

SELVAAG BOLIG

Q4 2022

Fourth quarter results



Highlights of the fourth quarter 2022

Selvaag Bolig delivered 147 units with satisfactory margins in the quarter. The number of delivered units was lower than the corresponding quarter one year earlier, which led to a decline in both revenues and earnings per share. Revenues were lower than in the previous quarter primarily as a result of increased home loan interest rates and macroeconomic uncertainty. The board proposes a dividend of NOK 2.00 per share for the second half, and the total ordinary dividend for 2022 will thus be NOK 4.00/share.

- Operating revenues¹ NOK 669 million (NOK 1 554 million)
- Adjusted EBITDA³ NOK 87 million (NOK 317 million) and ordinary EBITDA² NOK 66 million (NOK 272 million)
- Pre-tax profit of NOK 67 million (NOK 274 million)
- 44 units sold⁶ (276) and construction started on 146 units (456)
- 160 units completed (334) and 147 delivered (324)
- A total of 1 253 units (1 323) under construction at 31 December, with a combined sales value of NOK 6 408 million (NOK 6 736 million)
- 67 per cent of units under construction sold (67 per cent) sold by the end of the quarter. 75 per cent of the homes that will be completed in 2023 are sold (82 per cent)
- The board proposes a dividend of NOK 2.00 per share (NOK 3.00) for the second half, and the total ordinary dividend for 2022 will thus be NOK 4.00/share (NOK 5.00)

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

Key figures

(figures in NOK 1 000)

	Q4 2022	Q4 2021	2022	2021
IFRS main figures				
Operating revenues ¹	668 833	1 553 816	2 896 379	3 402 746
EBITDA ²	66 342	271 933	432 102	658 597
EBITDA adjusted ³	86 756	317 012	517 097	755 854
Operating profit/(loss)	63 800	269 374	422 385	648 325
Profit/(loss) before taxes	66 604	274 446	425 115	645 331
Net income	45 413	218 451	338 853	504 905
Cash flow from operating activities	(51 602)	721 140	63 441	392 588
Net cash flow	(162 132)	(82 228)	85 235	(357 898)
Interest-bearing liabilities	2 485 790	2 147 683	2 485 790	2 147 683
Total assets	5 949 559	5 781 958	5 949 559	5 781 958
Equity	2 345 883	2 468 841	2 345 883	2 468 841
Equity ratio	39.4%	42.7%	39.4%	42.7%
Earnings per share in NOK	0.48	2.34	3.63	5.40
Segment reporting (NGAAP⁴)				
Operating revenues	525 668	795 230	2 856 035	3 308 143
EBITDA ⁵	70 913	113 271	376 958	523 504
EBITDA margin	13.5%	14.2%	13.2%	15.8%
Key figures (net, adjusted for share in joint ventures)				
Number of units sold ⁶	44	276	448	821
Number of construction starts	146	456	517	880
Number of units delivered	147	324	585	894
Number of units completed	160	334	586	867

¹ Operating revenues do not include revenues from joint ventures.

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

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

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

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

⁶ Units sold are sales contracts entered into with customers pursuant to the Norwegian Housing Construction Act. In accordance with the IFRS, they are recognised as in

Financial review

Summary of overall results

(figures in NOK 1 000)	Q4 2022	Q4 2021	2022	2021
Total operating revenues	668 833	1 553 816	2 896 379	3 402 746
Project expenses	(514 423)	(1 212 898)	(2 313 735)	(2 617 422)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(82 376)	(80 591)	(245 985)	(246 696)
Total operating expenses	(596 799)	(1 293 489)	(2 559 720)	(2 864 118)
Associated companies and joint ventures	(8 234)	9 047	85 726	109 697
Operating profit	63 800	269 374	422 385	648 325
Net financial expenses	2 804	5 072	2 730	(2 994)
Profit before taxes	66 604	274 446	425 115	645 331
Income taxes	(21 191)	(55 995)	(86 262)	(140 426)
Net income	45 413	218 451	338 853	504 905

Results for the fourth quarter of 2022

(Figures in brackets relate to the corresponding period of 2021. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 668.8 million (NOK 1 553.8 million) in the fourth quarter. Revenues from units delivered accounted for NOK 649.4 million (NOK 1 458.9 million) of the total. Other revenues derived from non-core activities, mainly provision of services.

A total of 147 units (324) were delivered in the quarter, including 146 (291) from consolidated project companies and one (33) from joint ventures.

Project costs for the quarter totalled NOK 514.4 million (NOK 1 212.9 million), of which NOK 20.4 million (NOK 45.1 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs totalled NOK 82.4 million (NOK 80.6 million) for the period. Payroll costs accounted for NOK 50.2 million (NOK 49.8 million) of this figure. In addition, NOK 16.7 million (NOK 16.8 million) in payroll costs relating to housing under construction, including bonus costs, was capitalised during the quarter. These payroll costs will be expensed as project costs on future delivery.

Other operating costs came to NOK 29.6 million (NOK 28.2 million) for the quarter, including NOK 10.7 million (NOK 13.6 million) for sales and marketing.

The share of profit from associates and joint ventures was negative at NOK 8.2 million (positive at NOK 9.0 million) for the quarter. The decline from the same period of 2021 primarily reflected fewer units delivered from joint ventures.

Reported EBITDA was NOK 66.3 million (NOK 271.9 million), corresponding to a margin of 9.9 per cent (17.5 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 86.8 million (NOK 317.0 million), corresponding to a margin of 13.0 per cent (20.4 per cent). The decline in the EBITDA margin from the previous year primarily reflected fewer delivered units. Results from joint ventures are presented net and thus not included in turnover. For more information, see note 8 on proportional consolidation.

Consolidated depreciation and amortisation totalled NOK 2.5 million (NOK 2.6 million) for the quarter. Operating profit thereby came to NOK 63.8 million (NOK 269.4 million).

Net financial items amounted to NOK 2.8 million (NOK 5.1 million). Pre-tax profit for the quarter thereby came to NOK 66.6 million (NOK 274.4 million).

Tax expense for the period was NOK 21.2 million (NOK 56.0 million). Comprehensive income for the fourth quarter came to NOK 45.4 million (NOK 218.5 million). NOK 45.4 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 218.5 million), and NOK 0.0 million to non-controlling shareholders (NOK 0.0 million).

Results for the full year 2022

Selvaag Bolig had operating revenues of NOK 2 896.4 million (NOK 3 402.7 million) for the year. Revenues from units delivered accounted for NOK 2 791.9 million (NOK 3 227.8 million) of the total. In addition, four land plots were sold by the group for a total of NOK 38.9 million. In 2021, land plots and a land contract were sold by the group for a total of NOK 113.8 million. Other revenues related to non-core activities, mainly provision of services.

A total of 585 units (894) were delivered in the year, including 513 (716) from consolidated project companies and 72 (178) from joint ventures.

Project costs for the year totalled NOK 2 313.7 million (NOK 2 617.4 million), primarily construction costs for units delivered as well as costs in other projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs and associates totalled NOK 246.0 million (NOK 246.7 million) for the period. Payroll costs accounted for NOK 139.0 million (NOK 136.2 million) of this figure. In addition, NOK 30.2 million (NOK 30.7 million) in payroll costs relating to housing under construction, including bonus costs, was capitalised and will be expensed as project costs on future delivery.

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

The share of profit from associates and joint ventures came to NOK 85.7 million (NOK 109.7 million). The decline from the previous year primarily reflected fewer delivered units in joint ventures.

Reported EBITDA was NOK 432.1 million (NOK 658.6 million), corresponding to a margin of 14.9 per cent (19.4 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 517.1 million (NOK 755.9 million), corresponding to a margin of 17.9 per cent (22.2 per cent). The decline in EBITDA from the previous year primarily reflected fewer delivered units. EBITDA margins are influenced by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

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

Net financial income amounted to NOK 2.7 million (NOK 3.0 million in expense). That brought pre-tax profit for the year to NOK 425.1 million (NOK 645.3 million). Estimated tax expense for the year is NOK 86.3 million (NOK 140.4 million).

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

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 51.6 million (positive NOK 721.1 million) for the fourth quarter. The decline from the same period of 2021 primarily reflected fewer delivered units and the effect of the net change in inventory.

For the full year 2022, consolidated cash flow from operational activities was NOK 63.4 million (NOK 392.6 million). The decline from last year primarily reflected fewer delivered units and the effect of the net change in inventory. See note 5 for more information.

Net cash flow from investing activities was negative at NOK 10.6 million (negative at NOK 2.0 million) for the quarter.

Cash flow from investing activities for the year was NOK 239.8 million (NOK 167.1 million). The change from 2021

primarily reflected dividends received from joint ventures in 2022.

Net cash flow from financing activities was negative at NOK 99.9 million (negative at NOK 801.4 million) for the quarter. The change from the same period of 2021 primarily reflected less net repayment of construction loans.

During the full year, net cash flow from financing activities was negative at NOK 218.0 million (negative at NOK 917.6 million). The change from last year primarily reflected less net repayment of construction loans in 2022.

The group's holding of cash and cash equivalents at 31 December totalled NOK 612.7 million (NOK 527.4 million), a decline of NOK 162.1 million from 30 September and an increase of NOK 85.2 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q4 2022	Q4 2021	2022	2021
Profit before taxes	66 604	274 446	425 115	645 331
Net cash flow from operating activities	(51 602)	721 140	63 441	392 588
Net cash flow from investment activities	(10 608)	(1 959)	239 822	167 129
Net cash flow from financing activities	(99 922)	(801 409)	(218 028)	(917 616)
Net change in cash and cash equivalents	(162 132)	(82 228)	85 235	(357 898)
Cash and cash equivalents at start of period	774 802	609 663	527 435	885 333
Cash and cash equivalents at end of period	612 670	527 435	612 670	527 435

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 31 December was NOK 4 273.2 million, compared with NOK 4 124.8 million at 30 September and NOK 4 072.5 million a year earlier. See note 5 for a further specification of inventory.

The group's accounts receivable were NOK 81.5 million at the end of the quarter. In comparison, accounts receivable were NOK 240.0 million at the end of the previous quarter and NOK 83.8 million at the same time the year before. The decline in the fourth quarter was because many flats were delivered towards the end of the third quarter, so that payment was postponed to the fourth quarter. These are considered normal fluctuations and do not involve any credit risk as the funds are in the client's account with the settlement intermediary from the handover of the flat to the final receipt of settlement.

Equity was NOK 2 345.9 million (NOK 2 468.8 million) at 31 December, corresponding to an equity ratio of 39.4 per cent (42.7 per cent). Selvaag Bolig ASA paid a dividend of NOK 279.8 million in the second quarter (NOK 280.5 million), based on profit for the second half of 2021. An additional dividend of NOK 186.5 million (NOK 187.0) was paid in the third quarter, based on the result in the first half of 2022. Non-controlling interests amounted to NOK 7.8 million (NOK 7.8 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 541.9 million (NOK 552.4 million) at 31 December, of which NOK 152.1 million (NOK 233.6 million) represented advance payments from customers.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 485.8 million (NOK 2 147.7 million), of which NOK 1 400.4 million (NOK 777.2 million) was non-current and NOK 1 085.4 million (NOK 1 370.5 million) was current.

NOK 582.3 million (NOK 682.2 million) of current debt related to repurchase agreements with and seller credits for Urban Property. See note 7 for more information.

The group had land loans totalling 225.5 million (NOK 278.8 million) at 31 December. This relatively low level reflects the fact that a large part of the properties is financed through Urban Property and classified as current liabilities, repurchase agreements and seller credits. Land loans are normally converted to construction loans in line with the progress of the respective development projects.

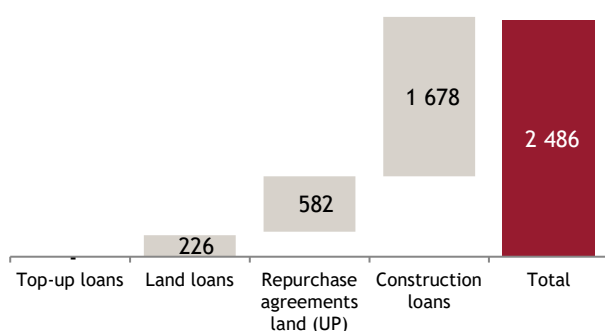
Selvaag Bolig ASA has a credit facility agreement of NOK 300 million with DNB, which matures in December 2025. This facility was expanded from NOK 150 million during the quarter. The group also has an annually renewed overdraft facility of NOK 150 million with the same bank. The previous credit facility of NOK 300 million for financing infrastructure expired during the quarter. No drawings had been made against any of these facilities at 31 December.

Net interest-bearing debt

(figures in NOK 1 000)	Q4 2022	Q3 2022	2021
Non-current interest-bearing debt	1 400 352	1 477 236	777 200
Current interest-bearing debt	503 091	502 700	688 330
Current liabilities repurchase agreements and seller credits	582 347	587 271	682 153
Cash and cash equivalents	(612 670)	(774 802)	(527 435)
Net interest-bearing debt	1 873 120	1 792 405	1 620 248

The group's interest-bearing debt falls primarily into four categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans. At 31 December 2022, the group had no top-up loans. Land loans totalled NOK 226 million, repurchase agreements with Urban Property were NOK 582 million and total construction loans were NOK 1 678 million.

Interest-bearing debt at 31 Dec 2022 (NOK mill)



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

At 31 December, interest of NOK 142 million on land loans had been capitalised, while interest of NOK 84 million relating to land loans was recognised in profit and loss.

In connection with the Urban Property transaction on 21 January 2020, a large proportion of the group's land loans were redeemed and replaced with liabilities in the form of repurchase agreements with Urban Property. See note 7 for a description of the collaboration with Urban Property. This means that interest charges on land loans related to these sites, which are collectively designated Portfolio B, have been replaced by option premiums paid quarterly. These premiums are treated in the accounts in the same way as land-loan interest charges, being capitalised as inventory and included in the cost of sales on delivery of completed units. Option premiums paid and capitalised for sites in Portfolio B came to NOK 4.8 million (NOK 3.1 million) for the fourth quarter and totalled NOK 15.7 million (NOK 17.0 million) for the year.

Portfolio C comprises land which the group has the right or obligation to purchase from Urban Property in the future. See note 7 for more information. Provision for accrued option premiums is made quarterly as other long-term assets and other long-term liabilities respectively in Selvaag Bolig's consolidated accounts. The asset is reclassified as inventory when the land is taken over. Provision for and capitalisation of option premiums for portfolio C in the fourth quarter came to NOK 30.9 million (NOK 21.3 million). Provision for and capitalisation of option premiums for portfolio C for the year came to NOK 101.0 million (NOK 84.4 million). At 31 December, accumulated provision and capitalisation came to NOK 174.4 million (NOK 85.7 million).

Operational reporting

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

Segments fourth quarter and full year 2022

Fourth quarter

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q4 22	Q4 21	Q4 22	Q4 21	Q4 22	Q4 21
Housing development (NGAAP)	506 802	782 239	119 366	163 646	125 778	179 255
Other	18 866	12 991	(48 453)	(50 375)	(48 915)	(45 394)
IFRS adjustments	143 165	758 586	(4 571)	158 662	(13 063)	135 513
Total group (IFRS)	668 833	1 553 816	66 342	271 933	63 800	269 374

Jan-Dec

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	12M 22	12M 21	12M 22	12M 21	12M 22	12M 21
Housing development (NGAAP)	2 794 366	3 250 572	525 138	659 081	568 994	745 377
Other	61 669	57 571	(148 180)	(135 577)	(149 548)	(132 076)
IFRS adjustments	40 344	94 603	55 144	135 093	2 939	35 024
Total group (IFRS)	2 896 379	3 402 746	432 102	658 597	422 385	648 325

Housing development

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

Operating revenues from housing development for the fourth quarter were NOK 506.8 million (NOK 782.2 million). They were derived from 17 projects (20) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 387.4 million (NOK 618.6 million) for the fourth quarter.

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

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 119.4 million (NOK 163.6 million) for the quarter, corresponding to a profit margin of 23.6 per cent (20.9 per cent).

Other business - unallocated

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

Operating revenues for the segment in the fourth quarter came to NOK 18.9 million (NOK 13.0 million), while operating costs amounted to NOK 67.3 million (NOK 63.4 million). Costs relate largely to remuneration for the administration and management, as well as to other operating costs. EBITDA was thereby negative at NOK 48.5 million (negative at NOK 50.4 million).

Review of operations

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

Operations

Gross sales during the quarter totalled 49 units with a combined value of NOK 255 million. Selvaag Bolig's share amounted to 44 units with a combined value of NOK 220 million.

Work started on constructing 146 units during the fourth quarter, so that Selvaag Bolig had 1 253 units worth some NOK 6.4 billion under construction at 31 December. A total of 160 units were completed during the quarter.

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

percentage of completion method as its accounting principle.

Projects

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

Quarterly development of the project portfolio

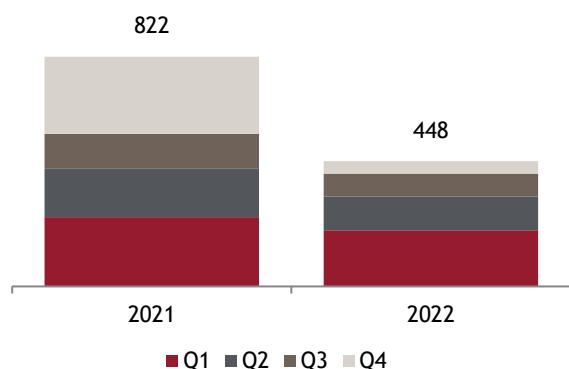
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Units sold	276	201	120	83	44
Construction starts	456	113	190	68	146
Units completed	334	74	210	142	160
Units delivered	324	77	217	144	147
Units under construction	1 323	1 361	1 342	1 268	1 253
Proportion of sold units under construction	67 %	73 %	75 %	73 %	67 %
Completed unsold units	25	19	13	19	31
Sales value of units under construction (NOK million)	6 736	7 034	6 807	6 225	6 408

Purchase and sale of land

Selvaag Bolig has not entered into any agreements to sell or buy land in the fourth quarter.

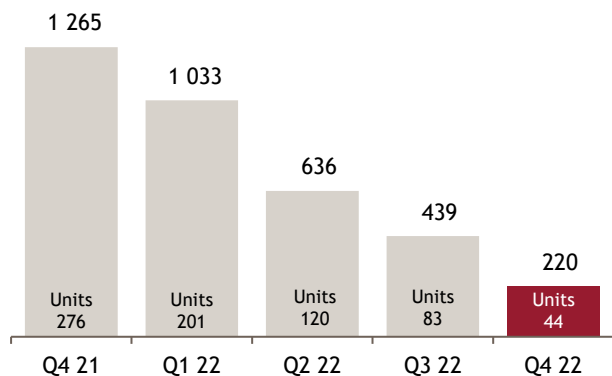
Sales development and progress

Units sold



Total housing sales during the fourth quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 44 units with a combined sales value of NOK 220 million. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of units sold in joint-venture projects. Sales in the same period of 2021 totalled 276 units with a combined value of NOK 1 265 million.

Value of units sold (NOK mill)



Selvaag Bolig did not start sales on any new projects during the quarter.

Construction began on 146 (456) units during the quarter. At 31 December, Selvaag Bolig consequently had 1 253 (1 323) units under construction. They included 1 002 units in Greater Oslo, 132 in Bergen, 78 in Trondheim and 42 in Rogaland county.

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

The order backlog at 31 December - in other words, the sales value of the 1 253 units (1 323) units then under construction - was NOK 6 408 million (NOK 6 736 million).

A total of 160 (334) units were completed in the fourth quarter, and 147 (324) - including ones completed earlier - were delivered. The completed units were spread over three projects.

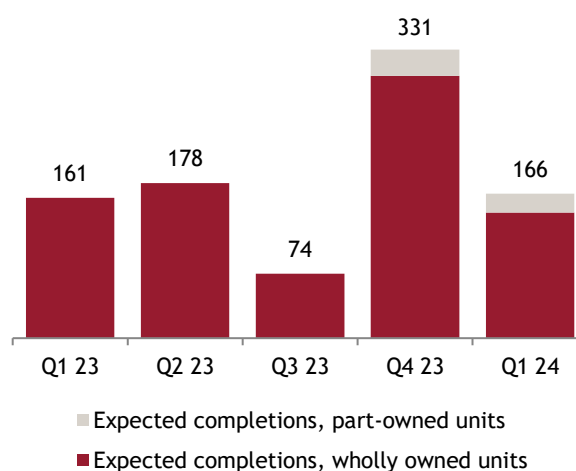
At 31 December, the group held 31 (25) completed but unsold units. Consolidated project companies accounted for 146 (291) of the units delivered, while one (33) was in part-owned project companies.

Units completed by project

Project	No of units	Category	Region
Langhus	30	Flat	Greater Oslo
Sandsli 360	67	Flat	Bergen
Lervig Brygge	63	Flat	Rogaland
Total	160		

Based on anticipated progress for the projects, 161 units are expected to be completed in the first quarter of 2023. Estimated completions for 2023 as a whole amount to 744 units.

Expected number of completions



Share information

The company had 93.77 million issued shares at 31 December, divided between 5 784 shareholders.

The 20 largest shareholders controlled 81.3 per cent of the total number of issued shares. The largest shareholder was Selvaag AS, with a 53.5 per cent holding.

During the quarter, the Selvaag Bolig share varied in price from NOK 28.70 to NOK 33.65. The closing price at 31 December was NOK 32.05. That compared with NOK 31.75 at 30 September, and the share price accordingly rose by 0.9 per cent over the quarter.

Just over 6.2 million shares, or 6.6 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 189.2 million during the quarter, corresponding to an average daily figure of roughly NOK 3.0 million.

20 largest shareholders at 31 December 2022

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
Skandinaviska Enskilda Banken AB	4 796 067	5.1%
PARETO INVEST NORGE AS	4 671 772	5.0%
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 266 051	3.5%
The Northern Trust Comp, London Br	2 186 000	2.3%
JPMorgan Chase Bank, N.A., London	1 912 218	2.0%
SANDEN EQUITY AS	1 200 000	1.3%
MUSTAD INDUSTRIER AS	1 136 363	1.2%
The Northern Trust Comp, London Br	840 200	0.9%
Skandinaviska Enskilda Banken AB	750 000	0.8%
BANAN II AS	750 000	0.8%
Landkreditt Utbytte	700 000	0.7%
Brown Brothers Harriman & Co.	684 200	0.7%
Brown Brothers Harriman & Co.	513 705	0.5%
Morgan Stanley & Co. International	496 588	0.5%
Sverre Molvik	492 814	0.5%
Øystein Klungland	487 582	0.5%
The Bank of New York Mellon SA/NV	450 810	0.5%
THRANE-STEEN NÆRINGSBYGG AS	342 249	0.4%
Avanza Bank AB	331 199	0.4%
Total 20 largest shareholders	76 187 905	81.3%
Other shareholders	17 577 783	18.7%
Total number of shares	93 765 688	100.0%

Risk and uncertainty factors

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

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

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

As a pure housing developer, without its own construction arm, Selvaag Bolig puts all building work out to competitive tender. This means the group has great operational flexibility and can adapt its operations at short notice to changing levels of activity in the market. As a general rule, it requires 60 per cent advance sales before initiating projects. 67 per cent of total units under construction and 75 per cent of planned completions in 2023 had been sold at 31 December 2022.

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

Outlook

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

According to Statistics Norway, urbanisation and population growth create a large and long-term need for new homes in Selvaag Bolig's core areas. The demand for new homes is, however, negatively affected by reduced purchasing power in households as a result of geopolitical uncertainty with subsequent high inflation, increased energy prices and rising interest rates. However, some easing of the mortgage regulations from the beginning of 2023 will likely contribute positively to housing demand as more people have the opportunity to buy their home.

The pandemic and the war in Ukraine have led to increased construction costs, resulting in postponed sales and construction starts. Over time, the situation could affect the number of homes the company has under construction. However, already started projects are not affected by increased construction costs, as these are mainly contracted at a fixed price. Selvaag Bolig sees signs that the price of building materials and transport is falling, which could be positive for the price level of new construction contracts.

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

Transactions with related parties

According to the accounting rules, Urban Property is a related party to the group. This means that ongoing option premiums and repurchases are regarded as related-party transactions. See note 7 for further details. During the fourth quarter, the group had no significant transactions with related parties.

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

Housing market

Overall sales activity in the Norwegian housing market for existing dwellings was normal in the fourth quarter. In some regions, however, more homes were offered for sale or fewer homes than usual were sold. This led to an increase in inventory in several areas. Price developments differed between Selvaag Bolig's core areas.

According to Statistics Norway, seasonally adjusted existing dwelling prices at 31 December were on average 2.6 per cent higher than 31 December 2021, and declined by 0.9 per cent compared to the previous quarter. Overall prices fell by 1.8 per cent during the quarter in Oslo including Bærum, and were 1.5 per cent higher than at 31 December 2021. In Akershus excluding Bærum, prices fell by 1.1 per cent and were up by 0.2 per cent from 31 December 2021.

Prices in Stavanger rose by 0.1 per cent during the quarter and were 1.2 per cent higher than one year earlier. Prices in Bergen fell by 1.1 per cent in the quarter and were up by 2.8 per cent from one year earlier. In Trondheim, prices declined by 1.8 per cent for the quarter and were 1.0 per cent higher than one year earlier.

Selvaag Bolig sold 49 homes worth a total of NOK 255 million in the fourth quarter. Sales in 2022 totalled 561 homes worth NOK 2 963 million. Adjusted for Selvaag Bolig's share of joint ventures, net sales came to 44 homes worth NOK 220 million in the fourth quarter, and 448 homes valued at NOK 2 328 million for the year.

Interim financial statements IFRS

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q4 2022	Q4 2021	2022	2021
Revenues	649 435	1 539 793	2 830 818	3 341 513
Other revenues	19 398	14 023	65 561	61 233
Total operating revenues	668 833	1 553 816	2 896 379	3 402 746
Project expenses	(514 423)	(1 212 898)	(2 313 735)	(2 617 422)
Salaries and personnel costs	(50 216)	(49 793)	(139 035)	(136 160)
Depreciation and amortisation	(2 542)	(2 559)	(9 717)	(10 272)
Other operating expenses	(29 618)	(28 239)	(97 233)	(100 264)
Total operating expenses	(596 799)	(1 293 489)	(2 559 720)	(2 864 118)
Associated companies and joint ventures	(8 234)	9 047	85 726	109 697
Operating profit	63 800	269 374	422 385	648 325
Financial income	6 548	6 930	15 384	10 691
Financial expenses	(3 744)	(1 858)	(12 654)	(13 685)
Net financial expenses	2 804	5 072	2 730	(2 994)
Profit/(loss) before taxes	66 604	274 446	425 115	645 331
Income taxes	(21 191)	(55 995)	(86 262)	(140 426)
Net income	45 413	218 451	338 853	504 905
Other comprehensive income/expenses				
Translation differences	(1 116)	(1 152)	1 432	(3 223)
Total comprehensive income/(loss) for the period	44 297	217 299	340 285	501 682
Net income for the period attributable to:				
Non-controlling interests	5	(2)	7	(4)
Shareholders in Selvaag Bolig ASA	45 408	218 453	338 846	504 909
Total comprehensive income/(loss) for the period attributable to:				
Non-controlling interests	5	(2)	7	(4)
Shareholders in Selvaag Bolig ASA	44 292	217 301	340 278	501 686
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:				
Earnings per share (basic and diluted) in NOK	0.48	2.34	3.63	5.40

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q4 2022	Q3 2022	2021
ASSETS				
Non-current assets				
Goodwill		383 376	383 376	383 376
Property, plant and equipment		8 152	8 022	7 380
Right-of-use lease assets		17 754	19 517	25 733
Investments in associated companies and joint ventures		234 730	235 710	354 699
Loans to associated companies and joint ventures		93 674	89 421	75 777
Other non-current assets	7	233 866	206 187	200 782
Total non-current assets		971 552	942 233	1 047 747
Current assets				
Inventories (property)	5, 7	4 273 209	4 124 828	4 072 466
Trade receivables		81 455	240 008	83 831
Other current receivables		10 673	9 718	50 479
Cash and cash equivalents		612 670	774 802	527 435
Total current assets		4 978 007	5 149 356	4 734 211
TOTAL ASSETS		5 949 559	6 091 589	5 781 958
EQUITY AND LIABILITIES				
Equity attributed to shareholders in Selvaag Bolig ASA		2 338 088	2 279 079	2 461 053
Non-controlling interests		7 795	7 790	7 788
Total equity		2 345 883	2 286 869	2 468 841
LIABILITIES				
Non-current liabilities				
Pension liabilities		1 090	1 254	1 254
Deferred tax liabilities		38 283	38 246	38 579
Provisions		66 999	62 910	62 910
Other non-current liabilities	7	265 039	286 344	219 622
Non-current lease liabilities		10 930	12 857	18 630
Non-current interest-bearing liabilities		1 400 352	1 477 236	777 200
Total non-current liabilities		1 782 693	1 878 847	1 118 195
Current liabilities				
Current lease liabilities		7 861	7 800	8 108
Current interest-bearing liabilities		503 091	502 700	688 330
Current liabilities repurchase agreements and seller credits	7	582 347	587 271	682 153
Trade payables		99 343	130 457	129 986
Current tax payables		86 398	86 909	133 902
Other current non-interest-bearing liabilities		541 943	610 736	552 443
Total current liabilities		1 820 983	1 925 873	2 194 922
Total liabilities		3 603 676	3 804 720	3 313 117
TOTAL EQUITY AND LIABILITIES		5 949 559	6 091 589	5 781 958

The consolidated financial information has not been audited

Statement of changes in equity

(figures in NOK 1 000)	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
Equity at 1 January 2022	186 898	1 394 857	700 629	6 874	3 528	168 266	2 461 055	7 788 *	2 468 841
Transactions with owners:									
Dividend	-	-	-	-	-	(466 269)	(466 269)	-	(466 269)
Share buy back	(992)	-	-	-	-	(18 955)	(19 947)	-	(19 947)
Employee share programme	1 534	-	-	-	-	21 439	22 973	-	22 973
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	338 846	338 846	7	338 853
Other comprehensive income/(loss) for the period	-	-	-	1 432	-	-	1 432	-	1 432
Equity at 31 December 2022	187 440	1 394 857	700 629	8 306	3 528	43 327	2 338 090	7 795 *	2 345 883
Equity at 1 January 2021	186 996	1 394 857	700 629	10 097	3 528	133 915	2 430 025	7 792 *	2 437 815
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
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	504 909	504 909	(4)	504 905
Other comprehensive income/(loss) for the period	-	-	-	(3 223)	-	-	(3 223)	-	(3 223)
Equity at 31 December 2021	186 898	1 394 857	700 629	6 874	3 528	168 266	2 461 056	7 788 *	2 468 841

The consolidated financial information has not been audited.

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

Statement of cash flow

(figures in NOK 1 000)	Note	Q4 2022	Q4 2021	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes		66 604	274 446	425 115	645 331
Income taxes paid		(21 808)	(15 136)	(133 995)	(126 725)
Depreciation and amortisation		2 542	2 559	9 717	10 272
Share of profits/(losses) from associated companies and joint ventures		8 234	(9 047)	(85 726)	(109 697)
Changes in inventories (property)	5	(141 120)	588 706	(141 536)	114 544
Changes in trade receivables		158 553	59 119	2 376	(13 365)
Changes in trade payables		(31 114)	39 020	(30 643)	(7 240)
Changes in other operating working capital assets		(16 523)	(42 426)	33 943	(23 015)
Changes in other operating working capital		(76 969)	(176 101)	(15 810)	(97 517)
Net cash flow from operating activities		(51 602)	721 140	63 441	392 588
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets		-	-	163	-
Purchases of PPE and intangible assets		(608)	(996)	(2 344)	(1 097)
Proceeds from sale of associated companies and joint ventures		-	-	-	8 046
Purchases of associated companies and joint ventures		-	-	(5 000)	-
Proceeds from sale of other investments and repayment of loans		-	6 676	78 000	45 875
Purchases of other investments and loans		(10 000)	(7 695)	(58 997)	(39 745)
Dividends and disbursements from associated companies and joint ventures		-	56	228 000	154 050
Net cash flow from investment activities		(10 608)	(1 959)	239 822	167 129
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	7	621 200	679 543	2 251 525	2 311 996
Repayments of borrowings	7	(726 574)	(1 479 708)	(1 992 040)	(2 743 972)
Repayments of lease liabilities		(2 027)	(2 131)	(8 108)	(8 524)
Dividends paid to equity holders of Selvaag Bolig		-	-	(466 269)	(467 493)
Share buy back Selvaag Bolig ASA		(8 256)	(14 852)	(19 947)	(26 270)
Proceeds from disposal of shares Selvaag Bolig ASA		15 734	15 739	16 811	16 647
Net cash flow from financing activities		(99 922)	(801 409)	(218 028)	(917 616)
Net change in cash and cash equivalents		(162 132)	(82 228)	85 235	(357 898)
Cash and cash equivalents at start of period		774 802	609 663	527 435	885 333
Cash and cash equivalents at end of period		612 670	527 435	612 670	527 435

The consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

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

The group's consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2021.

The accounting policies applied in preparing these interim condensed consolidated financial statements are otherwise consistent with those applied in the group's consolidated financial statements for the year ended 31 December 2021.

2. Accounting judgements, estimates and assumptions

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

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those which applied in the consolidated financial statements for the year ended 31 December 2021.

3. Transactions with related parties

See note 23 to the consolidated financial statements for 2021 for detailed information on related-party transactions in previous years.

4. Segment information

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

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

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

Fourth quarter 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	506 802	18 866	525 668
Project expenses	(373 997)	1 565	(372 432)
Other operating expenses	(13 439)	(68 884)	(82 323)
EBITDA (percentage of completion, NGAAP)	119 366	(48 453)	70 913
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	119 366	(48 453)	70 913
Sales revenues (adjustment effect of percentage of completion)	(502 525)	-	(502 525)
Sales revenues (completed contract)	645 691	-	645 691
Project expenses (adjustment effect of percentage of completion)	397 478	-	397 478
Project expenses (completed contract)	(539 470)	-	(539 470)
Lease liabilities	-	2 489	2 489
Depreciation and amortisation	-	(2 542)	(2 542)
Share of income (losses) from associated companies and joint ventures	(8 234)	-	(8 234)
Other gain (loss), net	-	-	-
Operating profit (loss), (IFRS)	112 306	(48 506)	63 800
Units under construction	1 253	N/A	N/A
Units delivered	147	N/A	N/A

Fourth quarter 2021

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	782 239	12 991	795 230
Project expenses	(600 246)	(1 136)	(601 382)
Other operating expenses	(18 347)	(62 230)	(80 577)
EBITDA (percentage of completion, NGAAP)	163 646	(50 375)	113 271
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	163 646	(50 375)	113 271
Sales revenues (adjustment effect of percentage of completion)	(696 730)	-	(696 730)
Sales revenues (completed contract)	1 455 316	-	1 455 316
Project expenses (adjustment effect of percentage of completion)	536 712	-	536 712
Project expenses (completed contract)	(1 148 228)	-	(1 148 228)
Lease liabilities	-	2 545	2 545
Depreciation and amortisation	-	(2 559)	(2 559)
Share of income (losses) from associated companies and joint ventures	9 047	-	9 047
Other gain (loss), net	-	-	-
Operating profit (loss), (IFRS)	319 763	(50 389)	269 374
Units under construction	1 323	N/A	N/A
Units delivered	324	N/A	N/A

At 31 December 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	2 794 366	61 669	2 856 035
Project expenses	(2 234 250)	954	(2 233 296)
Other operating expenses	(34 978)	(210 803)	(245 781)
EBITDA (percentage of completion, NGAAP)	525 138	(148 180)	376 958
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	525 138	(148 180)	376 958
Sales revenues (adjustment effect of percentage of completion)	(2 729 302)	-	(2 729 302)
Sales revenues (completed contract)	2 769 646	-	2 769 646
Project expenses (adjustment effect of percentage of completion)	2 161 251	-	2 161 251
Project expenses (completed contract)	(2 241 690)	-	(2 241 690)
Lease liabilities	-	9 513	9 513
Depreciation and amortisation	-	(9 717)	(9 717)
Share of profits (losses) from associated companies and joint ventures	85 726	-	85 726
Other gain (loss), net	-	-	-
Operating profit (loss), (IFRS)	570 769	(148 384)	422 385
Units under construction	1 253	N/A	N/A
Units delivered	585	N/A	N/A

At 31 December 2021

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	3 250 572	57 571	3 308 143
Project expenses	(2 536 524)	(1 510)	(2 538 034)
Other operating expenses	(54 967)	(191 638)	(246 605)
EBITDA (percentage of completion, NGAAP)	659 081	(135 577)	523 504
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	659 081	(135 577)	523 504
Sales revenues (adjustment effect of percentage of completion)	(3 125 757)	-	(3 125 757)
Sales revenues (completed contract)	3 220 361	-	3 220 361
Project expenses (adjustment effect of percentage of completion)	2 427 795	-	2 427 795
Project expenses (completed contract)	(2 507 183)	-	(2 507 183)
Lease liabilities	-	10 181	10 181
Depreciation and amortisation	-	(10 272)	(10 272)
Share of profits (losses) from associated companies and joint ventures	109 696	-	109 696
Other gain (loss), net	-	-	-
Operating profit (loss), (IFRS)	783 993	(135 668)	648 325
Units under construction	1 323	N/A	N/A
Units delivered	894	N/A	N/A

5. Inventory - property

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

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

(figures in NOK 1 000)	Q4 2022	Q3 2022	2021
Land (undeveloped)	719 324	805 165	1 033 800
Work in progress	3 384 214	3 189 475	2 872 244
Completed units	169 671	130 188	166 422
Carrying amount	4 273 209	4 124 828	4 072 466

6. Project expenses and EBITDA

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

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q4 2022	Q4 2021	2022	2021
Project expenses	(514 423)	(1 212 898)	(2 313 735)	(2 617 422)
Finance expenses	(20 414)	(45 079)	(84 995)	(97 257)
Other project expenses	(494 009)	(1 167 819)	(2 228 740)	(2 520 165)

(figures in NOK 1 000)	Q4 2022	Q4 2021	2022	2021
EBITDA ¹	66 342	271 933	432 102	658 597
EBITDA margin	9.9%	17.5%	14.9%	19.4%
EBITDA adjusted ²	86 756	317 012	517 097	755 854
EBITDA margin adjusted	13.0%	20.4%	17.9%	22.2%

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

² EBITDA adjusted excludes financial expenses included in project costs.

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

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

7. Collaboration with Urban Property

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

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

- UP has a pre-emptive right to buy new land SBO wants to develop.
- SBO has an option to buy back the land from UP.
- The land is repurchased in stages by SBO at its original acquisition price plus an annual option premium of Nibor plus 3.75 per cent. In addition comes a transaction fee, which is 0.5 per cent when UP buys property from the landowner and two per cent when SBO buys from UP.
- The agreement includes financial covenants.

Where SBO is concerned, this means:

- That the company eliminates the need for equity to buy land, in that SBO pays 50 per cent of the purchase price to UP on taking over a property (when construction starts) and 50 per cent on completion of the project.
- A higher return on equity.
- That a higher share of the profit can be distributed as dividend.
- A more efficient and predictable financing of new and existing land.
- Increased competitiveness when buying land.
- The 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 was converted to portfolio C with effect from 1 January 2021 following a renegotiation of the collaboration agreement between the parties.

Portfolio B

In accounting terms, Portfolio B is treated as a financing arrangement because SBO retains control of these properties. This means that the carrying amount of Portfolio B remains unchanged as inventory after the transaction, while the consideration from the sale of

Portfolio B has been recognised as a liability for repurchase agreements (to UP) in the SBO balance sheet.

The option premium related to the properties in Portfolio B is paid quarterly. These premiums are treated for accounting purposes in the same way as interest charges on land loans. They are recognised in the balance sheet as part of inventory and expensed as cost of sales when completed residential units are delivered. Option premiums paid and capitalised for land in Portfolio B amounted to NOK 4.8 million in the fourth quarter (NOK 3.1 million). For the year, premiums paid and capitalised were NOK 15.7 million (NOK 17.0 million). SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property. SBO pays 50 per cent of the purchase price to UP on taking over a property and 50 per cent on completion of the project.

Portfolio C

Portfolio C covers properties which the group has the right or obligation to purchase in the future. An agreement has been entered into which means that UP acquires rights and obligations corresponding to those currently held by the group in relation to the landowners. SBO will remain the formal counterparty to the present landowners. The agreement 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. Provision for and capitalisation of option premiums for Portfolio C amounted to NOK 30.9 million in the fourth quarter (NOK 21.3 million). For the year, provisions and capitalisation were NOK 101.0 million (NOK 84.4 million). Accumulated provisions and capitalisation at 31 December 2022 totalled NOK 174.4 million (NOK 85.7 million).

SBO can cancel the option at any given time in exchange for a break fee comprising the accumulated 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 did not purchase any sites from UP during the fourth quarter. SBO repaid a total of NOK 15.5 million in seller credits to UP in the fourth quarter (NOK 104.0 million).

Debt related to repurchase agreements and seller credits was NOK 582.3 million at the end of the quarter (NOK 682.2 million).

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

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

context, it is relevant to provide information on how the statement of comprehensive income would have appeared were the equity interest in collaboration projects to be consolidated.

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

Statement of proportional consolidation	Q4 2022			Q4 2021		
	Adj share		Pro forma gross Assoc/JV	Adj share		Pro forma gross Assoc/JV
	IFRS	Assoc/JV gross		IFRS	Assoc/JV gross	
(figures in NOK 1 000)						
Revenues	649 435	2 950	652 385	1 539 793	124 294	1 664 087
Other revenues	19 398	2 534	21 932	14 023	2 701	16 724
Total operating revenues	668 833	5 484	674 317	1 553 816	126 995	1 680 811
Project expenses	(514 423)	(10 710)	(525 133)	(1 212 898)	(104 170)	(1 317 068)
Salaries and personnel costs	(50 216)	(278)	(50 494)	(49 793)	(409)	(50 202)
Depreciation and amortisation	(2 542)	(959)	(3 501)	(2 559)	(954)	(3 513)
Other operating expenses	(29 618)	(1 608)	(31 226)	(28 239)	(5 808)	(34 047)
Total operating expenses	(596 799)	(13 554)	(610 353)	(1 293 489)	(111 340)	(1 404 829)
Associated companies and joint ventures	(8 234)	8 234	-	9 047	(9 047)	-
Other gains (losses), net	-	-	-	-	-	-
Operating profit	63 800	164	63 964	269 374	6 608	275 982
Financial income	6 548	571	7 119	6 930	49	6 979
Financial expenses	(3 744)	(2 407)	(6 151)	(1 858)	(1 016)	(2 874)
Net financial expenses	2 804	(1 836)	968	5 072	(966)	4 106
Profit/(loss) before taxes	66 604	(1 673)	64 932	274 446	5 642	280 088
Income taxes	(21 191)	1 673	(19 518)	(55 995)	(5 642)	(61 637)
Net income	45 413	-	45 413	218 451	-	218 451
EBITDA margin¹	9.9%	N/A	10.0%	17.5%	N/A	16.6%
EBITDA margin adj²	13.0%	N/A	13.0%	20.4%	N/A	19.4%

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

² EBITDA adjusted excludes financial expenses included in project costs. See note 6.

Statement of proportional consolidation

(figures in NOK 1 000)	12M 2022			12M 2021		
	Adj share		Pro forma gross Assoc./JV	Adj share		Pro forma gross Assoc./JV
	IFRS	Assoc./JV gross		IFRS	Assoc./JV gross	
Revenues	2 830 818	463 631	3 294 449	3 341 513	883 495	4 225 008
Other revenues	65 561	9 801	75 362	61 233	13 034	74 267
Total operating revenues	2 896 379	473 431	3 369 810	3 402 746	896 529	4 299 275
Project expenses	(2 313 735)	(329 638)	(2 643 373)	(2 617 422)	(724 295)	(3 341 717)
Salaries and personnel costs	(139 035)	(1 174)	(140 209)	(136 160)	(1 739)	(137 899)
Depreciation and amortisation	(9 717)	(3 845)	(13 562)	(10 272)	(3 850)	(14 122)
Other operating expenses	(97 233)	(22 652)	(119 885)	(100 264)	(21 375)	(121 639)
Total operating expenses	(2 559 720)	(357 308)	(2 917 028)	(2 864 118)	(751 259)	(3 615 377)
Associated companies and joint ventures	85 726	(85 726)	-	109 697	(109 697)	-
Other gains (losses), net	-	-	-	-	-	-
Operating profit	422 385	30 398	452 783	648 325	35 573	683 898
Financial income	15 384	1 323	16 707	10 691	82	10 773
Financial expenses	(12 654)	(6 891)	(19 545)	(13 685)	(3 599)	(17 284)
Net financial expenses	2 730	(5 569)	(2 839)	(2 994)	(3 517)	(6 511)
Profit/(loss) before taxes	425 115	24 829	449 944	645 331	32 056	677 387
Income taxes	(86 262)	(24 829)	(111 091)	(140 426)	(32 056)	(172 482)
Net income	338 853	-	338 853	504 905	-	504 905
EBITDA margin¹	14.9%	N/A	13.8%	19.4%	N/A	16.2%
EBITDA margin adj²	17.9%	N/A	16.7%	22.2%	N/A	19.2%

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

² EBITDA adjusted excludes financial expenses included in project costs. See note 6.

9. Alternative Performance Measures (APMs)

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

EBITDA:

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

(figures in NOK 1 000)	Q4 2022	Q4 2021	2022	2021
Operating profit	63 800	269 374	422 385	648 325
Depreciation and amortisation	2 542	2 559	9 717	10 272
EBITDA	66 342	271 933	432 102	658 597
Finance expenses ¹	20 414	45 079	84 995	97 257
EBITDA adjusted	86 756	317 012	517 097	755 854

¹ See note 6

EBITDA (percentage of completion, NGAAP):

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

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

Adjusted EBITDA:

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

important additional information about the underlying value creation trends in the group.

Net interest-bearing debt:

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

SELVAAG BOLIG

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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time, and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger, Trondheim and Stockholm. Selvaag Bolig represents a continuation of Selvaag's 70-year history and experience, and offers a broad variety of property types. The company is headquartered at Ullern in Oslo.

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