 40%
Gender balance, Employee-elected members	50% women 50% men	50% women 50% men	50% women 50% men
Gender balance in group management	20% women 80% men	0% women 100% men	
Parental leave	2 women 3 men	1 woman 1 man	



## ENCOURAGING YOUNG TALENTS

Good homes and neighbourhoods create a secure framework for a good life. That is what we live by. Creating a good framework for our colleagues, is a requirement to achieve that. "At Selvaag Bolig, we are seen, taken care of and cheered on," says project director Line S. Wegger.

It is just five years ago since Line S. Wegger (38) started in Selvaag Bolig as a project leader. Less than one year later, she became a project manager, responsible for her own projects. In 2021, she became a project director.

In another words, she has climbed at record speed. Today she is in charge of four large development projects. "Selvaag Bolig dares to believe in young people. Employees who are willing to take responsibility, receive much responsibility," says Wegger.

### "PERFECT COMBINATION FOR SUCCESS"

Exciting work assignments, learning and responsibility are often the decisive factors that keep people at a company. The development path at Selvaag Bolig is not streamlined. Each person gets an individual follow-up.

"We are a medium-sized company, with less than 100 employees. With us you get a tight follow-up that you could never receive in a bigger company. The whole time I am thinking about how I can make sure that each of my employees can become as good as possible. I try to find out what motivates them, what expertise they need to develop and with whom they work well together," says Øystein Klungland, COO in Selvaag Bolig.

"Line has a perfect combination of formal expertise as a civil engineer, industrial experience, understands the business and has commercial acumen. You need that to succeed as a project director," he continues.

### "SPECIALIST ENVIRONMENT WITH ROOM FOR FREEDOM"

Project directors at Selvaag Bolig have their own portfolio with several ongoing projects. The project manager in each individual project reports directly to Wegger. In other words, she is responsible for several thousand homes in total.

For Wegger, the individual tutoring and the close-knit specialist environment meant a lot.

"The threshold for discussing the issues with colleagues and management is low, and the path to a decision is short. We don't have a one-size-fits-all programme but are free to attend seminars and classes if the need

arises. In addition, we improve our expertise daily in our teams and also across groups," she says.

Selvaag Bolig's project department has two seminars every year, where colleagues meet across departments to discuss everything from changes in laws to challenges and lessons learned in projects.

### A JUGGLING ACT

The project director's workday is mostly about ensuring progress and completion. Wegger prefers to follow the project from the land purchase to handing over the keys. As the senior responsible person in the project, she has a close dialogue with both the legal department and sales and marketing internally at Selvaag Bolig, as well as with contractors and public authorities.

"It is a big advantage to be well-organised. It is about finding a balance between being solution-oriented and pragmatic. And you have to dare to make decisions," she says.

### THE KEY TO SUCCESS

As a director, Wegger now has a personal responsibility to tutor her colleagues. She tries to offer them the security and support she was met with herself.

"I am focused on giving colleagues leeway to solve things their own way, and not jam solutions down their throats. I want to be a sparring partner, rather than a ready-made solution," she adds. For Wegger, the combination of her own ambitions and being recognised at Selvaag Bolig has been the key to success.

"I have been allowed to work with what I find fun, and gradually had the opportunity to take on more responsibility. There are expectations of results at the company. When you deliver, the possibilities are unlimited. That is my experience," she concludes.

# RESPONSIBLE OPERATIONS AND WORKING CONDITIONS AT CONSTRUCTION SITES

Selvaag Bolig's construction sites shall be safe and secure good working conditions for workers.

Selvaag Bolig is a pure residential property developer which 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 joint venture partners follow applicable legislation and statutory regulations for working conditions and safety.

## ZERO TOLERANCE FOR CORRUPTION

As a construction client, Selvaag Bolig works with the authorities, performs significant financial transactions and enters into large construction contracts. The company's ethical guidelines dictate zero tolerance of corruption. Circumstances which could influence decision-making processes or could cause others to believe that such influence is being exerted are not accepted. Employees must also not participate in any form of price collaboration that may distort competition or be in conflict with current competition regulations. No cases of price collusion or corruption were detected in 2021.

Selvaag Bolig works continuously to ensure that employees are aware of the ethical guidelines and follow them. New employees are introduced to the guidelines through training programmes and joint gatherings, and all employees are required to complete e-learning courses in ethics and social responsibility. The course ensures that all employees know all requirements and expectations. It is an important tool for building a company culture with a high standard. By the end of 2021, all employees had completed and passed the course.

## WORK-RELATED CRIME AND SOCIAL DUMPING

Work-related crime and social dumping are violations of human rights and a recurring problem in parts of the construction industry. Since the company's business is almost wholly in Norway, services are primarily purchased from large, highly reputable Norwegian construction contractors.

All 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

## THE TRANSPARENCY ACT

The Transparency Act enters into force in July 2022. The law requires that companies have procedures and measures in place to ensure human rights and decent working conditions in the value chain.

Selvaag Bolig has implemented a working group that will revise our guidelines and procedures in accordance with the act, and they will be implemented in the organisation before the law enters into force.

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. The company conducts regular inspections to follow up compliance with the contractual terms. On average, safety rounds and inspections are carried out on the company's construction sites every two weeks.

No breaches of the Working Environment Act or other human rights have been discovered in 2021.

## SAFETY ON BUILDING SITES

Working on building sites where Selvaag Bolig is the construction client must be safe. The company's guidelines for health, safety and the environment (HSE) are based on requirements in the Construction Client Regulations and Internal Control Regulations. The goal is zero harm to people and the environment. 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 minimize the risk of

## SUSTAINABILITY

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.

### 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<sup>7</sup>, to ensure that wage and working conditions on the construction sites are in line with current regulations.

There was an increase in the number of adverse events at Selvaag Bolig's construction sites last year. The reason for the increase is unclear. However, it is likely that the cause is related to extra work pressure as a result of quarantine periods and entry restrictions during the corona pandemic. During the year, the number of random spot checks was therefore increased, and extra safety requirements were introduced. After that, reported adverse events decreased significantly. 905 adverse events were reported in the fourth quarter of 2021, while the total for the year was 8 763.

### KEY INDICATORS

	2021		2020		2019		Goal
Suppliers mapped vs. social criteria	100%		100%		100%		100%
Cases of corruption	0		0		0		0
Number of construction sites/projects	19		19		19		
	<b>Total</b>	<b>Per site</b>	<b>Total</b>	<b>Per site</b>	<b>Total</b>	<b>Per site</b>	
Personal injuries with absence	10	0.53	10	0.53	15	0.79	0
Personal injuries without absence	29	1.53	41	2.16	33	0.58	0
Adverse incidents	8 763	461.21	7 105	373.95	4 532	238.53	0
Safety rounds completed	793	41.74	943	49.63	894	47.05	
SJAs* performed	362	19.05	548	28.84	588	30.95	
Random spot checks, duty to see, construction client	153	8.05	119	6.26	71	3.74	
Random spot checks, duty to see, contractor	51	2.68	31	1.63	31	1.63	

\* 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.

<sup>7</sup> 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/](http://www.arbeidstilsynet.no/regelverk/forskrifter/forskrift-om-informasjons-og-paseplikt-mv/2/6/)

# CORPORATE GOVERNANCE IN SELVAAG BOLIG

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, 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 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](http://www.euronext.com), and the NCGB code can be found at [www.nues.no](http://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](http://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](http://www.selvaagboligasa.no). Selvaag Bolig's goals and principal strategies are described in this annual report and at [www.selvaagboligasa.no](http://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 2 468.8 million at 31 December 2021, including non-controlling interests. The board regards this 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 2021 as dividend for the first half of the year and amounted to NOK 187.0 million. The board has proposed a dividend of NOK 3.00 per share for the second half of 2021, amounting to NOK 281.3 million. That will make the total dividend for 2021 NOK 5.00 per share. This corresponds to 93 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 2021, 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 27 April 2021 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 2022 and in any event no longer than to 30 June 2022. The board will propose to the AGM that it be extended by one year. Selvaag Bolig owned 348 828 of its own shares at 31 December 2021.

## 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 2021 programme was conducted from 25 November to 2 December, and the trades were done 2 December. 41 employees took advantage of the offer, and 455 236 shares were purchased at NOK 50.76 per share before the discount. Since the share programmes will continue in 2022, 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 27 April 2021 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 2022 and in any event no longer than to 30 June 2022. 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 the 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 2021. Selvaag Bolig ASA is a subsidiary of the Selvaag AS group.

## 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

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.

Considerable efforts are devoted to preparatory work, and provisions are made for appointing proxies and for voting outside the physical meeting.

### Notice

The AGM is scheduled to take place from 10.00 on 26 April 2022 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 putting 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.selvaag-boligasa.no](http://www.selvaag-boligasa.no) after the meeting.

The AGM in 2021 took place on 27 April, and 69.13 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

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.

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 2022. The nomination committee currently comprises:

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

The chair of the nomination committee is employed by Selvaag AS. 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 entrenches 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.

### 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](http://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 shareholder-elected directors are up for election in 2022. 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 2021. 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.

Thirteen board meetings were held in 2021, six as physical gatherings.

### 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.

	Meetings	% attendance
Olav Hindahl Selvaag	13 of 13	100%
Gisele Marchand	12 of 13	92%
Camilla Wahl	13 of 13	100%
Øystein Thorup	13 of 13	100%
Tore Myrvold	12 of 13	92%
Patrik Eriksson*	7 of 7	100%
Magnus Kristiansen*	6 of 6	100%
Sissel Kristensen	13 of 13	100%

\*Patrik Eriksson replaced Magnus Kristiansen in April 2021.

### 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
- Camilla Wahl



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 sustainability 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 nine times in 2021.

### 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 four meetings in 2021.

## 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. 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. In addition, quarterly financial reports are prepared and approved by the board ahead of interim reporting. 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 2 278 000 was paid in directors' fees for 2021. Fees paid to each director in 2021 are presented in the executive remuneration report found at 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 to support the board's work on the conditions of employment for the chief executive and on the strategy for and main principles of remuneration, including the determination of scorecards, for the company's senior executives. 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 management. 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](http://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 the websites of the company and the Oslo Stock Exchange. 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 take-over 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 take-over 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 take-over 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 has carried out a tender process for the election of an auditor, and the board's audit committee will present its recommendation when the general meeting comes to elect the auditor. Selvaag Bolig's auditor when presenting the accounts for 2021 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.



ILLUSTRATION: RÅDHUSHAGEN, SKI



# DIRECTOR'S REPORT

Selvaag Bolig had a good year in 2021, with good sales and homes delivered to a combined value of NOK 3.2 billion. The company is well positioned, with a number of large development projects and land available which could yield some 10 300 homes in and around Greater Oslo, Stavanger, Bergen, Trondheim and Stockholm.

## OVERVIEW OF 2021

The level of activity in Selvaag Bolig was high during 2021, with good sales and strong financial results. During the year, the company entered into 907 sales contracts for residential units with a combined value of NOK 4 506 million. Net sales – in other words, sales contracts adjusted for Selvaag Bolig's share of joint ventures, came to 821 homes worth NOK 4 026 million. Completions totalled 867 units, with 894 delivered to customers. Construction started on 880 homes during the year, and 67 per cent of total units being built and 82 per cent of planned completions in 2022 had been sold at 31 December 2021. At the same date, the company had 1 323 units with a sales value of NOK 6 736 million under construction. With an equity ratio of 42.7 per cent and good liquidity, and unique access to land and capital for land purchases due to cooperation with Urban Property, Selvaag Bolig has a solid financial position. 2021 was the first full year of cooperation with Urban Property. The cooperation is well established, and will increase the company's possibilities for growth. For more information about the cooperation with Urban Property, see the chapter describing the business in this report.

Activity in the housing market was high during 2021, and Selvaag Bolig had its second best annual sales since the IPO in 2012. Selvaag Bolig sold well in all projects, but especially well in Eastern Norway, where Selvaag Bolig has most of its project portfolio. In Stavanger, Bergen and Trondheim, the markets have been somewhat more volatile for a while, partly due to a large supply side. Selvaag Bolig has nevertheless succeeded well with the Ringve 360 project at Sandsli in Bergen and Ringve Pluss at Lade in Trondheim. The development contributed to company sales for the year ending at a good level, with a satisfactory sales rate for the homes under construction.

During 2021, Selvaag Bolig staffed up the organisation in Stockholm to handle growth. Selvaag Bolig won several land allocation competitions and currently has a land bank for about 800 homes in Stockholm, and is proceeding ahead of its organic growth plans. The first planned first sales start in Stockholm is in 2022 and Selvaag Bolig is working systematically to find more land to further build its project portfolio.

The focus on Pluss homes, lifestyle homes with shared areas and services, has been important both for acquisition purposes in Norway and Sweden, but also as a differentiating factor for projects that are for sale. Selvaag Bolig has sold well in Pluss projects that are on sale in Lørenskog, Asker and Trondheim, and the company is continuously working on developing the concept further.

The Covid-19 pandemic did not negatively affect the housing market in 2021 but has nevertheless led to us making a number of adjustments to operations, and implementing measures to protect customers, employees, suppliers and other stakeholders. Employees have had home offices most of the year. To keep sales activity moving, Selvaag Bolig carried out several private viewings, and introduced a number of new digital tools that make it possible to carry out viewing without physical attendance. In addition, a number of promotional campaigns were carried out.

The contractors who build for Selvaag Bolig have also had challenges with entry restrictions to Norway, and with obtaining the right building materials on time. The progress of the projects has nevertheless been little affected by the pandemic, with only insignificant delays. Selvaag Bolig has carried out inspections on construction sites, and had a close dialogue with all contractors, to ensure that all suppliers comply with laws and follow infection control measures.

The company had otherwise normal operations in 2021.

### Dividend

The board proposes a dividend on NOK 3.00 per share for the second half of 2021, which brings the overall ordinary dividend to NOK 5.00 per share for the year.

## 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

## DIRECTOR'S REPORT

projects pursued as joint ventures with external investors. Selvaag Bolig manages all the projects, with the exception of one joint ventures 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 over 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 2020 are presented in brackets)

### Operating revenue

Consolidated operating revenue for 2021 totalled NOK

3 402.7 million (NOK 2 698.0 million). Units delivered accounted for NOK 3 227.8 million (NOK 2 643.8 million) of total revenues. In addition, the group sold land and a land contract for a combined NOK 113.8 million. During 2021, 894 (720) homes were delivered, including 716 (584) from consolidated project companies and 178 (136) from the group's share in joint ventures.

### Operating costs

Operating costs totalled NOK 2 864.1 million (NOK 2 234.2 million), with project costs accounting for NOK 2 617.4 million (NOK 1 967.6 million). The latter relate mainly to construction costs for homes delivered in the period. Payroll costs accounted for NOK 136.2 million (NOK 149.9 million) of the total.

Other operating costs came to NOK 100.3 million (NOK 107.0 million), of which NOK 39.9 million (NOK 33.1 million) related to sales and marketing.

The share of profit from associated companies and joint ventures amounted to NOK 109.7 million (NOK 135.0 million).

### Operating profit

The group made an operating profit of NOK 648.3 million (NOK 1 643.8 million). The operating profit in 2020 included a gain from the transaction with Urban Property of NOK 1 045.1 million.

### Financial items

Net financial income came to NOK -3.0 million (gain of NOK 9.7 million). The previous year included a gain of NOK 11.2 million from the sale of a financial investment outside the core business.

### Profit (loss)

Profit before tax expense was NOK 645.3 million (NOK 1 653.5 million). Net tax expense was NOK 140.4 million (NOK 129.9 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.

Consolidated net profit came to NOK 504.9 million (NOK 1 523.6 million), of which NOK 504.9 million (494.9) relates to ordinary operations. Net profit in 2020 included in addition NOK 1 028.7 million, representing the net gain from the transaction with Urban Property. NOK 504.9 of the profit (NOK 1 523.7 million) is attributable to the shareholders of Selvaag Bolig ASA and NOK 0.0 million (loss NOK 0.1) to non-controlling shareholders.

### Cash flow

Consolidated net cash flow from operational activities was NOK 392.6 million (NOK 1 615.7 million). The decline in

## DIRECTOR'S REPORT

cash flow from 2020 mainly reflected the settlement of the transaction with Urban Property.

Net cash flow from investing activities was NOK 167.1 million (NOK 413.8 million). The decrease from 2020 primarily reflected the settlement of the transaction with Urban Property for holdings in joint ventures and loan receivables related to these. See note 26. Payments during the year related primarily to financing of joint ventures.

Net cash flow from financing activities was negative at NOK 917.6 million (negative NOK 2 322.9 million). The change from 2019 primarily reflected the supplementary dividend of NOK 2 055.3 million following the transaction with Urban Property. Refinancing of land loans in connection with the transaction are described in note 26. Other changes in liabilities related primarily to draw-down and redemption of construction loans.

Cash and cash equivalents decreased by NOK 357.9 million to NOK 527.4 million (NOK 885.3 million).

### Balance sheet

Assets in Selvaag Bolig at 31 December 2020 totalled NOK 5 782.0 million (NOK 5 970.8 million). The carrying amount of consolidated inventories (land, housing under construction and completed homes) at 31 December was NOK 4 072.5 million (NOK 3 940.8 million).

Equity at 31 December was NOK 2 468.8 million (NOK 2 437.8 million), corresponding to an equity ratio of 42.7 per cent (40.8 per cent). The board proposes that a dividend of NOK 3.00 per share, corresponding to NOK 281.3 million, be paid to shareholders in Selvaag Bolig ASA for the second half of 2021. NOK 2.00 per share, corresponding to NOK 187.0 million, was paid in August 2021 based on profit for the first half-year. The total dividend for 2021 will be NOK 5.00 per share, corresponding to NOK 468.3 million. That represents 93 per cent of consolidated net profit for 2021.

The group held cash and cash equivalents of NOK 527.4 million (NOK 885.3 million) at 31 December. Selvaag Bolig ASA, the parent company, held cash and cash equivalents of NOK 283.4 million (NOK 508.9 million) at 31 December.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 147.7 million (NOK 2 468.4 million), of which NOK 777.2 million (NOK 1 100.3 million) was non-current and NOK 1 370.5 million (NOK 1 368.1 million) was current. NOK 682.1 million of the current liabilities related to buyback agreements and seller credits

to Urban Property (NOK 694.1). See note 26 for more information.

Other current non-interest-bearing debt amounted to NOK 552.4 million (NOK 651.1 million) at 31 December, of which advance payments by customers accounted for NOK 233.6 million (NOK 278.1 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 2021, the group had no top-up loans, land loans of NOK 279 million, buyback agreements with Urban Property of NOK 682 million and total construction loans of NOK 1 187 million.

Selvaag Bolig has a credit facility of NOK 150 million with DNB, maturing in April 2023. The company also has a credit facility of NOK 150 million in the same bank which is renewed annually. Further, in 2021, the company established a credit facility at DNB of NOK 300 million for financing infrastructure, maturing in January 2024. At 31 December, no drawings had been made against either of these facilities.

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 credits 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.

### 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 2020 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 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 128.1 million (NOK 78.8 million), and the operating loss for the year was NOK 80.8 million



(loss NOK 169.3 million). Ordinary net profit for the year was NOK 637.3 million (NOK 1 164.4 million). Profit for 2021 included NOK 801.2 million (NOK 664.6 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 637.3 million (NOK 1 164.4 million). The parent company's equity amounted to NOK 1 910.7 million (NOK 1 744 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 2021 to manage the business in accordance with the approved strategy and to ensure that the company capitalises on the competitive advantages that this provides.

Activities by the group during the year included sharpening and strengthening its methodology for land acquisition further and improved its models for financing such purchases. It also worked systematically to further develop the Pluss home concept and a new compact home concept, with, among other things, new digital solutions and new services. A test project for delivering health services was started at both new and existing housing projects. In 2021, agreements were reached on new land acquisition in Stockholm, forming the basis for the company's further commitment in this area. 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 on page 10 of 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 and to dealing with the most significant risk conditions which could affect the business goals defined in the company's strategy. In 2021, Selvaag Bolig undertook a mapping of the company's climate risk management in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). This is covered in the sustainability report.

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

## DIRECTOR'S REPORT

and construction begin. In the event of high building costs, the company also has the expertise required to implement projects on the basis of sub-contracts managed by the construction client. Capacity and risk nevertheless mean that this is not the preferred approach on any scale.

### Planning 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 and works systematically 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

Virtually all the group's activities are based in Norway. Exposure to foreign exchange risk is therefore limited.

### 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. This partnership and other models for property acquisition are presented in the description of the business on page 10 of 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 527.4 million (NOK 885.3 million) for the group and NOK 283.4 million (NOK 508.9 million) for the parent company. Liquid assets consisted primarily of cash and bank deposits. Selvaag Bolig has a credit facility of NOK 150 million with DNB, maturing in April 2023. The company also has a credit facility of NOK 150 million in the same bank which is renewed annually. Further, in 2021, the company established a credit facility at DNB of NOK 300 million for financing infrastructure, maturing in January 2024. At 31 December, no drawings had been made against either of these facilities. Further reference is made to the comments on financing above and to note 16 to 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 2021 and will continue this work in 2022. These are discussed in the sustainability report on page 14.

## 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 2021, the Selvaag Bolig group had a total of 84 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](http://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 2021, the company included climate risk mapping, prepared its first greenhouse emissions accounts and expanded its statement on sustainability in its annual reporting. That work continues in 2022, and company is preparing for further non-financial reporting in connection with new legal requirements and expectations from various stakeholders. In 2022, the company will establish specific goals for reducing greenhouse gas emissions.

See the separate section on sustainability in this annual report.

### SHAREHOLDER INFORMATION

The company was listed on the Oslo Stock Exchange on 14 June 2012. It had 4 746 shareholders (3 547) at 31 December 2021, of whom 236 were foreign (255). 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 2021, the company repurchased seven land plots from UP for NOK 606 million.

In the second quarter, the company entered an agreement to sell a block of 46 flats to Selvaag Utleiebolig AS, a wholly owned subsidiary of Selvaag AS. The value of the transaction was NOK 190 million with an expected delivery in the fourth quarter 2023. The company also entered an agreement in the fourth quarter to sell a block of 71 flats to Selvaag Utleiebolig AS, a transaction valued at NOK 274

million. The expected delivery is the first half of 2025. See note 23 to the consolidated financial statements for further information on 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](http://www.selvaagboligasa.no) and in this annual report for 2021.

### 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 2022.

### OUTLOOK

Good house sales and strong results during 2021 have helped Selvaag Bolig to maintain its position as one of Norway's leading and most profitable housing developers. Its business model and solid land bank in selected core areas lay the basis for strengthening that position over time.

Activity in the new home market was high in the second half of 2021, and that continued after the year end. Changes in migration patterns, economic development, building costs and regulatory issues can, however, influence demand for new housing and profitability in development projects in the short and long term. The board believes that company is well prepared financially, operationally and organisationally

## DIRECTOR'S REPORT

to strengthen its position, even in periods with challenging market conditions.

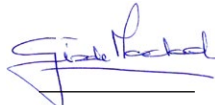
Selvaag Bolig concentrates on markets which have big housing requirements and substantial market depth, and has competitive products which reach several market segments. Combined with demographic developments, low interest rates on residential mortgages and a high level of purchasing power for households in the company's core areas, this means that the board expects good sales and profitability in the time to come. There is, however, uncertainty to how geopolitical uncertainty will affect Selvaag Bolig.

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.

Oslo, 21 March 2022



Olav Hindahl Selvaag  
Chair



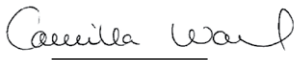
Gisele Marchand  
Director



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



### **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 Snøhetta AS, Selvaag Bolig ASA and the Cultural Foundation at Tjuvholmen. 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, 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.



## BOARD OF DIRECTORS



### **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 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 worker 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.

CONSOLIDATED FINANCIAL STATEMENTS

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER

<i>(Amounts in NOK 1 000, except earnings per share)</i>	Note	2021	2020
Sales revenues	2, 25	3 341 513	2 643 756
Other revenues	25	61 233	54 194
<b>Total revenues</b>		<b>3 402 746</b>	<b>2 697 950</b>
Project expenses	5	(2 617 422)	(1 967 586)
Pay and personnel expenses, administrative functions	6	(136 160)	(149 849)
Depreciation and amortisation	9, 10	(10 272)	(9 803)
Other operating expenses	7	(100 264)	(106 995)
<b>Total operating expenses</b>		<b>(2 864 118)</b>	<b>(2 234 233)</b>
Share of income (losses) from associated companies and joint ventures	24	109 697	134 961
Other gains (losses), net	26	-	1 045 127
<b>Operating profit (loss)</b>		<b>648 325</b>	<b>1 643 805</b>
Financial income	8	10 691	21 313
Financial expenses	8	(13 685)	(11 648)
<b>Net financial expenses</b>		<b>(2 994)</b>	<b>9 665</b>
<b>Profit (loss) before income taxes</b>		<b>645 331</b>	<b>1 653 470</b>
Income tax (expense) income	19	(140 426)	(129 898)
<b>Profit (loss) for the year</b>		<b>504 905</b>	<b>1 523 572</b>
<b>Other comprehensive income items which may be reclassified to profit or loss</b>			
Foreign currency translation		(3 223)	4 311
<b>Total comprehensive income for the year</b>		<b>501 682</b>	<b>1 527 883</b>
<b>Profit (loss) for the year attributable to</b>			
Non-controlling interests		(4)	(74)
Shareholders of Selvaag Bolig ASA		504 909	1 523 646
<b>Total comprehensive income for the year attributable to</b>			
Non-controlling interests		(4)	(74)
Shareholders of Selvaag Bolig ASA		501 686	1 527 957
<b>Earnings per share for profit (loss) attributable to shareholders of Selvaag Bolig ASA</b>			
Earnings per share (basic and diluted, in NOK)	14	5.40	16.33



# STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER


(Amounts in NOK 1 000)	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	9	383 376	383 376
Property, plant and equipment	10	7 380	7 332
Right-of-use assets	10	25 733	34 976
Investments in associated companies and joint ventures	24	354 699	406 850
Loans to associated companies and joint ventures	23, 24	75 777	73 539
Other non-current assets	11	200 782	119 601
<b>Total non-current assets</b>		<b>1 047 747</b>	<b>1 025 674</b>
<b>Current assets</b>			
Inventory property	5	4 072 466	3 940 793
Trade receivables	11	83 831	70 466
Other current receivables	11	50 479	48 536
Cash and cash equivalents	12	527 435	885 333
<b>Total current assets</b>		<b>4 734 211</b>	<b>4 945 128</b>
<b>TOTAL ASSETS</b>		<b>5 781 958</b>	<b>5 970 802</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to shareholders of Selvaag Bolig ASA	13	2 461 053	2 430 023
Non-controlling interests		7 788	7 792
<b>Total equity</b>		<b>2 468 841</b>	<b>2 437 815</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Pension obligations		1 254	1 030
Deferred tax liabilities	19	38 579	30 506
Provisions	20	62 910	60 373
Other non-current non-interest-bearing liabilities	26	219 622	17 810
Non-current lease liabilities	10	18 630	26 738
Non-current interest-bearing liabilities	16	777 200	1 100 293
<b>Total non-current liabilities</b>		<b>1 118 195</b>	<b>1 236 750</b>
<b>Current liabilities</b>			
Current lease liabilities	10	8 108	8 524
Current interest-bearing liabilities	16	688 330	674 014
Current liabilities repurchase agreements and seller credits	26	682 153	694 121
Trade payables	17	129 986	137 495
Current income taxes payable	19	133 902	130 994
Other current non-interest-bearing liabilities	17	552 443	651 089
<b>Total current liabilities</b>		<b>2 194 922</b>	<b>2 296 237</b>
<b>Total liabilities</b>		<b>3 313 117</b>	<b>3 532 987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 781 958</b>	<b>5 970 802</b>

Oslo, 21 March 2022

  
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

CONSOLIDATED FINANCIAL STATEMENTS

# STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in NOK 1 000)</i>	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
<b>Equity at 1 January 2021</b>	<b>186 996</b>	<b>1 394 857</b>	<b>700 629</b>	<b>10 097</b>	<b>3 528</b>	<b>133 915</b>	<b>2 430 025</b>	<b>7 792*</b>	<b>2 437 815</b>
Transactions with owners:									
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)
<b>Equity at 31 December 2021</b>	<b>186 898</b>	<b>1 394 857</b>	<b>700 629</b>	<b>6 874</b>	<b>3 528</b>	<b>168 266</b>	<b>2 461 055</b>	<b>7 788*</b>	<b>2 468 841</b>
<b>Equity at 1 January 2020</b>	<b>186 842</b>	<b>1 394 857</b>	<b>700 629</b>	<b>5 786</b>	<b>3 528</b>	<b>1 082 575</b>	<b>3 374 220</b>	<b>7 866*</b>	<b>3 382 084</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(2 475 244)	(2 475 244)	-	(2 475 244)
Share buy back	(600)	-	-	-	-	(15 459)	(16 059)	-	(16 059)
Employee share programme	754	-	-	-	-	18 397	19 151	-	19 151
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	1 523 646	1 523 646	(74)	1 523 572
Other comprehensive income/(loss) for the period	-	-	-	4 311	-	-	4 311	-	4 311
<b>Equity at 31 December 2020</b>	<b>186 996</b>	<b>1 394 857</b>	<b>700 629</b>	<b>10 097</b>	<b>3 528</b>	<b>133 915</b>	<b>2 430 025</b>	<b>7 792*</b>	<b>2 437 815</b>

\* ) 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.

CONSOLIDATED FINANCIAL STATEMENTS

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER

(Amounts in NOK 1 000)	Note	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income taxes		645 331	1 653 470
Income taxes paid		(126 725)	(207 419)
Depreciation and amortisation	9, 10	10 272	9 803
Other (gains) losses, net	26	-	(1 045 127)
Disposal of assets and liabilities held for sale		-	1 681 231
Share of (income) losses from associated companies and joint ventures	24	(109 697)	(134 961)
Change in inventory property	5	114 544	(244 735)
Change in trade receivables	11	(13 365)	11 754
Change in trade payables	17	(7 240)	(30 138)
Changes in other working capital assets		(23 015)	(19 382)
Changes in other working capital liabilities		(97 517)	(58 807)
<b>Net cash flow from operating activities</b>		<b>392 588</b>	<b>1 615 689</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of tangible and intangible fixed assets		-	-
Payments for acquisition of tangible and intangible fixed assets		(1 097)	(2 278)
Proceeds from disposal of associated companies and joint ventures		8 046	-
Payments for acquisition of associated companies and joint ventures	24	-	(10 065)
Proceeds from disposal of other investments and repayments on loans given	26	45 875	312 033
Payments for acquisition of other investments and loans given		(39 745)	(55 250)
Dividends and distributions from associated companies and joint ventures	24	154 050	169 406
<b>Net cash flow from investing activities</b>		<b>167 129</b>	<b>413 846</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	16	2 311 996	2 720 291
Repayments of borrowings	16	(2 743 972)	(2 558 587)
Repayments of lease liabilities	10	(8 524)	(7 943)
Dividends paid to equity holders of Selvaag Bolig ASA	15, 26	(467 493)	(2 475 244)
Payment of profit sharing and dividends to non-controlling interests in subsidiaries	13	-	-
Share buy back Selvaag Bolig ASA	13	(26 270)	(16 059)
Proceeds from disposal of shares Selvaag Bolig ASA	13	16 647	14 653
<b>Net cash flow from financing activities</b>		<b>(917 616)</b>	<b>(2 322 888)</b>
Net change in cash and cash equivalents		(357 898)	(293 353)
<b>Cash and cash equivalents at 1 January</b>	12	<b>885 333</b>	<b>1 178 686</b>
<b>Cash and cash equivalents at 31 December</b>	12	<b>527 435</b>	<b>885 333</b>

For further specifications, refer to note 12.



ILLUSTRATION: PALLPLASSEN, LØRENSKOG



# 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 2021

### 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 policies

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 21 March 2022.

#### 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.

## CONSOLIDATED FINANCIAL STATEMENTS

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.

## CONSOLIDATED FINANCIAL STATEMENTS

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 originated 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 include 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 Norwegian regulations. 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. 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

## CONSOLIDATED FINANCIAL STATEMENTS

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

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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 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 are 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

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 and amendments this year

The group implemented no new standards or changes to standards with a significant impact for the group in 2021.

##### (b) Forthcoming requirements

The IASB has adopted an amendment to IAS 37 which specifies that the direct costs of delivery under a contract include both incremental costs to fulfil a contract and the allocation of other costs which are directly related to fulfilling the contract. Before recognising any provision for a loss-making contract, the assets used to deliver under the contract should be impaired first. The change will take effect from 1 January 2022. This is relevant to contracts for future land purchases but, since the new requirement corresponds with the group's current method for taking costs into account, it is not expected to have a significant effect on the consolidated financial statements.

Furthermore, the IASB has implemented various adoption rules for accounting of the ongoing IBOR interest rate reform. Most of the company's interest bearing financing, including land loans, construction loans, land purchase option premiums and other debt instruments, are linked to NIBOR. It is not yet determined if and when NIBOR will be discontinued and replaced by Norwegian Overnight Weighted Average (NOWA) in Norway. When the transition is implemented, management expects that the company's financing agreements will be amended in such a way that the effective interest rates will continue without material impact on future payments, valuations or other areas in the financial accounts. Refer to note 16 for further specification of the company's interest-bearing debt and note 18 for further information about the company's interest rate risk and sensitivity.

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.

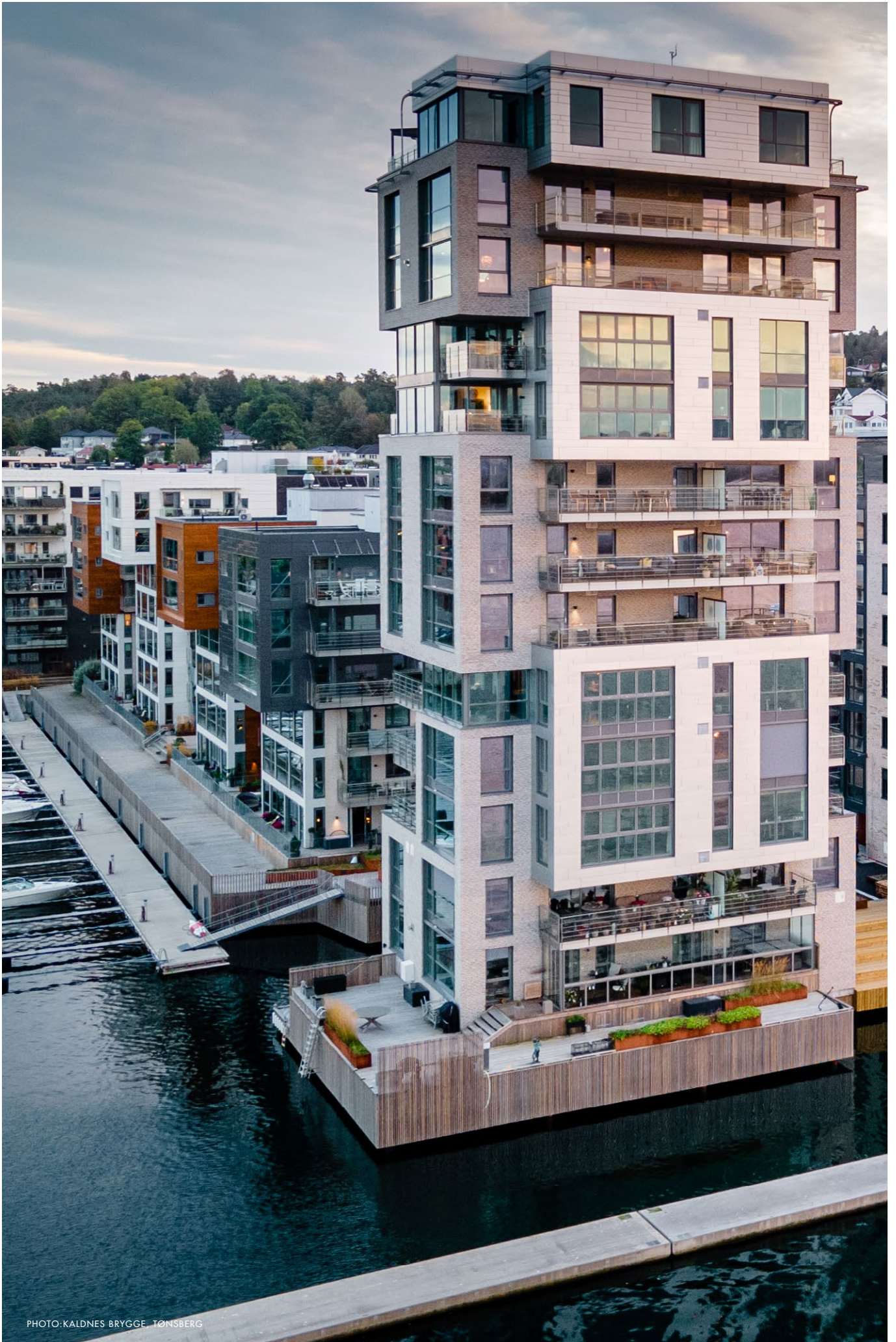
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current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



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### 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 other segment consists of services, as well as unallocated revenues and costs.

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.

<b>At 31 December 2021</b> <i>(Amounts in NOK 1 000)</i>	<b>Property development</b>	<b>Other</b>	<b>Total</b>
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)
<b>EBITDA (percentage of completion)</b>	<b>659 081</b>	<b>(135 577)</b>	<b>523 504</b>
<b>Reconciliation EBITDA to operating profit (loss):</b>			
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 liabilities	-	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	-	-	-
<b>Operating profit (loss)</b>	<b>783 993</b>	<b>(135 668)</b>	<b>648 325</b>
Units in production	1 323	I/A	I/A
Units delivered	894	I/A	I/A
<b>At 31 December 2020</b> <i>(Amounts in NOK 1 000)</i>			
	<b>Property development</b>	<b>Other</b>	<b>Total</b>
Operating revenues	3 165 232	50 673	3 215 905
Project expenses	(2 316 388)	(729)	(2 317 117)
Other operating expenses	(48 467)	(218 330)	(266 797)
<b>EBITDA (percentage of completion)</b>	<b>800 377</b>	<b>(168 386)</b>	<b>631 991</b>
<b>Reconciliation EBITDA to operating profit (loss):</b>			
EBITDA (percentage of completion)	800 377	(168 386)	631 991
Sales revenues (adjustment effect of percentage of completion)	(3 127 434)	-	(3 127 434)
Sales revenues (completed contracts)	2 609 480	-	2 609 480
Project expenses (adjustment effect of percentage of completion)	2 238 612	-	2 238 612
Project expenses (completed contracts)	(1 888 905)	-	(1 888 905)
Lease liabilities	-	9 776	9 776
Depreciation and amortisation	-	(9 803)	(9 803)
Share of income (loss) from associated companies	134 961	-	134 961
Other gain (loss), net	-	1 045 127	1 045 127
<b>Operating profit (loss)</b>	<b>767 091</b>	<b>876 714</b>	<b>1 643 805</b>
Units in production	1 310	I/A	I/A
Units delivered	720	I/A	I/A

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### Note 5: Inventory property

<i>(Amounts in NOK 1 000)</i>	Land	Borrowing cost of land	Capitalised project expenses	Total
As of 1 January 2020	940 752	80 021	2 615 889	3 636 663
Additions	7 912	42 344	2 221 461	2 271 716
Reclassifications of land to capitalised project expenses at construction start	(1 111 022)	(34 147)	145 169	-
Inventory expenses on delivered units	-	-	(1 951 022)	(1 951 022)
Impairment losses	(16 564)	-	-	(16 564)
<b>Carrying amount at 31 December 2020</b>	<b>821 078</b>	<b>88 218</b>	<b>3 031 496</b>	<b>3 940 793</b>
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 <sup>1)</sup>	(24 492)	(2 600)	(2 590 330)	(2 617 422)
Impairment losses	-	-	-	-
<b>Carrying amount at 31 December 2021</b>	<b>958 173</b>	<b>75 628</b>	<b>3 038 665</b>	<b>4 072 466</b>

<sup>1)</sup> Includes sale of land and a land contract valued at NOK 82.4 million.

<i>(Amounts in NOK 1 000)</i>	2021	2020
Land (undeveloped)	1 033 800	909 297
Work in progress	2 872 244	2 911 003
Finished projects	166 422	120 493
<b>Carrying amount inventory</b>	<b>4 072 466</b>	<b>3 940 793</b>

Capitalisation rates utilised to determine the amount of borrowing costs eligible for capitalisation were between 2.3 per cent and 3.8 per cent during 2021. Corresponding rates were between 2.6 per cent and 4.2 per cent during 2020.

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 13.5 million related to land loans were capitalised in 2021, compared with NOK 42.3 million in 2020. 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 68.4 million related to construction loans were capitalised in 2021, compared with NOK 66.6 million in 2020.

#### 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 2021. 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 519 million (2020: NOK 582 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 2021 the group did not recognise any impairment losses related to property in the inventory. In 2020, the group recognised an impairment loss of NOK 16.6 million related to a property in Bergen.

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 2022-35 period, with the obligations expected to yield 4 250-5 200 units (net). Of these, in excess of 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 29 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	Interval	Interval	Interval
Estimated residential units (net)	1 350	1 600	1 750	2 250	1 150	1 350

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 2021. No loss-making contracts have been identified for 2021.

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).



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### Note 6: Pay and personnel expenses

<i>(Amounts in NOK 1 000)</i>	2021	2020
Wages and salaries	(114 208)	(114 867)
Social security tax	(24 794)	(23 685)
Pension costs	(6 417)	(5 989)
Other benefits	(8 972)	(26 965)
Pay expense capitalised to inventory	18 231	21 656
<b>Total pay and personnel expenses</b>	<b>(136 160)</b>	<b>(149 849)</b>
Average number of employees	83	84
Specification of pension costs		
<i>(Amounts in NOK 1 000)</i>	2021	2020
Pension cost - defined contribution and disability pension plan	(5 287)	(5 095)
Pension cost - defined benefit plan	(236)	127
Other pension costs (including early retirement (AFP))	(894)	(1 021)
<b>Net pension costs</b>	<b>(6 417)</b>	<b>(5 989)</b>

At 31 December 2021, 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. Sixty-nine 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 4.5 per cent of salary between one and 7.1 times the National Insurance base amount (G) and 10 per cent between 7.1 and 12G.

### Note 7: Other operating expenses

<i>(Amounts in NOK 1 000)</i>	Note	2021	2020
Operation and maintenance		(15 965)	(18 075)
Consultancy expenses		(26 703)	(33 942)
Commissions and other sales-related expenses		(39 929)	(33 102)
Losses on receivables	11	14	(1)
Other operating expenses		(17 681)	(21 875)
<b>Total other operating expenses</b>		<b>(100 264)</b>	<b>(106 995)</b>

Other operating expenses include expenses related to operation of the group headquarters, in addition to NOK 3.2 million (2020: NOK 3.2) 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

<i>(Amounts in NOK 1 000)</i>	Note	2021	2020
Interest income on financial assets measured at amortised cost		5 203	10 118
Net foreign currency gains		4	-
Other financial income <sup>1)</sup>		5 484	11 195
<b>Total financial income</b>		<b>10 691</b>	<b>21 313</b>
<sup>1)</sup> Gain of NOK 5.5 million (11.2) from the sale of a financial investment.			
Interest expenses on financial liabilities measured at amortised cost		(25 073)	(51 874)
Capitalised interest	5	13 463	42 344
<b>Total interest expenses</b>		<b>(11 610)</b>	<b>(9 530)</b>
Net foreign currency losses		(4)	(10)
Other financial expenses		(2 071)	(2 108)
<b>Total financial expenses</b>		<b>(13 685)</b>	<b>(11 648)</b>
<b>Net financial expenses</b>		<b>(2 994)</b>	<b>9 665</b>

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### Note 9: Intangible assets

<i>(Amounts in NOK 1 000)</i>	<b>Goodwill</b>
<b>Cost at 31 December 2019</b>	<b>383 376</b>
Additions	-
Disposals	-
<b>Cost at 31 December 2020</b>	<b>383 376</b>
Additions	-
Disposals	-
<b>Cost at 31 December 2021</b>	<b>383 376</b>
<b>Carrying amount at 31 December 2020</b>	<b>383 376</b>
<b>Carrying amount at 31 December 2021</b>	<b>383 376</b>
Estimated useful life	-
Amortisation method	No amortisation

The value of intangible assets is tested for impairment annually, or more often when there is an indication that the value may be impaired. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount.

#### Impairment test of goodwill and other intangible assets

The group tests goodwill for impairment annually, or more often if internal or external indications of impairment exist. Any other intangible assets will be amortised over their expected useful life and tested for impairment if events during the period indicate that the value may be impaired. The group had no other intangible assets at 31 December 2021.

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

<b>2021</b>	<b>Goodwill</b>
Property development	382 176
Other	1 200
<b>Total</b>	<b>383 376</b>
<b>2020</b>	<b>Goodwill</b>
Property development	382 176
Other	1 200
<b>Total</b>	<b>383 376</b>

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 519 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. 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. 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.

		Units delivered per year		
		-10%	+0	+10%
Margin as	-0,5 pp	-19%	-7%	5%
percentage of	+- 0 pp	-12%	-	12%
revenue	+ 0,5 pp	-6%	7%	20%

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 10: Property, plant, equipment and leases

<i>(Amounts in NOK 1 000)</i>	Service property	Machinery and plant	Inventory and other equipment	Total property, plant and equipment (A)	Right-of-use lease assets (B)	Total (A+B)
<b>Cost at 31 December 2019</b>	4 003	4 630	24 674	33 307	53 639	86 946
Additions 2020 <sup>1)</sup>	-	-	2 278	2 278	-	2 278
Disposals 2020	-	-	-	-	-	-
Translation differences	-	-	203	203	-	203
<b>Cost at 31 December 2020</b>	4 003	4 630	27 155	35 788	53 639	89 427
Additions 2021	-	-	1 097	1 097	-	1 097
Disposals 2021	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
<b>Cost at 31 December 2021</b>	4 003	4 630	28 252	36 885	53 639	90 524
<b>Accumulated depreciation at 31 December 2019</b>	-	(4 630)	(23 089)	(27 719)	(9 420)	(37 139)
Depreciation 2020	-	-	(560)	(560)	(9 243)	(9 803)
Disposals 2020	-	-	-	-	-	-
Translation differences	-	-	(177)	(177)	-	(177)
<b>Accumulated depreciation at 31 December 2020</b>	-	(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)
<b>Accumulated depreciation at 31 December 2021</b>	-	(4 630)	(24 875)	(29 505)	(27 906)	(57 411)
<b>Carrying amount at 31 December 2020</b>	4 003	-	3 329	7 332	34 976	42 308
<b>Carrying amount at 31 December 2021</b>	4 003	-	3 377	7 380	25 733	33 113
Estimated useful life	-	3-5 years	3-5 years		1-9 years	
Depreciation method	No depreciation	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

<i>(Amounts in NOK 1 000)</i>	2021	2020
<b>At 1 January</b>	35 262	43 185
New/changed lease liabilities recognised in the period	-	-
Repayments	(8 524)	(7 923)
<b>At 31 December</b>	26 738	35 262

##### Specification of lease liabilities

<i>(Amounts in NOK 1 000)</i>	2021	2 020
Current lease liabilities	8 108	8 524
Non-current lease liabilities	18 630	26 738
<b>Total lease liabilities</b>	26 738	35 262

##### Maturity profile lease liabilities (nominal values)

<i>(Amounts in NOK 1 000)</i>	2021	2 020
< 1 year	9 365	10 181
2-3 years	17 343	17 938
4-5 years	2 387	9 950
> 5 years	515	1 722
<b>Total nominal lease liabilities at 31 December</b>	29 610	39 791

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### Note 11: Trade receivables and other non-current assets

<i>(Amounts in NOK 1 000)</i>	<b>2021</b>	<b>2020</b>
Seller credits <sup>1)</sup>	54 000	54 000
Accrued option premiums Urban Property	91 786	15 258
Other loans and receivables	54 996	50 343
<b>Other non-current assets</b>	<b>200 782</b>	<b>119 601</b>

<sup>1)</sup> NOK 54 million is related to sale of shares in the Kaldnes Brygge project, Tønsberg (NOK 54 million).

<i>(Amounts in NOK 1 000)</i>	<b>2021</b>	<b>2020</b>
<b>Trade receivables</b>	<b>83 831</b>	<b>70 466</b>
Current non-interest-bearing receivables from Selvaag AS	-	-
Other receivables	48 497	43 681
<b>Other current financial receivables</b>	<b>48 497</b>	<b>43 681</b>
Prepaid expenses	1 982	4 855
<b>Total other current receivables</b>	<b>50 479</b>	<b>48 536</b>

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

<b>Analysis of trade receivables at the end of the reporting period</b>	<b>2021</b>	<b>2020</b>
Not overdue	74 551	60 655
Overdue 1-100 days	1 074	1 680
Overdue > 100 days	9 665	9 590
<b>Gross trade receivables</b>	<b>85 290</b>	<b>71 925</b>
Total allowance for doubtful debts	1 459	1 459
<b>Net trade receivables</b>	<b>83 831</b>	<b>70 466</b>
<b>Losses on receivables</b>	<b>2021</b>	<b>2020</b>
Movement in allowance for doubtful debts	-	(11)
Receivables written off during the year as uncollectable	(14)	12
<b>Losses on receivables in the statement of comprehensive income</b>	<b>(14)</b>	<b>1</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 12: Additional information for the statement of cash flows

#### Cash and cash equivalents

<i>(Amounts in NOK 1 000)</i>	2021	2020
Restricted bank accounts	708	708
Non-restricted bank deposits and cash	526 727	884 625
<b>Total</b>	<b>527 435</b>	<b>885 333</b>

#### Interest payments

Payments of and proceeds from interest are classified as operating activities. Payments were NOK 91 and NOK 107 million in 2021 and 2020 respectively. Proceeds from interest were NOK 2 million in 2021 and NOK 7 million in 2020. 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

<i>(Amounts in NOK 1 000)</i>	2021	2020
Non-current interest-bearing debt	777 200	1 100 293
Current interest-bearing debt	688 330	674 014
Current liabilities repurchase agreements and seller credits	682 153	694 121
Cash and cash equivalents	(527 435)	(885 333)
<b>Net interest-bearing debt</b>	<b>1 620 248</b>	<b>1 583 095</b>
Gross debt - variable interest rates	2 147 683	2 468 428
Gross debt - fixed interest rates	-	-
Cash and cash equivalents	(527 435)	(885 333)
<b>Net interest-bearing debt</b>	<b>1 620 248</b>	<b>1 583 095</b>

<i>(Amounts in NOK 1 000)</i>	Other assets		Liabilities from financing activities <sup>1)</sup>			Total
	Cash/bank overdraft	Liquid investments	Current interest-bearing debt	Non-current interest-bearing debt	Total non-current interest-bearing debt	
<b>Net interest-bearing debt at 31 December 2019</b>	<b>(1 178 686)</b>	-	<b>1 161 043</b>	<b>1 092 288</b>	<b>2 253 332</b>	<b>1 074 645</b>
Cash flows	293 353	-	(1 161 043)	1 322 748	161 704	455 057
Acquisitions	-	-	-	-	-	-
Other non-cash movements <sup>2)</sup>	-	-	1 368 135	(1 314 743)	53 392	53 392
<b>Net interest-bearing debt at 31 December 2020</b>	<b>(885 333)</b>	-	<b>1 368 135</b>	<b>1 100 293</b>	<b>2 468 428</b>	<b>1 583 095</b>
Cash flows	357 898	-	(1 368 135)	936 160	(431 976)	(74 077)
Acquisitions	-	-	-	-	-	-
Other non-cash movements <sup>2)</sup>	-	-	1 370 483	(1 259 253)	111 230	111 230
<b>Net interest-bearing debt at 31 December 2021</b>	<b>(527 435)</b>	-	<b>1 370 483</b>	<b>777 200</b>	<b>2 147 683</b>	<b>1 620 248</b>

<sup>1)</sup> Lease liabilities not included.

<sup>2)</sup> Net effect of NOK 111.2 million reflects the difference between accrued and paid interests (NOK 53.4 million).

#### Loans to associated companies and joint ventures

The group paid NOK 39.8 million in loans to associated companies and joint ventures in 2021, compared with NOK 55.3 million in 2020. Proceeds from loans to companies and joint ventures were NOK 39.2 million (NOK 37.0 million).

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 13: Additional information for the statement of changes in equity and shareholders

#### Paid-in capital

<i>(Amounts in NOK 1 000, except number of shares)</i>	Number of shares	Share capital	Share premium	Other paid-in capital	Total paid-in capital
<b>Equity at 31 December 2019</b>	<b>93 421 313</b>	<b>186 843</b>	<b>1 394 857</b>	<b>700 629</b>	<b>2 282 329</b>
Share buy-back Selvaag Bolig ASA related to share programme for employees	(300 000)	(600)	-	-	(600)
Sale of shares from Selvaag Bolig ASA to employees	377 206	754	-	-	754
<b>Equity at 31 December 2020</b>	<b>93 498 519</b>	<b>186 998</b>	<b>1 394 857</b>	<b>700 629</b>	<b>2 282 484</b>
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
<b>Equity at 31 December 2021</b>	<b>93 416 860</b>	<b>186 900</b>	<b>1 394 857</b>	<b>700 629</b>	<b>2 282 386</b>

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 with a par value of NOK 2.00.

At 31 December 2020, the share capital of the company (net of treasury shares) was NOK 187.0 million, comprising 93 498 519 fully-paid ordinary shares. All issued shares carry equal rights. The change in 2021 is related to the sale of shares to employees through the employee share purchase programme. Selvaag Bolig ASA held 348 828 of its own shares at 31 December 2021 (267 169 at 31 December 2020)

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, remuneration of directors, 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 2022, when an extension of the mandate until the AGM in 2023 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 2022. 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 2022 and is proposed to be extended by one year until the general meeting in 2023.

#### 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)

<i>(Amounts in NOK 1 000)</i>	NCI in %		NCI share of profit (loss)		NCI carrying amount at	
	31.12.2021	31.12.2020	2021	2020	31.12.2021	31.12.2020
Nesttun Pluss AS/KS	25.0%	25.0%	(4)	(74)	7 788	7 792

## CONSOLIDATED FINANCIAL STATEMENTS

### Ownership structure

At 31 December 2021, the group had 4 746 shareholders, of whom 236 were outside Norway. At 31 December 2020, the group had 3 547 shareholders, of whom 255 were outside Norway.

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

Shareholder	Ordinary shares	Ownership/voting share
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%
<b>Total 20 largest shareholders</b>	<b>76 714 594</b>	<b>81.8%</b>
Other shareholders	17 051 094	18.2%
<b>Total ordinary shares</b>	<b>93 765 688</b>	<b>100.0%</b>

\*) Further information regarding shareholders is presented at: [www.selvaagboligasa.no](http://www.selvaagboligasa.no)

The 20 largest shareholders at 31 December 2020 were as follows:

Shareholder	Ordinary shares	Ownership/voting share
SELVAAG AS	50 180 087	53.5%
Skandinaviska Enskilda Banken AB *	6 049 720	6.5%
PARETO INVEST AS	2 652 746	2.8%
Morgan Stanley & Co. Int. Plc. *	2 632 236	2.8%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 989 929	2.1%
JPMorgan Chase Bank, N.A., London *	1 853 972	2.0%
STATE STREET BANK AND TRUST COMP *	1 540 053	1.6%
MUSTAD INDUSTRIER AS	870 000	0.9%
J.P. MORGAN BANK LUXEMBOURG S.A. *	776 249	0.8%
Brown Brothers Harriman & Co. *	709 324	0.8%
Landkredit Utbytte	650 000	0.7%
VERDIPAPIRFONDET HOLBERG NORGE	650 000	0.7%
SANDEN AS	601 588	0.6%
BANAN II AS	600 000	0.6%
SPARHANS AS	547 221	0.6%
VERDIPAPIRFONDET EIKA SPAR	528 300	0.6%
Brown Brothers Harriman & Co. *	522 650	0.6%
MORGAN STANLEY & CO. INTERNATIONAL	510 603	0.5%
J.P. Morgan Bank Luxembourg S.A. *	510 005	0.5%
SEB PRIME SOLUTIONS SISSENER CANOP	500 000	0.5%
<b>Total 20 largest shareholders</b>	<b>74 874 683</b>	<b>79.9%</b>
Other shareholders	18 891 005	20.1%
<b>Total ordinary shares</b>	<b>93 765 688</b>	<b>100.0%</b>

\*) Further information regarding shareholders is presented at: [www.selvaagboligasa.no](http://www.selvaagboligasa.no)

Directors and the chief executive officer held no share options in the company during 2021 and 2020. See the remuneration report, for an overview of share ownership in the company by directors and the chief executive officer. Available at [www.selvaagboligasa.no](http://www.selvaagboligasa.no)

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### 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 2021 and 2020.

	2021	2020
Profit (loss) for the period attributable to shareholders of the company in NOK 1 000	504 909	1 523 646
Weighted average number of shares outstanding during the period	93 469 671	93 327 977
<b>Basic earnings per share in NOK</b>	<b>5.40</b>	<b>16.33</b>
<b>Diluted earnings per share in NOK</b>	<b>5.40</b>	<b>16.33</b>

### 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 3 per share for the second half of 2021, corresponding to NOK 281.3 million. Furthermore, NOK 2 per share was paid on the basis of the financial results for the first half of 2021, corresponding to NOK 187.0 million. The total dividend for 2021 of NOK 468.3 million equals 93 per cent of net income. In 2020, an ordinary dividend of NOK 560.3 million was paid, corresponding to NOK 6.00 per share. That was equal to 113% of net income, adjusted for a gain of NOK 1028.7 million related to the transaction with Urban Property. The high percentage in the dividend for 2020 must be seen in relation to the board decision in May 2020 to reduce the dividend for the second half of 2019 from NOK 3 to NOK 1.50 per share due to the uncertainty caused by the COVID-19 pandemic. The delayed dividend of NOK 1.50 per share was instead included in the dividend for the first half of 2020 after a new assessment based on good sales and approximately normal progress in ongoing projects. The dividend for the second half of 2021 is subject to approval by the AGM on 26 April 2022 and is not reflected in the financial statements for 2021. See the table below for specification of the amounts.

In the fourth quarter of 2019, the group entered into agreement with Urban Property to sell a substantial portion of the land portfolio, see note 26. The transaction was completed in the first quarter of 2020 and an additional dividend of NOK 22 per share was paid. The dividend is recognised in the financial statements in 2020.

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.

<i>(Amounts in NOK 1 000)</i>	Dividend for the first half			Proposed dividend for the second half <sup>1)</sup>			Total for 2021
	NOK per share	Number of shares	Amount	NOK per share	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	-	-	-	534
<b>Net dividend paid</b>	<b>-</b>	<b>-</b>	<b>186 997</b>	<b>-</b>	<b>-</b>	<b>281 297</b>	<b>468 294</b>

<sup>1)</sup> The amount is calculated gross since the number of treasury shares held at the time the dividend will be approved, 26 April 2022, was not known at 31 December 2021.

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.

<i>(Amounts in NOK 1 000)</i>	Dividend for the first half			Dividend for the second half			Total for 2020
	NOK per share	Number of shares	Amount	NOK per share	Number of shares	Amount	
Gross dividend	3.00	93 765 688	281 297	3.00	93 765 688	281 297	562 594
Dividend related to treasury shares	3.00	484 745	1 454	3.00	267 169	802	2 256
<b>Net dividend paid</b>	<b>-</b>	<b>-</b>	<b>279 843</b>	<b>-</b>	<b>-</b>	<b>280 496</b>	<b>560 338</b>

The ordinary dividend paid in 2020 was NOK 420 million. This consisted of NOK 140.1 million for the second half of 2019 and NOK 279.8 million for the first half of 2020. Furthermore, a supplementary dividend of NOK 2 055.3 million was paid following the Urban Property transaction. The total dividend paid in 2020 came to NOK 2 475.2 million.

### Note 16: Interest-bearing liabilities

#### Specification of interest-bearing liabilities

<i>(Amounts in NOK 1 000)</i>	2021	2020
<i>Non-current liabilities</i>		
Bank loans	777 200	1 100 293
<b>Total non-current interest-bearing liabilities at amortised cost</b>	<b>777 200</b>	<b>1 100 293</b>
<i>Current liabilities</i>		
Bank loans	688 330	674 014
Current liabilities repurchase agreements and seller credits	682 153	694 121
<b>Total current interest-bearing liabilities at amortised cost</b>	<b>1 370 483</b>	<b>1 368 135</b>
<b>Total interest-bearing liabilities at amortised cost</b>	<b>2 147 683</b>	<b>2 468 428</b>



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Selvaag Bolig ASA has a credit facility agreement of NOK 150 million with DNB, which matures in April 2023. The group also has an annually renewed overdraft facility of NOK 150 million with the same bank. Furthermore, in the first quarter, the company established a credit facility of NOK 300 million with DNB for infrastructure financing. This matures in January 2024. No drawings had been made against any of these facilities at 31 December.

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 of NOK 279 million, repurchase agreements with Urban Property of NOK 682 million and construction loans of NOK 1 187 million.

Company (Amounts in NOK 1 000)	Loan instrument	Lender	2021	Currency	Maturity date
Selvaag Bolig ASA	Working capital facility	DNB	-	NOK	Unspecified
Selvaag Bolig ASA	Revolving credit facility	DNB	-	NOK	28.04.2023
Selvaag Bolig ASA	Infrastructure	DNB	-	NOK	31.01.2024
Selvaag Bolig ASA m/døtre	Land loan - repurchase agreements and seller credits	Urban Property	682 153	NOK	Unspecified
Selvaag Bolig Langhus AS	Land loan	DNB	57 000	NOK	31.12.2024
Selvaag Bolig Hamang AS	Land loan	DNB	60 000	NOK	30.06.2023
Jaasund AS	Land loan	SR Bank	36 751	NOK	31.12.2024
Aase Gaard AS	Land loan	SR Bank	22 000	NOK	01.12.2022
Selvaag Bolig Ballerud AS	Land loan	Sparebanken Øst	48 000	NOK	30.09.2022
Sandsliåsen Utbygging AS	Land loan	Nordea	55 000	NOK	05.10.2022
Selvaag Bolig Pallplassen AS	Construction loan	DNB	49 517	NOK	31.12.2023
Selvaag Bolig Lørenskog AS	Construction loan	DNB / Handelsbanken	41 666	NOK	31.12.2022
Skårer Bolig AS	Construction loan	DNB	228 476	NOK	30.06.2024
Lervig Brygge AS	Construction loan	SR Bank	217 569	NOK	19.04.2023
Sandsliåsen Utbygging AS	Construction loan	Nordea	64 861	NOK	31.08.2024
Selvaag Bolig Solberg AS	Construction loan	DNB / Handelsbanken	132 086	NOK	31.12.2022
Selvaag Bolig Landås AS	Construction loan	DNB / Handelsbanken	377 279	NOK	31.12.2022
Selvaag Bolig Langhus AS	Construction loan	DNB	75 325	NOK	31.12.2024
<b>Total interest-bearing debt</b>			<b>2 147 683</b>		

Interest rates are based on three-month Nibor plus a margin. At 31 December 2021, the average interest rate was 4.14 per cent for the land loans and 3.07 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 1 000)	Loan instrument	Lender	2020	Currency	Maturity date
Selvaag Bolig ASA	Working capital facility	DNB	-	NOK	Unspecified
Selvaag Bolig ASA	Revolving credit facility	DNB	-	NOK	06.04.2022
Selvaag Bolig ASA m/døtre	Land loan - repurchase agreements and seller credits	Urban Property	694 121	NOK	Unspecified
Selvaag Bolig Landås AS	Land loan	DNB	53 976	NOK	31.03.2024
Selvaag Bolig Hamang AS	Land loan	DNB	60 000	NOK	30.06.2023
Jaasund AS	Land loan	SR Bank	36 115	NOK	31.12.2021
Aase Gaard AS	Land loan	SR Bank	50 000	NOK	01.12.2022
Selvaag Bolig Ballerud AS	Land loan	Sparebanken Øst	48 000	NOK	30.09.2022
Selvaag Bolig Vinterportalen AS	Construction loan	DNB / Handelsbanken	241 000	NOK	31.03.2022
Selvaag Bolig Lørenskog AS	Construction loan	DNB / Handelsbanken	55 908	NOK	30.06.2022
Skårer Bolig AS	Construction loan	DNB	289 925	NOK	30.09.2021
Selvaag Bolig Trævarefabrikken AS	Construction loan	DNB	291 694	NOK	30.09.2021
Selvaag Bolig Solberg AS	Construction loan	DNB / Handelsbanken	146 000	NOK	31.12.2022
Selvaag Bolig Landås AS	Construction loan	DNB / Handelsbanken	445 409	NOK	31.12.2022
Selvaag Bolig Langhus AS	Construction loan	DNB	56 280	NOK	31.12.2021
<b>Total interest-bearing debt</b>			<b>2 468 428</b>		

Interest rates are based on three-month Nibor plus a margin. At 31 December 2020, the average interest rate was 4.13 per cent for the land loans and 2.96 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

Period	2021	2020
To be repaid during 2022	-	986 317
To be repaid during 2023	327 086	60 000
To be repaid during 2024	450 114	53 976
To be repaid during 2025 or later	-	-
<b>Total</b>	<b>777 200</b>	<b>1 100 293</b>

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### Current interest-bearing liabilities

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

#### Maturity schedule for current loans:

Period	2021	2020
Repayable within 0-6 months after period-end	-	-
Repayable within 6-12 months after period-end	1 370 483	1 368 135
<b>Total</b>	<b>1 370 483</b>	<b>1 368 135</b>

### Collateral and guarantees, etc

Secured loans	2021	2020
Bank loans - financial institutions	1 465 530	1 774 307
<b>Other Loans</b>	<b>2021</b>	<b>2020</b>
Current liabilities repurchase agreements and seller credits <sup>1)</sup>	682 153	694 121

<sup>1)</sup> Related to cooperation agreement with Urban Property. The agreement contains financial covenants.

Carrying value of land pledged as security on bank loans	2021	2020
Inventory	3 747 837	3 737 819

## Note 17: Trade and other payables

(Amounts in NOK 1 000)	2021	2020
<b>Trade payables</b>	<b>129 986</b>	<b>137 495</b>
Accrued expenses	265 207	312 667
Other current financial liabilities	-	-
<b>Total other current non-interest-bearing financial liabilities</b>	<b>265 207</b>	<b>312 667</b>
Prepayments from customers (contractual obligations)	233 611	278 109
Other current liabilities	53 625	60 313
<b>Total other current non-interest-bearing liabilities</b>	<b>552 443</b>	<b>651 089</b>

### Trade payables

The group's trade payables have the following maturity structure at 31 December:

Maturity	2021	2020
Repayable 0-3 months after the end of the reporting period	129 986	137 495
Repayable 3-6 months after the end of the reporting period	-	-
<b>Net trade payables</b>	<b>129 986</b>	<b>137 495</b>

## 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 a future project 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. 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 2021 and 2020.

#### (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 150 million with DNB, which matures in April 2023. The group also has an annually renewed overdraft facility of NOK 150 million with DNB. Furthermore, in 2021, the company established a credit facility of NOK 300 million with DNB for infrastructure financing. This matures in January 2024. 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.

#### d) 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 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, especially from financial stakeholders and authorities. Selvaag Bolig has therefore implemented a number of risk-reducing measures in 2021 and will continue this work in 2022. These are discussed in the sustainability report on page 14.

See note 16 on interest-bearing liabilities and note 17 on trade and other payables for a maturity analysis of financial liabilities.

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

#### Interest-bearing liabilities

(Amounts in NOK 1 000)	Note	Total at 31.12.2021	< 1 year	1-3 year	3-6 year	6-10 year	> 10 year	Not specified
Bank loans*	16	1 536 326	699 674	836 639	12	-	-	-
Other interest-bearing liabilities	16	713 361	713 361	-	-	-	-	-
<b>Total interest-bearing liabilities</b>		<b>2 249 687</b>	<b>1 413 036</b>	<b>836 639</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Non-interest-bearing liabilities

(Amounts in NOK 1 000)		Total at 31.12.2021	< 1 year	1-3 year	3-6 year	6-10 year	> 10 year	Not specified
Trade payables	17	129 986	129 986	-	-	-	-	-
Other current liabilities	17	53 625	53 625	-	-	-	-	-
Other non-current non-interest-bearing liabilities	18.3	219 622	-	219 622	-	-	-	-
<b>Total non-interest-bearing liabilities</b>		<b>403 233</b>	<b>183 611</b>	<b>219 622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*) Including estimated interest payments.

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

#### Interest-bearing liabilities

(Amounts in NOK 1 000)	Note	Total at 31.12.2020	< 1 year	1-3 year	3-6 year	6-10 year	> 10 year	Not specified
Bank loans*	16	1 853 695	689 631	1 109 658	54 407	-	-	-
Other interest-bearing liabilities	16	725 010	725 010	-	-	-	-	-
<b>Total interest-bearing liabilities</b>		<b>2 578 705</b>	<b>1 414 640</b>	<b>1 109 658</b>	<b>54 407</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Non-interest-bearing liabilities

(Amounts in NOK 1 000)		Total at 31.12.2020	< 1 year	1-3 year	3-6 year	6-10 year	> 10 year	Not specified
Trade payables	17	137 495	137 495	-	-	-	-	-
Other current liabilities	17	60 313	60 313	-	-	-	-	-
Other non-current non-interest-bearing liabilities	18.3	17 810	-	17 810	-	-	-	-
<b>Total non-interest-bearing liabilities</b>		<b>215 618</b>	<b>197 808</b>	<b>17 810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*) 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 20.3 per cent (25.3 per cent). See note 4 Segment information for more details. Sixty-seven per cent of units under construction were sold at 31 December (74 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 42.7 per cent (40.8 per cent).

In order to optimise the capital structure, the management evaluates all available funding sources on an on-going basis. In addition, the company has two credit facilities with DNB, of NOK 150 million each, for general funding of the group, as well as a credit facility of NOK 300 million with DNB for infrastructure financing. Ongoing projects are mainly financed through construction loans which mature at project completion.

### Note 18.3 Financial assets and liabilities

#### Classification of financial assets and liabilities

(Amounts in NOK 1 000)	Note	2021		2020	
		Fair value through profit and loss	Loans and receivables	Fair value through profit and loss	Loans and receivables
<b>Financial assets</b>					
Loans to associated companies and joint ventures		-	75 777	-	73 539
Other non-current assets	11	-	108 996	-	104 343
<b>Financial non-current assets</b>		<b>-</b>	<b>184 773</b>	<b>-</b>	<b>177 882</b>
Trade receivables		-	83 831	-	70 466
Other current financial receivables	11	-	48 497	-	43 681
Cash and cash equivalents		-	527 435	-	885 333
<b>Financial current assets</b>		<b>-</b>	<b>659 763</b>	<b>-</b>	<b>999 480</b>
<b>Financial assets</b>		<b>-</b>	<b>844 536</b>	<b>-</b>	<b>1 177 362</b>

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		Fair value through profit and loss	Financial liabilities at amortised cost	Fair value through profit and loss	Financial liabilities at amortised cost
<b>Financial liabilities</b>					
Non-current interest-bearing liabilities	16	-	777 200	-	1 100 293
Other non-current non-interest-bearing liabilities		-	219 622	-	17 810
<b>Financial non-current liabilities</b>		-	<b>996 822</b>	-	<b>1 118 103</b>
Current interest-bearing liabilities	16	-	1 370 483	-	1 368 135
Trade payables		-	129 986	-	137 495
Other current non-interest-bearing financial liabilities	17	-	265 207	-	312 667
<b>Financial current liabilities</b>		-	<b>1 765 675</b>	-	<b>1 818 297</b>
<b>Financial liabilities</b>		-	<b>2 762 497</b>	-	<b>2 936 400</b>

### Classes of financial assets and liabilities

<i>(Amounts in NOK 1 000)</i>	Note	2021	2020
<b>Trade receivables and other current and non-current financial assets</b>			
Loans to associated companies and joint ventures		75 777	73 539
Other non-current assets	11	108 996	104 343
Trade receivables		83 831	70 466
Other current financial receivables	11	48 497	43 681
<b>Total trade receivables and other current and non-current financial assets</b>		<b>317 101</b>	<b>292 029</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents		527 435	885 333
<b>Trade payables and other non-interest-bearing financial liabilities</b>			
Other non-current non-interest-bearing liabilities	26	219 622	17 810
Trade payables		129 986	137 495
Total other current non-interest-bearing financial liabilities	17	265 207	312 667
<b>Total trade payables and other non-interest-bearing financial liabilities</b>		<b>614 815</b>	<b>467 972</b>
<b>Interest-bearing liabilities</b>			
Non-current interest-bearing liabilities	16	777 200	1 100 293
Current interest-bearing liabilities	16	1 370 483	1 368 135
<b>Total interest-bearing liabilities</b>		<b>2 147 683</b>	<b>2 468 428</b>

### Sensitivity analysis

#### Interest-rate risk

##### 2021

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

##### 2020

Adjustment to interest-rate level in basis points	50	100	150
Effect - bank loans	(11 804)	(23 609)	(35 413)
Effect - other loans	-	-	-
<b>Effect on cash flow (in NOK 1 000)</b>	<b>(11 804)</b>	<b>(23 609)</b>	<b>(35 413)</b>

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 2021 and 2020 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.

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### 18.4 Fair value of financial instruments

#### Principles for estimating fair values

Based on the characteristics of the financial instruments recognised in the consolidated financial statements, the financial instruments are grouped into classes as described below. The estimated fair value of the group's financial instruments is based on available market prices where applicable and the valuation methodologies per class are described below.

#### Fair value hierarchy

The group measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in measuring the fair value of financial instruments.

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 which are observable for assets or liabilities, either directly (ie, as prices) or indirectly (ie, derived from prices).

Level 3: Inputs for assets or liabilities which are not based on observable market data (unobservable inputs).

All material factors included in fair value calculations are at level 3.

#### Trade receivables and other current and non-current financial assets

For trade receivables and other current and non-current financial assets, the nominal amount, adjusted by the allowance for bad debt, is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instrument.

#### Cash and cash equivalents

The fair value for this class of financial instrument is assessed to be equal to the nominal amount.

#### Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instrument.

#### Interest-bearing liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the group for similar financial instruments.

The fair value for this class of financial liabilities is assessed to be equal to the nominal amount.

## Note 19: Income taxes

#### Specification of income tax (expense) income

(Amounts in NOK 1 000)	2021	2020
Current income taxes payable	(133 902)	(130 994)
Changes in deferred taxes	(6 524)	1 096
<b>Income taxes in profit (loss)</b>	<b>(140 426)</b>	<b>(129 898)</b>

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

(Amounts in NOK 1 000)	2021	2020
Profit (loss) before income taxes	645 331	1 653 470
Estimated income taxes in accordance with nominal tax rate (22%)	(141 973)	(363 763)
Taxable income related to the exemption method, in accordance with section 2-38 of the Norwegian Taxation Act	(1 127)	251 275
Other non-deductible expenses	(25 543)	(47 789)
Other non-taxable income	4 084	688
Share of income from associated companies and joint ventures	24 133	29 691
<b>Income tax income (expense)</b>	<b>(140 426)</b>	<b>(129 898)</b>
<b>Effective income tax rate*</b>	<b>21,8%</b>	<b>7,9%</b>

\*) The difference between effective and nominal tax rates in 2020 is mainly due to the gain from the transaction with Urban Property as the transaction was conducted as a sale of shares allowing the gain to be treated in accordance with the exemption method for share sales between limited companies, see note 26. Positive share of income from associated companies and joint ventures included on the basis of the equity method also contributed to the low effective tax rate. Profit (loss) before taxes includes the shares of profit (loss) attributable to Selvaag Bolig ASA's 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.

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### Deferred tax assets and liabilities at 31 December

(Amounts in NOK 1 000)	2021		2020	
	Asset	Liability	Asset	Liability
Non-current assets	-	568	-	2 920
Inventory property	-	64 355	-	61 093
Receivables	-	66	-	22
Current liabilities	8 805	-	15 010	-
Non-current liabilities	17 281	-	18 195	-
Losses carried forward	2 660	-	2 657	-
<b>Total temporary differences</b>	<b>28 746</b>	<b>64 989</b>	<b>35 862</b>	<b>64 035</b>
Unrecognised deferred tax assets	2 336	-	2 333	-
<b>Net deferred tax assets (liabilities) in total</b>	<b>(38 579)</b>	<b>-</b>	<b>(30 506)</b>	<b>-</b>

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)	2021	2020
Net deferred tax assets (liabilities) at 1 January	(30 506)	(82 488)
Acquisition of subsidiaries	(1 549)	-
Disposal of subsidiaries	-	50 886
Recognised in the statement of comprehensive income	(6 524)	1 096
<b>Net deferred tax assets (liabilities) at 31 December</b>	<b>(38 579)</b>	<b>(30 506)</b>

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 284 million (2020: NOK 128 million) at 31 December 2021. Based on a nominal tax rate of 22 per cent, latent tax obligations of NOK 18 million relate to the plots (2020: NOK 29 million). These latent deferred taxes are not recognised in the financial statements.

## Note 20: Provisions

(Amounts in NOK 1 000)	2021	2020
Provision for obligations related to the construction of parking areas	62 910	60 373
<b>Total non-current provisions for other liabilities</b>	<b>62 910</b>	<b>60 373</b>

Obligations related to the construction of parking areas amount to NOK 63 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 in the period

(Amounts in NOK 1 000)	2021	2020
<b>At 1 January</b>	<b>60 373</b>	<b>60 373</b>
Liabilities incurred during the year and effects of changes in estimates	2 537	-
Amounts used	-	-
Reclassification by business combination	-	-
Reclassification of pension obligations	-	-
Liabilities in acquired businesses	-	-
<b>At 31 December</b>	<b>62 910</b>	<b>60 373</b>

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### 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:

<i>(Amounts in NOK 1 000)</i>	<b>2021</b>	<b>2020</b>
Guarantees to vendors	28 558	28 558
Capital not called up - limited partnerships	6 600	7 784
<b>Total contingent liabilities</b>	<b>35 158</b>	<b>36 342</b>

Parent company guarantees of NOK 390.9 million had been given in 2021 and NOK 201.5 million in 2020. These related mainly to guarantees issued by Selvaag Bolig ASA as additional guarantees for seller credits related to land purchases from Urban Property. 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:**

<i>(Amounts in NOK 1 000)</i>	<b>2021</b>	<b>2020</b>
Salary, bonus and other remuneration	28 229	36 579
Share purchase programme	3 401	2 180
Pension	489	546
<b>Total – group management and directors</b>	<b>32 119</b>	<b>39 305</b>

For detailed remuneration to executive management, see the separate remuneration report for 2021 published on the company's website ([www.selvaagboligasa.no](http://www.selvaagboligasa.no)).

The company has established guidelines for remuneration to executive management which were approved by the company's general meeting on 27 April 2021.

Updated guidelines for remuneration to executive management will be presented to the Annual General Meeting on 26 April 2022.

**Specification of fees paid to the auditor:**

<i>(Amounts in NOK 1 000)</i>	<b>2021</b>	<b>2020</b>
Statutory audit services to the parent company	1 792	2 505
Statutory audit services to subsidiaries	1 270	1 285
Other assurance services	149	341
Other non-audit services	-	972
<b>Total fees paid to the auditor (exclusive of VAT)</b>	<b>3 211</b>	<b>5 103</b>



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### 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:

<i>(Amounts in NOK 1 000)</i>	2021	2020
<b>Sales of goods and services</b>		
Associated companies and joint ventures	33 706	30 163
Other related parties (including subsidiaries of the parent company) <sup>1)</sup>	592	486 252
<b>Purchase of goods and services</b>		
Selvaag AS (parent company)	(550)	(550)
Other related parties (including subsidiaries of the parent company)	(10 334)	(10 182)
<b>Financial income</b>		
Other related parties (including subsidiaries of the parent company)	-	286
<b>Option premiums and interests related to seller credits from Urban Property</b> (see note 26 for details)		
Option premiums paid Portfolio B	(17 032)	(30 211)
Accrued and capitalised option premiums Portfolio C	(84 384)	(13 959)
Transaction fees paid	(431)	(1 366)
Accrued interests on seller credits	(11 778)	(3 204)

In 2021 the company has repurchased three sites from Urban Property classified as Portfolio B and four sites from Portfolio C (see note 26 for details).

The following receivables and liabilities were outstanding at 31 December:

<i>(Amounts in NOK 1 000)</i>	2021	2020
<b>Receivables</b>		
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries of the parent company)	8 125	8 600
<b>Liabilities</b>		
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries of the parent company)	(2 726)	(2 643)
Repurchase agreements and seller credits with Urban Property	(682 153)	(694 121)

#### Other related-party transactions

<sup>1)</sup>On the basis of an agreement entered into in 2017, Selvaag Bolig delivered 157 flats in 2020 to Selvaag Utleiebolig AS, which has been a subsidiary of Selvaag AS since 2019. The consideration was NOK 485.7 million.

In the second quarter of 2021, the company entered an agreement to sell a block of 46 flats to Selvaag Utleiebolig AS, a wholly owned subsidiary of Selvaag AS. The value of the transaction was NOK 190 million with an expected delivery in the fourth quarter 2023. The company also entered an agreement in the fourth quarter to sell a block of 71 flats to Selvaag Utleiebolig AS, a transaction valued at NOK 274 million. The expected delivery is the first half of 2025.

Urban Property (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 2021, the company repurchased seven plots from UP for a consideration of NOK 606 million.

The group has provided various guarantees, mainly through purchased guarantees, to associated companies and joint ventures totalling NOK 114.7 million.

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### Note 24: Investments in associated companies and joint ventures

Company	Year of acquisition	Registered office	Ownership and voting power	
			2021	2020
Sandvika Boligutvikling KS	2008	Norway	33.3%	33.3%
Sandvika Boligutvikling AS	2008	Norway	37.0%	37.0%
Tangen pluss AS	2011	Norway	50.0%	50.0%
S Trumpet Holding AB (Tidl. Projektbolaget Sädesärlan AB)	2011	Sweden	50.0%	50.0%
Kaldnes Brygge AS	2016	Norway	50.0%	50.0%
Kaldnes Boligutvikling AS <sup>1)</sup>	2012	Norway	25.0%	25.0%
Sandnes Eiendom Invest AS	2013	Norway	50.0%	50.0%
Kirkeveien Utbyggingsselskap AS	2013	Norway	50.0%	50.0%
Tiedemannsfabrikken AS	2014	Norway	50.0%	50.0%
Smedplassen Prosjekt AS	2014	Norway	50.0%	50.0%
Sinsenveien Holding AS inkl. datterselskaper	2015	Norway	50.0%	50.0%
Sandsliåsen Utbygging AS <sup>2)</sup>	2016	Norway	100.0%	50.0%
Sandsliåsen 46 Utbygging AS	2018	Norway	50.0%	50.0%
Haakon Vlls gate 4 AS og Holding AS	2017	Norway	50.0%	50.0%
Fornebu Sentrum Utvikling AS	2017	Norway	50.0%	50.0%
Pottemakerveien Utvikling AS <sup>3)</sup>	2017	Norway	0.0%	50.0%
Heimdal Stasjonsby AS	2017	Norway	50.0%	50.0%
Kanalveien Utvikling AS	2019	Norway	50.0%	50.0%
Verftsbyen Bolig AS	2019	Norway	50.0%	50.0%
Lurahøyden Bolig AS	2019	Norway	50.0%	50.0%
Kanalveien 51-53 AS	2020	Norway	50.0%	50.0%

<sup>1)</sup> The company is partly owned by Kaldnes Brygge AS.

<sup>2)</sup> The company became a wholly owned subsidiary in 2021.

<sup>3)</sup> The company was sold in 2021.

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

(Amounts in NOK 1 000)	Owner- ship share	Carrying amount 01.01.21	Additions/ disposals	Share of profit <sup>1)</sup>	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. Projektbolaget 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 <sup>2)</sup>	50.0%	-	-	(364)	-	364	-
Sandsliåsen Utbygging AS	50.0%	4 190	(4 190)	-	-	-	-
Sandsliåsen 46 Utbygging AS <sup>2)</sup>	50.0%	-	-	(98)	-	98	-
Haakon Vlls gate 4 Utvikling AS <sup>2)</sup>	50.0%	-	-	(2 719)	-	2 719	-
Fornebu Sentrum Utvikling AS <sup>2)</sup>	50.0%	336	-	(1 332)	-	996	-
Pottemakerveien Utvikling AS <sup>3)</sup>	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 <sup>2)</sup>	50.0%	-	-	(261)	-	261	-
Verftsbyen Bolig AS	50.0%	19 735	-	(369)	-	-	19 366
Lurahøyden Bolig AS	50.0%	50	-	-	-	-	50
<b>Total</b>		<b>406 850</b>	<b>(12 236)</b>	<b>109 697</b>	<b>(154 050)</b>	<b>4 438</b>	<b>354 699</b>

<sup>1)</sup> None of the companies had other income or expenses.

<sup>2)</sup> Negative carrying amount is recognised net together with participatory loans.

<sup>3)</sup> Sold in 2021.

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### Specification of investments in associated companies and joint ventures 2020:

<i>(Amounts in NOK 1 000)</i>	Owner- ship share	Carrying amount 01.01.20	Additions/ disposals	Share of profit <sup>1)</sup>	Dividends/ distributions	Reclassified as participatory loan	Carrying amount 31.12.20
<i>Associated companies:</i>							
Sandvika Boligutvikling KS	33.3%	686	-	-	-	-	686
Sandvika Boligutvikling AS	37.0%	3 090	-	8 224	(10 691)	-	623
<i>Joint ventures:</i>							
Kaldnes Brygge AS	50.0%	113 983	-	(1 998)	(10 000)	-	101 985
Sandnes Eiendom Invest AS	50.0%	87 282	-	(2 550)	-	-	84 732
Tangen pluss AS	50.0%	414	-	-	-	-	414
S Trumpet Holding AB (Tidl. Prosjektbolaget Sädesärlan AB)	50.0%	5 115	-	64 214	-	-	69 329
Kirkeveien Utbyggingsselskap AS	50.0%	22 897	-	50	-	-	22 947
Tiedemannsfabrikken AS	50.0%	154 787	-	74 722	(147 500)	-	82 009
Smedplassen Prosjekt AS	50.0%	6 910	-	256	(1 250)	-	5 916
Sinsenveien Utvikling AS <sup>2)</sup>	50.0%	-	25	(186)	-	161	-
Sandsliåsen Utbygging AS	50.0%	5 538	-	(1 348)	-	-	4 190
Sandsliåsen 46 Utbygging AS <sup>2)</sup>	50.0%	(86)	-	(91)	-	177	-
Haakon Vlls gate 4 Utvikling AS <sup>2)</sup>	50.0%	-	25	(86)	-	61	-
Fornebu Sentrum Utvikling AS	50.0%	1 597	-	(1 261)	-	-	336
Pottemakerveien Utvikling AS <sup>2)</sup>	50.0%	-	-	(461)	-	461	-
Heimdal Stasjonsby AS	50.0%	16 608	-	(4 042)	-	-	12 566
Kanalveien Utvikling AS	50.0%	1 436	-	(105)	-	-	1 331
Kanalveien 51-53 AS <sup>2)</sup>	50.0%	-	15	(139)	-	124	-
Verftsbyen Bolig AS	50.0%	9 973	10 000	(238)	-	-	19 735
Lurahøyden Bolig AS	50.0%	50	-	-	-	-	50
<b>Total</b>		<b>430 281</b>	<b>10 065</b>	<b>134 961</b>	<b>(169 441)</b>	<b>984</b>	<b>406 850</b>

<sup>1)</sup> None of the companies had other income or expenses.

<sup>2)</sup> Negative carrying amount is recognised net together with participatory loans.

Subsidiaries in the group had given NOK 75.8 million (NOK 73.5 million) in loans to associated companies and joint ventures at 31 December.

### Summarised financial information (100 per cent) of associated companies and joint ventures at 31 December

<i>(Amounts in NOK 1 000)</i>	2021	2020
Total assets	1 599 949	2 745 906
Total liabilities	924 250	1 968 198
<b>Net assets</b>	<b>675 699</b>	<b>777 708</b>
Total revenues	1 793 372	1 717 660
<b>Total profit (loss) for the year</b>	<b>219 713</b>	<b>275 721</b>

All associated companies and joint ventures are established to develop housing projects. The financial information is therefore presented in condensed form.

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### Note 25: Additional information, revenues

<i>(Amounts in NOK 1 000)</i>	2021	2020
Revenues - units delivered <sup>1)</sup>	3 227 753	2 616 256
Revenues - other property	113 760	27 500
Other revenues <sup>2)</sup>	61 233	54 194
<b>Total operating revenues</b>	<b>3 402 746</b>	<b>2 697 950</b>

<sup>1)</sup> Of which approximately 99 per cent (86 per cent) from Greater Oslo area.

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

#### Other revenues

<i>(Amounts in NOK 1 000)</i>	2021	2020
Rental revenue	3 502	3 412
Project management and service revenue	55 741	50 135
Other operational revenues	1 990	647
<b>Total other revenues</b>	<b>61 233</b>	<b>54 194</b>

Rental revenue in 2021 and 2020 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 1 323 units under construction at 31 December (1 310), of which 73 per cent (92 per cent) were in Greater Oslo. The combined sales value of units under construction was NOK 6 736 million (NOK 6 413 million), with sold units accounting for NOK 4 465 million (NOK 4 410 million) of this total. Sixty-seven per cent of units under construction were sold (74 per cent). The sold units are due to be delivered to purchasers in 2022 and 2023.

### Note 26: Transaction with Urban Property

With effect from January 2020, large parts of the available land portfolio for Selvaag Bolig (SBO) have been owned by Urban Property (UP). The companies are long-term and strategic partners. UP is owned by Oslo Pensjonsforsikring AS, 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.

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

- UP has a pre-emptive right to purchase new land in Norway which SBO wants to develop.
- SBO has an option to buy back the land from UP.
- The land is bought back in stages by SBO 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 UP buys land from its owner, and two per cent when SBO buys the land from UP.
- The agreement contains financial covenants.

Where SBO is concerned, this means:

- the company eliminates the need for equity to buy land by paying 50 per cent of the purchase price to UP 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.
- more efficient and predictable financing of new and existing sites.
- increased competitiveness when purchasing land.
- downside risk for SBO is limited to 48 months of option premiums (break fee).

The transaction covered properties which were divided into Portfolios A, B and C. Portfolio A comprised properties expected to be bought back through the exercise of a pre-emptive right over a timeframe longer than 12 months. Portfolio B comprised properties where the group has buyback options which primarily fall within a timeframe expected to be shorter than 12 months. Portfolio C covered future land purchase agreements, and prepayments related to these, with third parties where the group did not own the properties at the time. Agreement was reached with UP in January 2021 that properties classified as Portfolio A would be converted to portfolio C with effect from 1 January 2021. That followed a renegotiation of the collaboration agreement between the parties. This had no effect on the accounts at the point when the agreement came into effect but will in the future mean that provision is made for accrued option premiums. See the description under portfolio C below. Portfolios B and C are covered by options for the group to buy back the properties later.

The transaction with UP yielded an accounting gain of NOK 1 028.7 million after tax in 2020. See specification below.

#### Portfolio B

These properties were recognised with a total carrying amount of NOK 679 million at the transaction date. The total consideration amounted to NOK 864 million. In accounting terms, the sale of Portfolio B with buy-back agreements did not involve the calculation of either gain or loss but has been 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 of NOK 864 million 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. NOK 17.0 million (NOK 30.2 million) was paid and capitalised for the year. 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. In 2021, SBO purchased three sites in portfolio B from UP for NOK 235 million.

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### Portfolio C

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

Fifty per cent of the option premium in Portfolio C falls due when SBO acquires the land from UP, with the remainder falling due on completion of the relevant project. Provision for accrued option premiums is made quarterly in SBO's consolidated accounts, as other non-current assets and other non-current liabilities respectively. The asset is reclassified as inventory when the land is taken over. Provisions and capitalisation for the year totalled NOK 84.4 million (NOK 14.0 million). At 31 December, provisions and capitalisation amounted to NOK 85.7 million (NOK 14.0 million). The increase in provision for option premiums compared with last year primarily reflected the conversion of former Portfolio A properties to Portfolio C.

SBO can cancel the option at any given time in exchange for a break fee comprising the accumulated rise in the buy-back price for the property plus a fixed supplement corresponding to 48 months of growth in this price. 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.

SBO purchased four sites in Portfolio C from UP during the year for NOK 371 million. As a consequence of seller credits related to this site and the one mentioned in portfolio B, debt related to repurchase agreements and seller credits was NOK 682.2 million (NOK 694.1 million) at 31 December 2021.

Statement of financial position (Amounts in NOK 1 000)	Carrying value 31.12.2019	Portfolio A	Portfolio B	Portfolio C	Joint ventures	Financing	Total change
<b>Disposal group presented as asset held for sale</b>							
Inventory Portfolio A	656 537	(656 537)	-	-	-	-	(656 537)
Prepayments for property acquisitions	143 000	-	-	(143 000)	-	-	(143 000)
Receivable from joint ventures	58 632	-	-	-	(75 681)	-	(75 681)
Investments in joint ventures	-	-	-	-	-	-	-
<b>Total asset held for sale in the balance sheet 31.12.2019</b>	<b>858 169</b>	<b>(656 537)</b>	<b>-</b>	<b>(143 000)</b>	<b>(75 681)</b>	<b>-</b>	<b>(875 218)</b>
<b>Liabilities part of the disposal group presented as held for sale</b>							
Deferred tax liabilities	52 473	(52 473)	-	-	-	-	(52 473)
<b>Other assets influenced by in the transaction</b>							
Cash (representing net consideration from UP)	-	1 541 806	863 579	139 425	201 664	(978 517)	1 767 958
Inventory Portfolio B	678 778	-	-	-	-	-	-
<b>Other liabilities influenced by the transaction</b>							
Interest-bearing liabilities (bank debt) settled as part of the transaction	-	-	-	-	-	(978 517)	(978 517)
Financial debt obligation assumed for portfolio B	-	-	863 579	-	-	-	863 579
Income tax payable	-	16 436	-	-	-	-	16 436
<b>Equity</b>							
Equity	-	921 305	-	(3 575)	125 984	-	1 043 714
<b>Statement of comprehensive income effects in 2020</b> (Amounts in NOK 1 000)							
		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Gain, sale of properties		937 741	-	(3 575)	-	-	934 166
Gain from sale of joint ventures		-	-	-	125 984	-	125 984
Directly attributable transaction fees		-	-	-	-	(15 023)	(15 023)
<b>Profit (loss) before income taxes</b>		<b>937 741</b>	<b>-</b>	<b>(3 575)</b>	<b>125 984</b>	<b>(15 023)</b>	<b>1 045 127</b>
<b>Income taxes payable</b>		<b>(16 436)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16 436)</b>
<b>Net income</b>		<b>921 305</b>	<b>-</b>	<b>(3 575)</b>	<b>125 984</b>	<b>(15 023)</b>	<b>1 028 691</b>
<b>Presentation in the cash flow statement in 2020</b> (Amounts in NOK 1 000)							
		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Cash flow from operational activities		1 541 806	-	139 425	-	-	1 681 231
Cash flow from investing activities (part of proceeds from sale of other investments and repayments of loans)		-	-	-	201 664	-	201 664
Cash flow from financing activities (proceeds from borrowings and repayments of borrowings)		-	863 579	-	-	(978 517)	(114 937)
<b>Total cash effect</b>		<b>1 541 806</b>	<b>863 579</b>	<b>139 425</b>	<b>201 664</b>	<b>(978 517)</b>	<b>1 767 958</b>

The table above presents a specification of the assets and liabilities covered by the transaction. It also shows the accounting implications of the transaction, including the effects on profit and loss and cash flow.

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### Note 27: Proportional consolidation related to 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.

#### Statement of proportional consolidation

	2021			2020		
	IFRS	Adj share Assoc./JV gross	Pro forma gross Assoc./JV	IFRS	Adj share Assoc./JV gross	Pro forma gross Assoc./JV
<i>(Amounts in NOK 1 000)</i>						
Revenues	3 341 513	883 495	4 225 008	2 643 756	839 288	3 483 044
Other revenues	61 233	13 034	74 267	54 194	15 706	69 900
<b>Total operating revenues</b>	<b>3 402 746</b>	<b>896 529</b>	<b>4 299 275</b>	<b>2 697 950</b>	<b>854 994</b>	<b>3 552 944</b>
Project expenses	(2 617 422)	(724 295)	(3 341 717)	(1 967 586)	(667 577)	(2 635 163)
Salaries and personnel costs	(136 160)	(1 739)	(137 899)	(149 849)	(1 779)	(151 628)
Depreciation and amortisation	(10 272)	(3 850)	(14 122)	(9 803)	(3 918)	(13 721)
Other operating expenses	(100 264)	(21 375)	(121 639)	(106 995)	(24 575)	(131 570)
<b>Total operating expenses</b>	<b>(2 864 118)</b>	<b>(751 259)</b>	<b>(3 615 377)</b>	<b>(2 234 233)</b>	<b>(697 848)</b>	<b>(2 932 081)</b>
Associated companies and joint ventures	109 697	(109 697)	-	134 961	(134 961)	-
Other gains (losses), net	-	-	-	1 045 127	-	1 045 127
<b>Operating profit</b>	<b>648 325</b>	<b>35 573</b>	<b>683 898</b>	<b>1 643 805</b>	<b>22 185</b>	<b>1 665 990</b>
Financial income	10 691	82	10 773	21 313	93	21 406
Financial expenses	(13 685)	(3 599)	(17 284)	(11 648)	(3 736)	(15 384)
<b>Net financial expenses</b>	<b>(2 994)</b>	<b>(3 517)</b>	<b>(6 511)</b>	<b>9 665</b>	<b>(3 643)</b>	<b>6 023</b>
<b>Profit/(loss) before taxes</b>	<b>645 331</b>	<b>32 056</b>	<b>677 387</b>	<b>1 653 470</b>	<b>18 542</b>	<b>1 672 012</b>
<b>Income taxes</b>	<b>(140 426)</b>	<b>(32 056)</b>	<b>(172 482)</b>	<b>(129 898)</b>	<b>(18 542)</b>	<b>(148 440)</b>
<b>Net income</b>	<b>504 905</b>	<b>-</b>	<b>504 905</b>	<b>1 523 572</b>	<b>-</b>	<b>1 523 572</b>

### Note 28: Events after the reporting period

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



# STATEMENT OF PROFIT AND LOSS

<i>(Amounts in NOK 1 000)</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>SALES REVENUE</b>			
Lease revenue	1,11	127 297	78 273
Other operating revenue		779	564
Total operating revenue		-	-
<b>Total sales revenue</b>		<b>128 076</b>	<b>78 837</b>
<b>Operating expenses</b>			
Project expenses		-12 008	-5 110
Pay and personnel expenses	2,3	-140 570	-156 879
Depreciation and amortisation	6	-930	-506
Other operating expenses	2,11	-55 410	-85 645
<b>Total operating expenses</b>		<b>-208 918</b>	<b>-248 140</b>
<b>Operating profit (loss)</b>		<b>-80 842</b>	<b>-169 303</b>
<b>Financial items</b>			
Interest received from group companies		13 143	14 682
Other interest income	11	3 001	5 804
Other financial income		1 320 629	824 027
Interest charges paid to group companies		-28 680	-33 319
Other interest charges		-6 762	-6 284
Other financial costs	4	-438 073	-342 669
Other gains (loss), net		11 482	1 007 865
<b>Net financial items</b>		<b>874 740</b>	<b>1 470 106</b>
<b>Profit (loss) before income taxes</b>		<b>793 898</b>	<b>1 300 803</b>
Income tax (expense) income	5	-156 594	-136 360
<b>Net profit</b>		<b>637 304</b>	<b>1 164 443</b>
<b>Profit (loss) for the year</b>		<b>637 304</b>	<b>1 164 443</b>
<b>Allocation</b>			
Proposed dividend		281 297	281 297
Transferred to/from other equity		356 007	883 146
<b>Total allocation</b>		<b>637 304</b>	<b>1 164 443</b>



# FINANCIAL POSITION

<i>(Amounts in NOK 1 000)</i>	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Deferred tax asset	5	3 966	8 584
<b>Total intangible assets</b>		<b>3 966</b>	<b>8 584</b>
<b>Property, plant and equipment</b>			
Land, buildings and property	6	3 476	3 476
Inventory and other equipment	6	1 939	2 869
<b>Total property, plant and equipment</b>		<b>5 415</b>	<b>6 345</b>
<b>Non-current financial assets</b>			
Investments in subsidiaries	7	1 503 546	1 811 378
Investments in associated companies	7	118 645	128 827
Other investments		-	1 192
Other receivables	8,9,10	866 209	661 019
<b>Total non-current financial assets</b>		<b>2 488 400</b>	<b>2 602 416</b>
<b>Total non-current assets</b>		<b>2 497 781</b>	<b>2 617 345</b>
<b>CURRENT ASSETS</b>			
Receivables			
Trade receivables	8,9,10,11	12 716	25 847
Other receivables from group companies	10	803 625	664 761
Other receivables		46 587	15 221
<b>Total receivables</b>		<b>862 928</b>	<b>705 829</b>
Cash and cash equivalents	12	283 433	508 933
<b>Total current assets</b>		<b>1 146 361</b>	<b>1 214 762</b>
<b>Total assets</b>		<b>3 644 142</b>	<b>3 832 107</b>

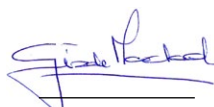
# FINANCIAL POSITION (CONT)

(Amounts in NOK 1 000)	Note	2021	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Paid-in capital</b>			
Share capital	13,14	187 531	187 531
Own shares	14	-682	-585
Share premium account	14	1 395 478	1 395 478
Other paid-in capital	14	328 338	161 592
<b>Total paid-in capital</b>		<b>1 910 665</b>	<b>1 744 016</b>
<b>Total equity</b>		<b>1 910 665</b>	<b>1 744 016</b>
<b>Liabilities</b>			
<b>Accrued liabilities</b>			
Pension obligation	3	1 634	1 238
<b>Total accrued liabilities</b>		<b>1 634</b>	<b>1 238</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities		-	-
Other non-current liabilities	8,10	1 157 944	1 506 033
<b>Total non-current liabilities</b>		<b>1 157 944</b>	<b>1 506 033</b>
<b>Current liabilities</b>			
Trade payables	10,11	5 720	6 541
Current income taxes payable	5	132 696	111 498
Public taxes		16 179	16 528
Dividend	14	281 297	281 297
Intercompany debts	10	90 866	117 019
Other current liabilities		47 141	47 937
<b>Total current liabilities</b>		<b>573 899</b>	<b>580 820</b>
<b>Total liabilities</b>		<b>1 733 477</b>	<b>2 088 091</b>
<b>Total equity and liabilities</b>		<b>3 644 142</b>	<b>3 832 107</b>

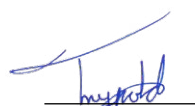
Oslo, 21 March 2022



Olav Hindahl Selvaag  
Styrets leder



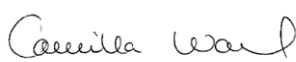
Gisele Marchand  
Styremedlem



Tore Myrvold  
Styremedlem



Øystein Thorup  
Styremedlem



Camilla Wahl  
Styremedlem



Patrik Eriksson  
Styremedlem  
(valgt av de ansatte)



Sissel Kristensen  
Styremedlem  
(valgt av de ansatte)



Sverre Molvik  
Administrerende direktør

# STATEMENT OF CASH FLOWS

<i>(Amounts in NOK 1 000)</i>	Note	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income taxes		793 898	1 300 803
Income taxes paid		-111 529	-174 264
Other (gains) losses, net		-11 481	-1 007 865
Depreciation and amortisation	6	930	506
Share of (income) losses from associated companies and joint ventures		2 170	38 444
Change in trade receivables		13 131	9 507
Change in trade payables		-821	-5 947
Changes in other working capital*		-398 798	350 797
<b>Net cash flow from operating activities</b>		<b>287 501</b>	<b>511 981</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of tangible and intangible fixed assets		-	-
Payments for acquisition of tangible and intangible fixed assets		-	-2 215
Proceeds from disposal of subsidiaries and associated companies		40 000	1 260 293
Payments for acquisitions of subsidiaries and associated companies		-59 568	-15 376
Proceeds from disposal of other investments and repayments on loans given		138 302	369 821
Payments for acquisition of other investments and loans given		-37 600	-30 250
<b>Net cash flow from investing activities</b>		<b>81 134</b>	<b>1 582 273</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Repayments of borrowings		-	-86 000
Proceeds from group contribution		-	351 223
Payment of group contribution		-117 019	-105 842
Dividends paid to equity holders of Selvaag Bolig ASA		-467 493	-2 475 244
Share buy back Selvaag Bolig ASA	14	-26 270	-16 059
Proceeds from disposal of shares Selvaag Bolig ASA		16 647	14 653
<b>Net cash flow from financing activities</b>		<b>-594 135</b>	<b>-2 317 269</b>
<b>Net change in cash and cash equivalents</b>		<b>-225 501</b>	<b>-223 016</b>
Cash and cash equivalents at 1 January		508 933	731 949
<b>Cash and cash equivalents at 31 December</b>		<b>283 433</b>	<b>508 933</b>

\* ) 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 POLICIES

## 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.

### **Forward contracts**

The company and the group use forward contracts for foreign currency to secure a future exchange rate for existing (capitalised) receivables/liabilities (fair value hedging), or for reasonably assured future payments received/made in foreign currencies (cash flow hedging). Forward contracts which secure further payments received/made are not recorded in the accounts.

### **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

Revenues are related to business in Norway.

Specification of revenue	2021	2020
Project management and business management	50 652	45 784
Other revenue	76 645	32 489
<b>Total</b>	<b>127 297</b>	<b>78 273</b>

## Note 2: Pay, number of employees, benefits, loans to employees, etc

Pay and personnel expenses	2021	2020
Wages and salaries	109 259	118 849
Social security tax	16 971	16 066
Pension costs	5 012	5 602
Other benefits	9 328	16 363
<b>Total</b>	<b>140 570</b>	<b>156 879</b>

Average number of employees	67	67
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	Salary	Bonus	Share purchase programme	Pension	Other	Total
Remuneration to CEO - Sverre Molvik	3 691	3 456	992	93	129	8 361

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

TNOK 2 278 has been paid in director's fees in 2021. See note 22 to the consolidated financial statements for details.

Fees paid to the auditor	2021	2020
Statutory audit services (incl technical support with the annual accounts)	1 792	2 506
Other assurance services	149	197
Tax advisory services (incl technical support with tax returns)	-	-
Other non-audit services	-	972
<b>Total fees paid to the auditor</b>	<b>1 941</b>	<b>3 675</b>

### 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.

<b>Pension costs</b>	<b>2021</b>	<b>2020</b>
Pension cost - IBP/UFP	4 118	4 581
Other pension cost (incl AFP)	894	1 021
<b>Net pension cost</b>	<b>5 012</b>	<b>5 602</b>
<b>Pension obligations</b>	<b>2021</b>	<b>2020</b>
Early retirement pension (AFP)	-	-
Other pension plans	1 634	1 238
<b>Net pension obligations</b>	<b>1 634</b>	<b>1 238</b>
<b>Economic assumptions</b>		
Members in non-vested plans	2	2
Discount rate	1.50%	1.50%
Future increase in salaries/pensions	2.50%	2.00%
Future increase in National Insurance base amount	2.00%	1.75%
Expected share of pension withdrawal through the AFP plan	50.00%	50.00%

### Note 4: Other financial expenses

<b>Specification of other financial expenses</b>	<b>2021</b>	<b>2020</b>
Currency	5	15
Write-downs, shares in subsidiaries	437 726	342 225
Other financial expenses (guarantees and amortised cost, etc)	342	429
<b>Total</b>	<b>438 073</b>	<b>342 669</b>

Note 5: Income taxes

<b>Deferred tax assets and liabilities</b>	<b>2021</b>	<b>2020</b>
<b>Temporary differences</b>		
Fixed assets and intangible assets	-3 810	-4 342
Net pension assets/obligations	-1 634	-1 238
Accruals	-12 582	-33 438
Net temporary differences	-18 027	-39 018
<b>Base for deferred tax assets</b>	<b>-18 027</b>	<b>-39 018</b>
22% deferred tax asset	-3 966	-8 584
<b>Deferred tax (asset) in the balance sheet</b>	<b>-3 966</b>	<b>-8 584</b>
Deferred tax assets are fully recognised as the company expects the position to be utilised against future profits.		
<b>Base for tax expense, change in deferred tax and taxes payable</b>	<b>2021</b>	<b>2020</b>
Profit (loss) before income taxes	793 898	1 300 803
Permanent differences	-82 108	-1 345 604
<b>Base for tax income (expense)</b>	<b>711 790</b>	<b>-44 801</b>
Change in temporary differences	-20 991	6 067
<b>Base for income tax payable</b>	<b>690 799</b>	<b>-38 733</b>
Changes in equity with effect on taxes	-	-
Group contribution given	-87 637	-117 019
Use of loss carried forward	-	-
<b>Taxable income (base for tax payable in the balance sheet)</b>	<b>603 162</b>	<b>508 868</b>
<b>Specification of income tax expense</b>	<b>2021</b>	<b>2020</b>
Current income taxes payable	132 696	111 951
Taxes payable from group contribution recognised against investment in subsidiaries	-	-
Tax effect from group contribution given	19 280	25 744
Income tax before change in deferred tax	151 976	137 695
Change in deferred tax	4 618	-1 335
<b>Income taxes in profit (loss)</b>	<b>156 594</b>	<b>136 360</b>
<b>Taxes payable</b>	<b>2021</b>	<b>2020</b>
Taxes payable (22% of base for taxes payable in profit (loss))	151 976	-8 521
Taxes payable from group contribution given	-19 280	-25 744
Taxes payable from group contribution received	-	146 216
Taxes payable from advance tax on liquidated companies	-	-
Tax refundable (tax incentive scheme for R&D)	-	-453
<b>Taxes payable</b>	<b>132 696</b>	<b>111 498</b>
<b>Reconciliation from nominal to effective income tax rate</b>	<b>2021</b>	<b>2020</b>
22% profit (loss) before tax	174 658	286 177
Permanent differences (22%)	-18 064	-296 033
<b>Total</b>	<b>156 594</b>	<b>136 360</b>
<b>Reconciliation of deferred tax asset</b>	<b>2021</b>	<b>2020</b>
Deferred tax (asset) at 1 January	-8 584	-7 249
Change in deferred tax	4 618	-1 335
<b>Net deferred tax liabilities (assets) at 31 December</b>	<b>-3 966</b>	<b>-8 584</b>



## COMPANY ACCOUNTS SELVAAG BOLIG ASA

### Note 6: Fixed assets

Fixed assets	Land	Inventory and other equipment	Total
Cost at 1 January 2021	3 476	21 712	25 188
Additions	-	-	-
Disposals	-	-	-
<b>Cost at 31 December 2021</b>	<b>3 476</b>	<b>21 712</b>	<b>25 188</b>
Accumulated depreciation	-	19 773	19 773
Accumulated write-downs	-	-	-
<b>Carrying amount at 31 December 2021</b>	<b>3 476</b>	<b>1 939</b>	<b>5 415</b>
Depreciation current year	-	930	930

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

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

Subsidiary	Registered office	Ownership and voting power	Equity last year (100%)	Profit and loss last year (100%)	Carrying amount
Selvaag Pluss AS	Oslo	100%	161 774	53	183 196
Selvaag Bolig Sandslåsen AS	Bergen	100%	6 425	-19	7 093
Sandslåsen Utbygging AS	Bergen	100%	18 547	-2 918	68 615
Selvaag Boligutvikling I AS	Oslo	100%	16 332	1 075	16 300
Selvaag Boligutvikling II AS	Oslo	100%	2 000	-59	2 000
Landås Varmesentral AS	Oslo	100%	3 633	-71	3 325
Selvaag Eiendomsoppgjør AS	Oslo	100%	1 428	514	1 455
Selvaag Bolig Lilleaker AS	Oslo	100%	2 066	66	16 366
Selvaag Bolig Lørenskog AS	Oslo	100%	8 613	20 742	103 231
Selvaag Bolig Grenseveien AS	Oslo	100%	2 831	-417	3 248
Selvaag Bolig Bjerke AS	Oslo	100%	9 228	-867	11 218
Selvaag Bolig Langhus AS	Oslo	100%	13 486	8 562	11 322
Selvaag Bolig Solberg AS	Oslo	100%	22 330	36 553	35 503
Selvaag Løren 7 AS	Oslo	100%	4 892	528	65 864
Selvaag Bolig Hamang AS	Oslo	100%	42 892	-1 824	61 451
Selvaag Bolig Øst AS <sup>1)</sup>	Oslo	30%	219 105	71 246	58 145
Selvaag Bolig Rogaland AS	Stavanger	100%	263 491	-3 206	375 000
Selvaag Pluss Eiendom KS <sup>2)</sup>	Oslo	66.7%	217 683	2 669	178 586
HPro 5 AS	Oslo	100%	125 618	-353	125 738
Selvaag Bolig Ballerud AS	Oslo	100%	-493	-3 564	17 619
Selvaag Bolig Avløs AS	Oslo	100%	1 051	-60	1 141
Selvaag Bolig Tomt II AS	Oslo	100%	443	-55	537
Selvaag Bolig Landås AS	Oslo	100%	26 129	80 979	28 271
Øya Lervig Brygge AS	Stavanger	100%	2 560	359	2 560
Selvaag Bolig Hovinenga	Oslo	100%	4 465	4 934	4 465
Selvaag Bolig Torvmyra AS	Trondheim	100%	3 408	-66	7 391
Selvaag Bolig Lørenporten AS	Oslo	100%	7 126	79 572	7 125
Selvaag Bolig Trævarefabrikken AS	Oslo	100%	7 686	165 057	7 680
Vestparken AS	Oslo	100%	7 308	-337	7 300
Skårer Bolig AS	Oslo	100%	9 485	84 637	12 219
Lørenskog Sentrum Vest AS	Oslo	100%	-8 924	-1 151	68 590
Kaldnes Brygge Syd AS	Oslo	100%	3 044	-65	874
Selvaag Bostad AB	Stockholm	100%	8 948	-5 197	10 118
<b>Carrying amount at 31 December</b>					<b>1 503 546</b>

<sup>1)</sup> The company is owned 30% by the parent company and 70% by a subsidiary

<sup>2)</sup> The company is owned 66.7% by the parent company and 33.3% by a subsidiar

## COMPANY ACCOUNTS SELVAAG BOLIG ASA

Associated company	Registered office	Ownership and voting power	Equity last year (100%)	Profit and loss last year (100%)	Carrying amount
Kirkeveien Utbyggingsselskap AS	Oslo	50%	4 546	75	22 722
Smedplassen Prosjekt AS	Trondheim	50%	4 613	599	2 000
Tiedemannsfabrikken AS	Oslo	50%	24 558	130 594	7 020
Sinsenveien Utvikling AS	Oslo	50%	-1 067	-727	25
Sandsliåsen 46 Utbygging AS	Bergen	50%	-550	-196	15
Heimdal Stasjonsby AS	Trondheim	50%	17 662	-4 721	8 830
Fornebu Sentrum Utvikling AS	Oslo	50%	-2 814	-2 662	5 016
Haakon VII's gate 4 Utvikling AS	Trondheim	50%	-5 578	-5 439	25
Kaldnes Brygge AS	Tønsberg	50%	11 183	107 399	51 541
Kanalveien Utvikling AS	Bergen	50%	-436	-251	1 436
Kanalveien 51-53 AS	Bergen	50%	-773	-521	15
Verftsbyen Bolig AS	Oslo	50%	23 695	-737	20 000
<b>Carrying amount at 31 December</b>					<b>118 645</b>

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	Spain	100%
Nordic Sol Commercial SL	Spain	100%
Nordic Residential SL	Spain	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 Skalstadskogen 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	Sweden	100%
SPEKS Property SL	Spain	100%
Selvaag Bolig Bispelua AS	Oslo	100%
Strandkanten Pluss II AS	Oslo	100%
Prosjekt Langhus AS	Oslo	100%
Skårerbyen Næring AS	Oslo	100%
Skårerbyen Næring 2 AS	Oslo	100%
Pallplassen Blokk A AS	Oslo	100%

COMPANY ACCOUNTS SELVAAG BOLIG ASA

Note 8: Receivables and liabilities

	2021	2020
<b>Trade receivables</b>		
Trade receivables nominal value	12 716	25 847
Allowance for doubtful debts	-	-
<b>Net trade receivables</b>	<b>12 716</b>	<b>25 847</b>
<b>Non-current liabilities due beyond five years</b>	<b>2021</b>	<b>2020</b>
Other non-current debts to group companies	1 114 944	1 506 033
<b>Total</b>	<b>1 114 944</b>	<b>1 506 033</b>
<b>Maturity schedule for non-current loans:</b>	<b>2021</b>	<b>2020</b>
To be repaid during 2022	-	-
To be repaid during 2023	-	-
To be repaid during 2024	-	-
To be repaid during 2025	43 000	-
To be repaid during 2026 or later	1 114 944	1 506 033
<b>Total</b>	<b>1 157 944</b>	<b>1 506 033</b>
<b>Pledged debts</b>	<b>2021</b>	<b>2020</b>
Debt	-	-
<b>Carrying amount of land pledged as security on bank loans</b>	<b>2021</b>	<b>2020</b>
Shares in subsidiaries	111 666	378 387

Note 9: Receivables from associated companies and joint ventures

	Current		Non-current	
	2021	2020	2021	2020
Tiedemannsfabrikken AS	-	977	-	2 000
Kaldnes Brygge AS	-	312	-	-
Dockside Næring AS	15	8	-	-
Sinsenveien Utvikling AS	116	-	7 651	2 020
Smedplassen Prosjekt AS	-	75	-	-
Sandsliåsen Utbygging AS	-	893	-	-
Sandsliåsen 46 Utbygging AS	-	45	1 898	1 347
Kaldnes Boligutvikling AS	-	47	-	-
Heimdal Stasjonsby AS	583	975	13 723	-
Haakon Vlls gate 4 Utvikling AS	-	-	10 265	4 851
Fornebu Sentrum Utvikling AS	2 100	2 424	30 651	20 890
Pottemakerveien Utvikling AS	-	100	-	35 754
Sandnes Eiendom Holding AS	-	-	2 088	-
Elveparken Sandnes AS	103	292	-	2 031
Lurahøyden Bolig AS	229	-	344	-
Kirkeveien Utbyggingselskap AS	-	-	2 500	-
Verftsbyen Bolig AS	1	1 315	-	-
Kanalveien 51-53 AS	-	-	7 317	4 089
Kanalveien Utvikling AS	-	45	4 001	3 076
<b>Total</b>	<b>3 147</b>	<b>7 508</b>	<b>80 438</b>	<b>76 058</b>

## COMPANY ACCOUNTS SELVAAG BOLIG ASA

### Note 10: Intercompany balances

Current receivables	Trade receivables		Other receivables	
	2021	2020	2021	2020
Group companies	1 332	9 513	803 625	664 761
<b>Total</b>	<b>1 332</b>	<b>9 513</b>	<b>803 625</b>	<b>664 761</b>

Receivables due in more than one year	Other receivables	
	2021	2020
Group companies	724 831	510 753
<b>Total</b>	<b>724 831</b>	<b>510 753</b>

Current liabilities	Other current liabilities Trade payables		Other current liabilities	
	2021	2020	2021	2020
Group companies	-	170	90 866	117 019
<b>Total</b>	<b>-</b>	<b>170</b>	<b>90 866</b>	<b>117 019</b>

Liabilities due in more than one year	Other non-current liabilities	
	2021	2020
Group companies	1 114 944	1 506 033
<b>Total</b>	<b>1 114 944</b>	<b>1 506 033</b>

### Note 11: Related party transactions

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

Sale of goods and services	2021	2020
Associated companies and joint ventures	32 557	28 733
Other related parties (including subsidiaries and joint ventures of parent company)	592	552
<b>Purchase of goods and services</b>	<b>2021</b>	<b>2020</b>
Selvaag AS (parent company)	550	550
Other related parties (including subsidiaries of parent company)	10 334	10 182
<b>Financial income</b>	<b>2021</b>	<b>2020</b>
Selvaag AS (parent company)	-	286
Associated companies and joint ventures	1 884	2 172

#### The following receivables and liabilities were outstanding at 31 December

Receivables	2021	2020
Selvaag AS (parent company)	-	-
Other related parties (including subsidiaries and joint ventures of parent company)	8 125	8 600
<b>Liabilities</b>	<b>2021</b>	<b>2020</b>
Other related parties (including subsidiaries of parent company)	2 726	2 643

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.

### Note 12: Restricted bank accounts

The company had no restricted bank accounts at 31 December 2021.

### 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.

20 largest shareholders at 31 December 2021	Number of shares	Ownership
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%
<b>Total 20 largest shareholders</b>	<b>76 714 594</b>	<b>81.8%</b>
Other shareholders	17 051 094	18.2%
<b>Total number of shares</b>	<b>93 765 688</b>	<b>100.0%</b>

\*) Further information on shareholders is presented at: [www.selvaagboligasa.no](http://www.selvaagboligasa.no)

### Note 14: Equity

Changes in equity	Share capital	Own shares	Share premium account	Other paid-in capital	Total
Equity 1 January	187 531	-585	1 395 478	161 592	1 744 016
Share buy back	-	-1 008	-	-25 263	-26 270
Sale of own shares	-	910	-	22 197	23 108
Net income/(loss) for the period	-	-	-	637 304	637 304
Dividend paid	-	-	-	-186 196	-186 196
Accrued dividend	-	-	-	-281 297	-281 297
Accrued supplementary dividend	-	-	-	-	-
Transaction costs	-	-	-	-	-
<b>Equity at 31 December</b>	<b>187 531</b>	<b>-682</b>	<b>1 395 478</b>	<b>328 338</b>	<b>1 910 665</b>

### Note 15: Contingent liabilities and guarantees

	2021	2020
Capital not called up - limited partnerships	-	1 000
<b>Total contingent liabilities</b>	<b>-</b>	<b>1 000</b>

Capital not called up is related to investments in limited partnerships (note 7).

Selvaag Bolig ASA has provided the following guarantees:	Total
Tax guarantee	7 000
Guarantees related to loans to subsidiaries ("Selvskyldnergaranti")	390 898
Construction client guarantee	539 815
Pre-payment guarantee pursuant to the section 47 of the Housing Construction Act	343 655
Contractor guarantee pursuant to the section 12 of the Housing Construction Act	919 660
Tax payment guarantee to Skatt Øst	27 317
Other guarantees	13 132
<b>Total</b>	<b>2 241 477</b>

## DECLARATION BY THE BOARD OF DIRECTORS AND CEO

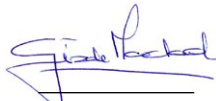
We hereby confirm that, to the best of our knowledge, the annual financial statements for the group and the parent company for 2021 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of 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, 21 March 2022



Olav Hindahl Selvaag  
Chair



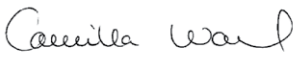
Gisele Marchand  
Director



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



PHOTO: TRÆVAREFABRIKKEN, STRØMMEN

## AUDITOR'S REPORT



To the General Meeting of Selvaag Bolig ASA

### *Independent Auditor's Report*

#### *Report on the Audit of the Financial Statements*

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#### *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 2021, 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 2021, 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 2021, 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 2021, 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.

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#### *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

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*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap*



# AUDITOR'S REPORT

Independent Auditor's Report - Selvaag Bolig ASA



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 14 years from the election by the general meeting of the shareholders on 11 April 2008 for the accounting year 2008.

## 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 of the current period. 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. Value of inventory continues to be a key audit matter for the audit, whereas derecognition of properties sold, which was a key audit matter last year, is no longer a key audit matter this year because it was related to a specific transaction which was completed in 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Value of inventory</i></p> <p>In the financial statements for 2021, SBO's inventory is mainly made up of</p> <ul style="list-style-type: none"><li>• undeveloped land,</li><li>• work in progress, and</li><li>• finished units.</li></ul> <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 significant impairment is identified, a write down of the inventory would be recognized in the financial statement. No material impairment has been recognized in 2020.</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</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</p>

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## AUDITOR'S REPORT

Independent Auditor's Report - Selvaag Bolig ASA



valuation of undeveloped properties and finished units that have not been sold.

### *Undeveloped land*

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.

### *Finished units*

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.

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.

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 unbiased mandate and information from management. These procedures gave us no indication of errors or lack of objectivity in the external valuations.

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.

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.

### *Finished units*

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.

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.

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.

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.

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## AUDITOR'S REPORT

Independent Auditor's Report - Selvaag Bolig ASA



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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.

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### *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

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## AUDITOR'S REPORT

### Independent Auditor's Report - Selvaag Bolig ASA



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

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## AUDITOR'S REPORT

Independent Auditor's Report - Selvaag Bolig ASA



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*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name selvaagboligasa-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

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 preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

##### *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, 21 March 2022

**PricewaterhouseCoopers AS**

Petter Walstad  
State Authorised Public Accountant

(This document is signed electronically)

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

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# GRI INDEX



# GRI INDEX

Statement of use

Selvaag Bolig ASA has reported the information cited in this GRI content index for the period 01.01.2021 to 31.01.2021 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

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	2-2 Entities included in the organization's sustainability reporting	17	Sustainability
	2-3 Reporting period, frequency and contact point	17	Sustainability
	2-4 Restatements of information	17	None
	2-5 External assurance	17	Sustainability
	2-6 Activities, value chain and other business relationships	10, 46	Description of the business, director's report
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	2-8 Workers who are not employees	31	Selvaag Bolig as a workplace
	2-9 Governance structure and composition	10	Description of the business
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	2-11 Chair of the highest governance body	39, 54	Corporate governance in Selvaag Bolig, Board of directors
	2-12 Role of the highest governance body in overseeing the management of impacts	16, 40	Sustainability
	2-13 Delegation of responsibility for managing impacts	16, 40	Sustainability
	2-14 Role of the highest governance body in sustainability reporting	16	Sustainability
	2-15 Conflicts of interest	40	Corporate governance in Selvaag Bolig
	2-16 Communication of critical concerns	17	Sustainability
	2-17 Collective knowledge of the highest governance body	39, 54	Corporate governance in Selvaag Bolig, Board of directors
	2-18 Evaluation of the performance of the highest governance body	39	Corporate governance in Selvaag Bolig
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	2-21 Annual total compensation ratio	102	Note 22
	2-22 Statement on sustainable development strategy	5	Ceo Letter
	2-23 Policy commitments	16, 46	Sustainability
	2-24 Embedding policy commitments	16	Sustainability
	2-25 Processes to remediate negative impacts	16, 21	Sustainability
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	2-27 Compliance with laws and regulations	16, 36	Sustainability, Corporate governance in Selvaag Bolig
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	2-29 Approach to stakeholder engagement	18	Sustainability
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	3-2 List of material topics	18	Sustainability



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GRI 3: Material Topics 2021	3-3 Management of material topics	24	Climate and environment
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	30, 32	Selvaag Bolig as a workplace
	401-3 Parental leave	31, 32	Selvaag Bolig as a workplace
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	32	Selvaag Bolig as a workplace
Additional	Employee satisfaction - «Great Place to Work» score	32	Selvaag Bolig as a workplace
Additional	Sick leave	32	Selvaag Bolig as a workplace
Likestilling			
GRI 3: Material Topics 2021	3-3 Management of material topics	31	Selvaag Bolig as a workplace
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	31	Selvaag Bolig as a workplace
	405-2 Ratio of basic salary and remuneration of women to men	32	Selvaag Bolig as a workplace
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	31	Selvaag Bolig as a workplace
Ansvarlig drift			
GRI 3: Material Topics 2021	3-3 Management of material topics	34	Responsible operations and working conditions at construction sites
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	30	Selvaag Bolig as a workplace
	205-3 Confirmed incidents of corruption and actions taken	30	Selvaag Bolig as a workplace
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	35	Responsible operations and working conditions at construction sites
	414-2 Negative social impacts in the supply chain and actions taken	35	Responsible operations and working conditions at construction sites
Saftey on the construction site			
GRI 3: Material Topics 2021	3-3 Management of material topics	34	Responsible operations and working conditions at construction sites
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	35	Responsible operations and working conditions at construction sites



# APPENDIX



# Carbon Accounting Report 2021

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## Selvaag Bolig

This report provides an overview of Selvaag Bolig's greenhouse gas (GHG) emissions.

The report covers Selvaag Bolig's operations in Norway and Sweden, including offices and exhibition centres, as well as two housing projects completed in 2021. In addition, greenhouse gas emissions are estimated for all the company's projects that were completed in 2021. The estimate is calculated with aggregated data from 128 of the 876 total of housing units that were completed in 2021. The project accounts are based on the proposed legal requirements for carbon accounting in building regulations TEK 17 where the life cycle stages A1-3 and B4-5 are defined. Selvaag Bolig has also kept carbon accounts for material transport to the construction site (A4), estimated energy consumption (B6) and waste on the construction site.

This report comprises the following organisational units: The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-1.

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## APPENDIX

### Reporting Year Energy and GHG Emissions

Emission Source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO <sub>2e</sub>	% Share
<b>Transportation total</b>				<b>69.8</b>	<b>16.8</b>	<b>0.1 %</b>
Petrol	Company cars	7,200.0	liters	69.8	16.8	0.1 %
<b>Scope 1 total</b>				<b>69.8</b>	<b>16.8</b>	<b>0.1 %</b>
<b>Electricity total</b>				<b>390.7</b>	<b>3.9</b>	<b>0.02 %</b>
Electricity Norway		389,700.0	kWh	389.7	3.9	0.02 %
Electricity Sweden		1,000.0	kWh	1.0	0.01	< 0.01 %
<b>District heating location total</b>				<b>23.5</b>	<b>0.4</b>	<b>&lt; 0.01 %</b>
District heating Norway mix		22,500.0	kWh	22.5	0.3	< 0.01 %
District heating SE/Stockholm		1,000.0	kWh	1.0	0.06	< 0.01 %
<b>Electric vehicles total</b>				<b>2.3</b>	<b>0.1</b>	<b>&lt; 0.01 %</b>
Electric car Nordic	Company cars	12,000.0	km	2.3	0.1	-
<b>Scope 2 total</b>				<b>416.5</b>	<b>4.4</b>	<b>0.02 %</b>
<b>Waste total</b>				-	<b>0.16</b>	<b>&lt; 0.01 %</b>
Residual waste, recycled		3,795.0	kg	-	0.1	< 0.01 %
Plastic waste, recycled		1,161.0	kg	-	0.02	< 0.01 %
Organic waste, recycled		747.0	kg	-	0.02	< 0.01 %
Paper waste, recycled		1,650.0	kg	-	0.02	< 0.01 %
<b>Business travel total</b>				-	<b>45.6</b>	<b>0.2 %</b>
Car, hybrid vehicle	Norway	49,527.6	km	-	4.8	0.02 %
Car, hybrid vehicle	Sweden	6,000.0	km	-	0.6	< 0.01 %
Mileage all. el car Nordic	Norway	24,763.8	km	-	0.2	< 0.01 %
Mileage all. el car Nordic	Sweden	3,000.0	km	-	0.02	< 0.01 %
Flights, Continental/Nordic	Italy & Sweden	359,488.0	km	-	29.2	0.1 %
Flights, Domestic	Norway	24,265.0	km	-	3.2	0.02 %
Train (SE)		405.0	km	-	< 0.01	< 0.01 %
Train (NO)		1,430.0	km	-	0.02	< 0.01 %
Ferry, foot passengers		2,400.0	km	-	0.05	< 0.01 %
Hotel nights, Nordic	Norway & Sweden	51.0	nights	-	0.8	< 0.01 %
Hotel nights, Europe	Italy	247.0	nights	-	5.2	0.03 %
Taxi		2,634.0	km	-	0.5	< 0.01 %
Bus local avg.		140.0	km	-	0.01	< 0.01 %
Mileage all. car (NO)	Norway	8,245.6	km	-	0.8	< 0.01 %
Mileage all. avg. car	Sweden	1,000.0	km	-	0.8	< 0.01 %
<b>Purchased goods and services total</b>				-	<b>19,575.0</b>	<b>97.1 %</b>
Concrete B30/M60		3,153.0	m <sup>3</sup>	-	729.7	3.6 %
Concrete B30/M60		618,160.0	kg	-	81.5	0.4 %
Insulation		5,356.0	m <sup>2</sup>	-	6.9	0.03 %
Steel, B500NC (A1-3)		110,000.0	kg	-	112.2	0.6 %
Steel, plates (A1-A3)	Steel doors	1,906.6	kg	-	5.0	0.02 %
Timber		358.4	m <sup>3</sup>	-	34.3	0.2 %
Glava Insulation (A1-3)		1,723.2	m <sup>2</sup>	-	0.7	< 0.01 %
Windows		36.4	kgCO <sub>2e</sub>	-	0.04	< 0.01 %
Steel profile		454,553.0	kg	-	1,172.7	5.8 %
Plasterboard, GU-X (A1-3)		14,943.2	m <sup>2</sup>	-	33.0	0.2 %
Reinforced Steel Profile (A1-3)	Stands and sleepers	23.9	kg	-	0.1	< 0.01 %

## APPENDIX

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Aluminium	ALU doors	91.7 kg	-	0.8	< 0.01 %
Plasterboard, STD (Norgips) (A1-3)		9,166.5 m <sup>2</sup>	-	20.1	0.1 %
Concrete B35/MF45		2,532.8 ton	-	306.4	1.5 %
XPS insulation board		550.0 m <sup>2</sup>	-	2.0	0.01 %
Screen tile (A1-3)		1,327.3 m <sup>2</sup>	-	21.3	0.1 %
<b>Other housing projects 2021</b>	<b>Estimated emissions for other housing projects completed in 2021</b>	<b>16,971.6 tCO<sub>2</sub>e</b>	<b>-</b>	<b>16,971.6</b>	<b>84.1 %</b>
*Wood waste, recycled	Waste generated during construction of buildings	323,711.0 kg	-	6.9	0.03 %
*Plastic waste, recycled	Waste generated during construction of buildings	14,142.0 kg	-	0.3	< 0.01 %
*Paper waste, recycled	Waste generated during construction of buildings	2,320.0 kg	-	0.05	< 0.01 %
*Cardboard waste, recycled	Waste generated during construction of buildings	7,360.0 kg	-	0.2	< 0.01 %
*Organic waste, recycled	Waste generated during construction of buildings	82,000.0 kg	-	1.7	0.01 %
*Industrial inert waste, landfill	Waste generated during construction of buildings	26,500.0 kg	-	0.03	< 0.01 %
*Concrete waste, recycled	Waste generated during construction of buildings	41,480.0 kg	-	0.04	< 0.01 %
*Plasterboard waste, recycled	Waste generated during construction of buildings	106,980.0 kg	-	0.3	0.01 %
*Mineral wool waste, recycled (CL)	Waste generated during construction of buildings	3,700.0 kg	-	< 0.01	< 0.01 %
*Hazardous waste, recycled	Waste generated during construction of buildings	0.1 kg	-	< 0.01	< 0.01 %
*Hazardous waste, incinerated	Waste generated during construction of buildings	11,960.0 kg	-	28.9	0.1 %
*Residual waste, incinerated	Waste generated during construction of buildings	76,343.0 kg	-	38.3	0.2 %
<b>Upstream transportation and distribution total</b>			<b>-</b>	<b>85.9</b>	<b>0.4 %</b>
Truck with trailer 33t+		1,070,801.5 tkm	-	85.9	0.4 %
<b>Use of sold products total</b>			<b>-</b>	<b>440.7</b>	<b>2.2 %</b>
Electricity Norway	Estimated electricity consumption in Silkeføret's service life (50 years)	7,047,500.0 kWh	-	70.5	0.3 %
Electricity Norway	Estimated electricity consumption in Skifabrikent's service life (50 years)	33,421,600.0 kWh	-	334.2	1.7 %
Other material inputs	Replacement of screen tiles after 30 years of life	15,242.2 kgCO <sub>2</sub> e	-	15.2	0.1 %
Heat Bio 90% (Nordic)	Replacement of screen tiles after 50 years of life	6,684,300.0 kWh	-	20.7	0.1 %
<b>Scope 3 total</b>			<b>-</b>	<b>20,149.4</b>	<b>99.9 %</b>
<b>Total</b>			<b>486.2</b>	<b>20,170.6</b>	<b>100.0 %</b>
<b>KJ</b>		<b>1,750,492,800.0</b>			

## Reporting Year Market-Based GHG Emissions

Category	Unit	2021
Electricity market-based	tCO <sub>2</sub> e	156.7
Scope 2 market-based	tCO <sub>2</sub> e	157.1
Total market-based	tCO <sub>2</sub> e	20,323.4

## Annual key figures and climate indicators

Name	2021	Unit
Direct emissions (Scope 1)	16,8	tCO <sub>2</sub> e
Indirect emissions from energy consumption, location-based (Scope 2)	4,4	tCO <sub>2</sub> e
Indirect emissions from energy consumption, market-based (Scope 2)	157,1	tCO <sub>2</sub> e
Scope 1 + 2 emissions	21,2	tCO <sub>2</sub> e
Indirect emissions from input factors (Scope 3)	20,149,4	tCO <sub>2</sub> e
Total emissions (S1+S2+S3)	20,170,6	tCO <sub>2</sub> e
Total energy consumption Scope 1+2	486,2	MWh
Emissions per. employee (excluding housing projects)	776,5	kgCO <sub>2</sub> e
CO <sub>2</sub> -intensity (total)	20,170,6	tCO <sub>2</sub> e
Emissions per. BTA - Estimated (housing projects only)	298,3	kgCO <sub>2</sub> e
Material use in the reporting year *	143,114,93	tonn
CO <sub>2</sub> intensity for material use *	7 338,3	tCO <sub>2</sub> e
Waste generated in the reporting year **	4,934,2	tonn
CO <sub>2</sub> intensity for generated waste **	227,2	tCO <sub>2</sub> e

\* Total emissions for materials and waste are estimated according to the measured amount of materials and waste generated by Skifabrikken and Silkeføret included in the carbon accounting report, aggregated up per. unit.

\*\* Emissions from waste are based on waste generated during the construction of a home, marked in «Purchased goods and services»

Included in the housing projects is Selvaag Bolig's emissions for the reporting year 2021 of 20,171.2 tCO<sub>2</sub>e is divided into Scope 1, 2 and 3:

Scope 1:	16.8 tCO <sub>2</sub> e	0.1%
Scope 2:	4.4 tCO <sub>2</sub> e	0.02 %
Scope 3:	20,149.4 tCO <sub>2</sub> e	99.9 %

Selvaag Bolig completed 867 housing units in 2021 with an estimated emission of 20,104.3 tCO<sub>2</sub>e or 99.67% of the company's total greenhouse gas emissions. Of this, the material groups steel and concrete make up approx. 17,008.57 tCO<sub>2</sub>e or approx. 84.32% of the company's total greenhouse gas emissions. In 2021, the company's offices and display centers had emissions of 66.9 tCO<sub>2</sub>e, which corresponds to 0.33% of the company's total emissions. With 86 employees this corresponds to an emission of 0.776 tCO<sub>2</sub>e per employee. The emissions associated with Selvaag Bolig's offices and businesses mainly stem from company cars and business trips, where company cars account for 16.9 tCO<sub>2</sub>e and business trips for 45.6 tCO<sub>2</sub>e. The activity related to the largest emissions in the business travel category is air travel in the Nordic countries and Europe.

### Housing projects 2021

The housing projects Skifabrikken and Silkeføret have been used as test projects in preparation for establishing a carbon accounting report for all completed housing projects in 2022. The project accounts are based on the proposed legal requirements for climate accounts in building regulations TEK 17 where life cycle stages A1-3 and B4-5 are defined. Selvaag Bolig has also kept carbon accounts for the materials' transport to the construction site (A4), estimated energy consumption (B6) and waste on the construction site.

There may still be materials that are not included in this carbon accounting report due to the lack of data or lack of information on emissions, which the Building Regulations (TEK 17) potentially may require to be included. Selvaag Bolig has chosen to focus on the main materials, wood, concrete, steel, insulation, plaster, and other essential materials for the current project. Although the carbon accounting report is not considered complete, it provides a good picture of the company's carbon footprint.

Based on the average emissions per housing unit, Skifabrikken and Silkeføret serve as a foundation for aggregating emissions for the company's other housing projects completed in 2021. The emissions for the other 739 units Selvaag Bolig completed in 2021 are estimated on this foundation, giving a good representation of the company's total carbon footprint. This is estimated to be 16,971.6 tCO<sub>2</sub>e. Given that each dwelling unit is 77 square meters BTA, presenting a carbon intensity of 298.3 kgCO<sub>2</sub>e per BTA.

Category	Consumption	Unit	kgCO <sub>2</sub> e per.		% Share
			BTA	tCO <sub>2</sub> e	
<b>Housing projects 2021</b>			-	<b>20,104.3</b>	<b>100.0 %</b>
Skifabrikken BT1 House A og B	2,375.0	tCO <sub>2</sub> e	<b>315.2</b>	2,375.0	11.81 %
Silkeføret Building A og B	757.7	tCO <sub>2</sub> e	<b>223.3</b>	757.7	3.77 %
Remaining projects - Estimated	16,971.6	tCO <sub>2</sub> e	<b>298.3</b>	16,971.6	84.42 %
<b>Total</b>			-	<b>20,104.3</b>	<b>100.0 %</b>



## 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 CO<sub>2</sub>-equivalents: CO<sub>2</sub>, CH<sub>4</sub> (methane), N<sub>2</sub>O (laughing gas), SF<sub>6</sub>, HFCs, PFCs and NF<sub>3</sub>.

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 Cemsys 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 CO<sub>2</sub>e 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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Referanselisten over er ikke komplett, men inneholder de viktigste referansene som benyttes i CEMAsys. Itillegg vil det være en rekke lokale/nasjonale kilder som kan være aktuelle, avhengig av hvilke utslippsfaktorer som benyttes.

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