

SELVAAG BOLIG

Q2 2023

Second quarter results



Highlights of the second quarter 2023

Selvaag Bolig delivered 155 units in the second quarter of 2023. Both revenues and earnings per share were lower than in the same quarter last year due to fewer delivered units and lower margins in completed projects. Sales in the second quarter were lower than in the corresponding period last year. This is due to challenging market conditions as a result of increased mortgage interest rates and macroeconomic uncertainty. The board has approved a dividend of NOK 1 per share for the first half.

- Operating revenues¹ NOK 837 million (966)
- Adjusted EBITDA³ NOK 95 million (233) and ordinary EBITDA² NOK 66 million (206)
- Pre-tax profit of NOK 70 million (204)
- 79 units sold⁶ (120) and construction started on 83 (190)
- 162 units completed (210) and 155 delivered (217)
- A total of 1 018 units (1 342) under construction at 30 June, with a combined sales value of NOK 5 458 million (6 807)
- 68 per cent of units under construction (75) sold. 83 per cent of the units being completed in 2023 are sold (92)
- In accordance with its mandate from the most recent AGM, the board has approved a dividend of NOK 1.00 per share for the first half (NOK 2.00)

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

Key figures

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
IFRS main figures					
Operating revenues ¹	836 928	965 914	1 571 103	1 322 157	2 896 379
EBITDA ²	65 990	205 838	153 663	257 596	432 102
EBITDA adjusted ³	95 430	232 537	205 112	293 296	517 097
Operating profit/(loss)	63 682	203 368	149 133	252 828	422 385
Profit/(loss) before taxes	69 722	203 899	155 742	251 174	425 115
Net income	51 558	176 815	116 753	214 368	338 853
Cash flow from operating activities	98 408	297 489	137 876	(11 035)	63 441
Net cash flow	(19 091)	15 053	(220 916)	182 064	85 235
Interest-bearing liabilities	2 437 188	2 538 788	2 437 188	2 538 788	2 485 790
Total assets	5 720 727	5 988 136	5 720 727	5 988 136	5 949 559
Equity	2 279 836	2 394 991	2 279 836	2 394 991	2 345 883
Equity ratio	39.9%	40.0%	39.9%	40.0%	39.4%
Earnings per share in NOK	0.55	1.90	1.25	2.30	3.63
Segment reporting (NGAAP⁴)					
Operating revenues	541 636	784 337	1 136 923	1 542 238	2 856 035
EBITDA ⁵	54 015	103 681	125 630	209 925	376 958
EBITDA margin	10.0%	13.2%	11.1%	13.6%	13.2%
Key figures (net, adjusted for share in joint ventures)					
Number of units sold ⁶	79	120	195	321	448
Number of construction starts	83	190	88	303	517
Number of units delivered	155	217	305	294	585
Number of units completed	162	210	323	284	586

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 income on delivery.

Financial review

Summary of overall results

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Total operating revenues	836 928	965 914	1 571 103	1 322 157	2 896 379
Project expenses	(708 581)	(804 068)	(1 288 453)	(1 057 248)	(2 313 735)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(57 495)	(59 665)	(117 610)	(108 271)	(245 985)
Total operating expenses	(766 076)	(863 733)	(1 406 063)	(1 165 519)	(2 559 720)
Associated companies and joint ventures	(7 170)	101 187	(15 907)	96 190	85 726
Operating profit	63 682	203 368	149 133	252 828	422 385
Net financial expenses	6 040	531	6 609	(1 654)	2 730
Profit before taxes	69 722	203 899	155 742	251 174	425 115
Income taxes	(18 164)	(27 084)	(38 989)	(36 806)	(86 262)
Net income	51 558	176 815	116 753	214 368	338 853

Results for the second quarter of 2023

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

Selvaag Bolig had operating revenues of NOK 836.9 million (NOK 965.9 million) in the second quarter. Revenues from units delivered accounted for NOK 757.0 million (NOK 911.3 million) of the total. In addition, the group sold land plots and a commercial property in Rogaland for a total of NOK 62.9 million. Other revenues derived from non-core activities, mainly provision of services.

A total of 155 units (217) were delivered in the quarter, including 154 (148) from consolidated project companies and one (69) from joint ventures.

Project costs for the quarter totalled NOK 708.6 million (NOK 804.1 million), of which NOK 29.4 million (NOK 27.0 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which do not qualify for capitalisation as inventory.

Operating costs excluding project costs totalled NOK 57.5 million (NOK 59.7 million) for the period. Payroll costs accounted for NOK 30.0 million (NOK 28.9 million) of this figure. In addition, NOK 4.5 million (NOK 4.5 million) in payroll costs relating to housing under construction were capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 25.2 million (NOK 28.3 million) for the quarter, including NOK 6.7 million (NOK 9.4 million) for sales and marketing.

The share of profit from associates and joint ventures came to a negative NOK 7.2 million (positive at NOK 101.2 million) for the quarter. The negative share of profit was primarily due to fewer delivered units and capitalised sales expenses in the quarter, while in the same period last year there was a significant share of delivered units from joint ventures.

Reported EBITDA was NOK 66.0 million (NOK 205.8 million), corresponding to a margin of 7.9 per cent (21.3 per cent). EBITDA adjusted for the share of project costs that are financial expenses came to NOK 95.4 million (NOK 232.5 million), corresponding to a margin of 11.4 per cent (24.1 per cent). The decline in the EBITDA margin from the second quarter of 2022 primarily reflected fewer units delivered and lower margins on completed projects. In addition, last year included a higher share of delivered units from joint ventures. Results from joint ventures are presented net and their turnover is thus not included in the group's turnover. For more information, see note 8 on proportional consolidation.

Consolidated depreciation and amortisation totalled NOK 2.3 million (NOK 2.5 million) for the quarter. Operating profit thereby came to NOK 63.7 million (NOK 203.4 million).

Net financial income amounted to NOK 6.0 million (NOK 0.5 million). Pre-tax profit for the quarter thereby came to NOK 69.7 million (NOK 203.9 million).

Tax expense for the period was NOK 18.2 million (NOK 27.1 million). Comprehensive income for the second quarter came to NOK 51.6 million (NOK 176.8 million). NOK 51.6 million of

the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 176.8 million), and NOK 0.0 to non-controlling shareholders (NOK 0.0).

Results for the first half of 2023

Selvaag Bolig had operating revenues of NOK 1 571.1 million (NOK 1 322.2 million) in the first half. Revenues from units delivered accounted for NOK 1 474.4 million (NOK 1 253.7 million) of the total. In addition, the group sold land plots and commercial property in Rogaland for a total of NOK 62.9 million. Other revenues related to non-core activities, mainly provision of services.

A total of 305 units (294) were delivered in the quarter, including 291 (224) from consolidated project companies and 14 (70) from joint ventures.

Project costs for the first half totalled NOK 1 288.5 million (NOK 1 057.2 million). Total project expenses primarily represented construction costs for units delivered as well as costs in other projects which do not qualify for capitalisation as inventory.

Operating costs excluding project costs and associates totalled NOK 117.6 million (NOK 108.3 million) for the period. Payroll costs accounted for NOK 59.0 million (NOK 55.1 million) of this figure. In addition, NOK 9.4 million (NOK 9.3 million) in payroll costs relating to housing under construction was capitalised during the first half and will be expensed as project costs on future delivery.

Other operating costs came to NOK 54.0 million (NOK 48.5 million), including NOK 16.7 million (NOK 13.1 million) for sales and marketing.

Cash flow

Consolidated net cash flow from operational activities was NOK 98.4 million (NOK 297.5 million) for the second quarter. The decrease from the same period of 2022 was primarily because of fewer units delivered and the negative impact from an increase in customer receivables.

In the first half, consolidated net cash flow from operational activities was positive at NOK 137.9 million (negative at NOK 11.0 million). The increase from the same period of 2022 was primarily due to a change in inventories. See note 5 for more information.

Net cash flow from investing activities amounted to NOK 5.2 million (NOK 44.8 million) for the quarter. The change from last year was primarily related to the received settlements for seller credits in 2022.

The share of profit from associates and joint ventures was negative at NOK 15.9 million (positive at NOK 96.2 million). This decrease from the same period of 2022 reflected fewer units delivered from joint ventures.

Reported EBITDA for the first half was NOK 153.7 million (NOK 257.6 million), corresponding to a margin of 9.8 per cent (19.5 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 205.1 million (NOK 293.3 million), corresponding to a margin of 13.1 per cent (22.2 per cent). The decrease in EBITDA from the first half of 2022 primarily reflected lower margins on completed projects. The EBITDA margin is influenced by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated operating profit for the first half came to NOK 149.1 million (NOK 252.8 million). Net financial income amounted to NOK 6.6 million (negative at NOK 1.7 million).

Pre-tax profit for the first half was NOK 155.7 million (NOK 251.2 million). Estimated tax expense for the period is NOK 39.0 million (NOK 36.8 million).

Comprehensive income for the first half came to NOK 116.8 million (NOK 214.4 million). NOK 116.8 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 214.4 million), and NOK 0.0 to non-controlling shareholders (NOK 0.0).

In the first half, cash flow from investing activities was negative at NOK 57.5 million (positive at NOK 131.2 million). The change from the previous year is primarily due to dividends from joint ventures received in 2022.

Net cash flow from financing activities was negative at NOK 122.7 million (negative at NOK 327.2 million) for the quarter. The change from the same period of last year primarily reflected a decrease in net redemption of construction loans in 2023, as well as a decline in paid dividends.

In the first half, net cash flow from financing activities was negative at NOK 301.3 million (positive at NOK 61.9 million). The change from last year primarily reflected lower drawdown and increased redemption of construction loans.

The group's holding of cash and cash equivalents at 30 June totalled NOK 391.8 million (NOK 709.5 million), a decrease

of NOK 19.1 million from 31 March and a decline of NOK 317.7 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Profit before taxes	69 722	203 899	155 742	251 174	425 115
Net cash flow from operating activities	98 408	297 489	137 876	(11 035)	63 441
Net cash flow from investment activities	5 247	44 757	(57 447)	131 191	239 822
Net cash flow from financing activities	(122 747)	(327 193)	(301 345)	61 908	(218 028)
Net change in cash and cash equivalents	(19 091)	15 053	(220 916)	182 064	85 235
Cash and cash equivalents at start of period	410 845	694 446	612 670	527 435	527 435
Cash and cash equivalents at end of period	391 754	709 499	391 754	709 499	612 670

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 June was NOK 3 878.1 million, compared with NOK 4 161.4 million at 31 March and NOK 4 122.2 million a year earlier. See note 5 for a further specification of inventory.

The group's customer receivables were NOK 322.1 million at the end of the quarter, compared with NOK 104.3 million at 31 March and NOK 105.0 million a year earlier. The increase during the quarter was due to units delivered near the end of the quarter, with settlement postponed until the third quarter. These are considered normal fluctuations and do not involve any credit risk as the funds are in the client's account with the settlement intermediary from the handover of the flat to the final receipt of settlement.

Equity was NOK 2 279.8 million (NOK 2 395.0 million) at 30 June, corresponding to an equity ratio of 39.9 per cent (40.0 per cent). Selvaag Bolig ASA paid a dividend of NOK 187.4 million in the second quarter (NOK 279.8 million), based on profit for the second half of 2022. 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 434.2 million (NOK 545.9 million) at 30 June, of

which NOK 79.2 million (NOK 203.0 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 2 437.2 million (NOK 2 538.8 million), of which NOK 695.6 million (NOK 1 239.8 million) was non-current and NOK 1 741.6 million (NOK 1 299.0 million) was current. NOK 486.7 million (NOK 616.1 million) of current debt related to repurchase agreements with and seller credits for Urban Property. See note 7 for more information.

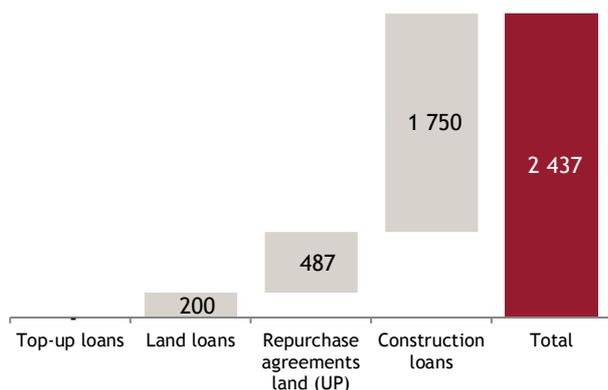
The group had land loans totalling NOK 200.3 million (NOK 239.5 million) at 30 June. This relatively low level reflects the fact that a large part of the properties is financed through Urban Property and classified as current liabilities, repurchase agreements and seller credits. Land loans are normally converted to construction loans in line with the progress of the respective development projects.

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

Net interest-bearing debt

(figures in NOK 1 000)	Q2 2023	Q1 2023	Q2 2022	2022
Non-current interest-bearing debt	695 641	1 194 225	1 239 753	1 400 352
Current interest-bearing debt	1 254 833	557 790	682 921	503 091
Current liabilities repurchase agreements and seller	486 714	587 232	616 114	582 347
Cash and cash equivalents	(391 754)	(410 845)	(709 499)	(612 670)
Net interest-bearing debt	2 045 434	1 928 402	1 829 289	1 873 120

The group's interest-bearing debt falls primarily into four categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans. At 30 June, the group had no top-up loans, land loans of NOK 200 million, repurchase agreements with Urban Property of NOK 487 million and total construction loans of NOK 1 750 million.

Interest-bearing debt at 30 June 2023 (NOK mill)

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

construction period and recognised under cost of sales in the same way.

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

In connection with the Urban Property (UP) transaction in 2020, a large proportion of the group's land loans were redeemed and replaced with liabilities in the form of repurchase agreements (UP). See note 7 for a description of the collaboration with UP. This means that interest charges on land loans related to these sites, which are collectively designated as Portfolio B, have been replaced by option premiums paid quarterly. These premiums are treated in the accounts in the same way as land-loan interest charges, being capitalised as inventory and included in the cost of sales on delivery of completed units. Option premiums paid and capitalised for sites in Portfolio B came to NOK 5.3 million (NOK 3.7 million) for the second quarter and NOK 10.2 million (NOK 7.0 million) for the first half.

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 second quarter came to NOK 39.3 million (NOK 23.3 million). Provision for and capitalisation of option premiums for portfolio C in the first half came to NOK 74.5 million (NOK 45.1 million). At 30 June, total provision and capitalisation came to NOK 248.9 million (NOK 125.2 million).

Operational reporting

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

Segments second quarter and first half 2023

Second quarter						
(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 23	Q2 22	Q2 23	Q2 22	Q2 23	Q2 22
Housing development (NGAAP)	525 244	767 771	78 565	136 191	91 173	149 209
Other	16 392	16 566	(24 550)	(32 510)	(24 992)	(32 877)
IFRS adjustments	295 292	181 577	11 975	102 157	(2 499)	87 036
Total group (IFRS)	836 928	965 914	65 990	205 838	63 682	203 368

Jan-Jun						
(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 23	6M 22	6M 23	6M 22	6M 23	6M 22
Housing development (NGAAP)	1 104 782	1 512 797	183 890	272 417	196 752	294 686
Other	32 141	29 441	(58 260)	(62 492)	(59 546)	(63 075)
IFRS adjustments	434 180	(220 081)	28 033	47 671	11 927	21 217
Total group (IFRS)	1 571 103	1 322 157	153 663	257 596	149 133	252 828

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 second quarter were NOK 525.2 million (NOK 767.8 million). They derived from 17 projects (21) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 440.1 million (NOK 631.6 million) for the second 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 85.2 million (NOK 136.2 million) for the quarter, corresponding to a profit margin of 16.2 per cent (17.7 per cent).

Other business - unallocated

The other business segment comprises several 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 second quarter came to NOK 16.4 million (NOK 16.6 million), while operating costs amounted to NOK 47.5 million (NOK 49.1 million). Costs

relate largely to remuneration for the administration and management, as well as other costs. EBITDA was thereby negative at NOK 31.1 million (negative at NOK 32.5 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 99 units with a combined value of NOK 564 million. Selvaag Bolig's share amounted to 79 units with a combined value of NOK 440 million.

Work started on constructing 83 units during the second quarter, so that Selvaag Bolig had 1 018 units worth some NOK 5.5 billion under construction at 30 June. A total of 162 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 second quarter.

Quarterly development of the project portfolio

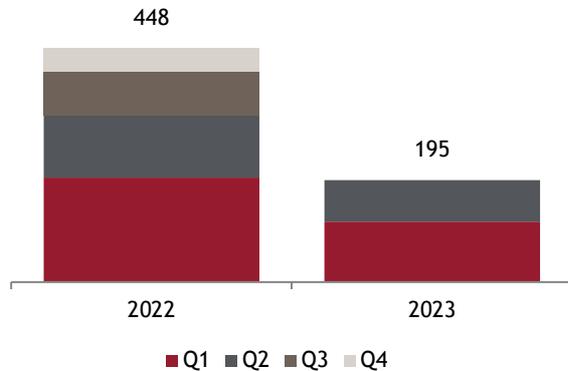
	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Units sold	120	83	44	116	79
Construction starts	190	68	146	5	83
Units completed	210	142	160	161	162
Units delivered	217	144	147	150	155
Units under construction	1 342	1 268	1 253	1 097	1 018
Proportion of sold units under construction	75 %	73 %	67 %	69 %	68 %
Completed unsold units	13	19	31	37	43
Sales value of units under construction (NOK million)	6 807	6 225	6 408	5 641	5 458

Purchase and sale of land

Selvaag Bolig sold land plots and a commercial property in Rogaland for a total of NOK 62.9 million during the quarter. No new agreements were entered into for the purchase of land plots during the quarter.

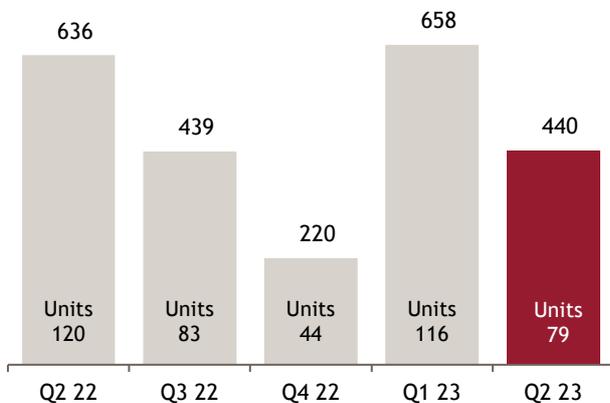
Sales development and progress

Units sold



Total housing sales during the second quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 79 units with a combined sales value of NOK 440 million. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of units sold in joint-venture projects. Sales in the same period of 2022 totalled 120 units with a combined value of NOK 634 million.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in four projects, comprising 72 residential units (213).

Sales starts in the quarter

Project	No of units	Category	Region
Lille Løren Park	32	Flat	Greater Oslo
Solbergskogen Pluss	15	Flat	Greater Oslo
Langhus	20	Flat	Greater Oslo
Ringve pluss	5	Terraced	Trondheim
Total	72		

Construction began on 83 (190) units during the quarter. At 30 June, Selvaag Bolig consequently had 1 018 (1 342) units under construction. They included 872 units in Greater Oslo, 82 units in Trondheim and 64 units in Bergen.

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

The order backlog at 30 June, in other words, the sales value of the 1 018 (1 342) units then under construction, was NOK 5 458 million (NOK 6 807 million).

A total of 162 (210) units were completed in the second quarter, and 155 (217) - including ones completed earlier - were delivered. The completed units were spread over three projects.

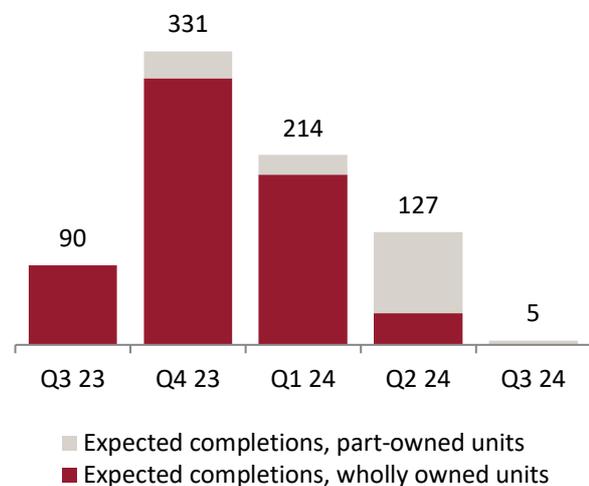
At 30 June, the group held 43 (13) completed but unsold units. Consolidated project companies accounted for 154 (148) of the units delivered, while one (69) was in part-owned project companies.

Units completed by project

Project	No of units	Category	Region
Pallplassen hus A, B og C	70	Flat	Greater Oslo
Sandsli 360	68	Flat	Bergen
Lervig Brygge Sjøtunet	24	Flat	Rogaland
Total	162		

Based on anticipated progress for the projects, 90 units are expected to be completed in the third 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 30 June, divided between 6 370 shareholders.

The 20 largest shareholders controlled 79.0 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 30.75 to NOK 39.45. The closing price at 30 June was NOK 32.30. That compared with NOK 37.05 at 31 March, and the share price accordingly fell by 12.8 per cent over the quarter. A dividend of NOK 2.00 per share was paid in the second quarter. Corrected for this payout, the share price fell by 7.4 per cent over the period.

Just over 2.9 million shares, or 2.8 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 92 million during the quarter, corresponding to an average daily figure of roughly NOK 1.5 million.

20 largest shareholders at 30 June 2023

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
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 *	1 911 395	2.0%
SANDEN EQUITY AS	1 600 000	1.7%
EGD CAPITAL AS	1 204 580	1.3%
MUSTAD INDUSTRIER AS	1 067 454	1.1%
Goldman Sachs International *	974 443	1.0%
HAUSTA INVESTOR AS	927 879	1.0%
The Northern Trust Comp, London Br *	840 200	0.9%
BANAN II AS	830 000	0.9%
Brown Brothers Harriman & Co. *	684 331	0.7%
J.P. Morgan SE *	646 269	0.7%
Skandinaviska Enskilda Banken AB *	613 995	0.7%
GÅSØ NÆRINGSUTVIKLING AS	530 599	0.6%
BNP Paribas *	530 000	0.6%
Brown Brothers Harriman & Co. *	509 989	0.5%
Skandinaviska Enskilda Banken AB *	477 692	0.5%
Sverre Molvik	387 905	0.4%
Total 20 largest shareholders	74 040 641	79.0%
Other shareholders	19 725 047	21.0%
Total number of shares	93 765 688	100.0%

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

Risk and uncertainty factors

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

Risk factors relate to land development, sales and the execution of housing projects, and can be divided into categories market risk, operational risk, financial risk and climate risk. The group prioritises its 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 the level of 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. 68.1 per cent of total units under construction and 83.5 per cent of planned completions in 2023 had been sold at 30 June 2023.

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. Over the last 12 months, demand for new homes has, however, been negatively affected by increased mortgage interest rates and reduced purchasing power in households. In addition, increased construction costs have led to delays in sales and construction starts. It is important to note that the company's projects already under construction will not be influenced by higher costs since most costs were locked before sales started.

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

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

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

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

Housing market

Sales activity in the second-hand Norwegian housing market was normal in the second quarter. There has, however, been a significant increase in the inventory of unsold homes in Viken due to more homes than usual being listed for sale without a corresponding increase in sales activity. In other regions, there has not been a significant change in the number of second-hand homes for sale, and in Oslo and Stavanger the inventory is actually low compared to previous years.

Higher mortgage interest rates and the higher cost of living has so far not led to a significant decline in home prices. The price development differed between Selvaag Bolig's core areas. According to Statistics Norway, seasonally adjusted national second-hand house prices at 30 June were on average 0.1 per cent lower than one year earlier. Compared to 31 March, prices were 1.1 per cent higher.

Regionally, prices rose by 1.7 per cent during the quarter in Oslo including Bærum, and were 0.7 per cent lower than at 30 June 2022. In Akershus excluding Bærum, prices rose by 1.2 per cent and were down by 1.7 per cent from 30 June 2022. Prices in Stavanger rose by 2.8 per cent during the quarter, and were 2.4 per cent higher than at 30 June 2022. Prices in Bergen increased by 0.1 per cent in the second quarter and were up down by 0.2 per cent from 30 June 2022. In Trondheim, prices rose by 1.2 per cent for the quarter and were 0.9 per cent lower than one year earlier.

Selvaag Bolig sold a gross 99 units with a combined value of NOK 564 million during the quarter. Net sales, calculated by adjusting for Selvaag Bolig's share in joint ventures, were 79 units with a value of NOK 440 million in the second quarter. For the first half, a gross 251 units valued at NOK 1 438 million were sold, and net sales were 195 units valued at NOK 1 098 million.

Interim financial statements IFRS

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Note	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Revenues		819 853	948 252	1 537 266	1 290 657	2 830 818
Other revenues		17 075	17 662	33 837	31 500	65 561
Total operating revenues		836 928	965 914	1 571 103	1 322 157	2 896 379
Project expenses		(708 581)	(804 068)	(1 288 453)	(1 057 248)	(2 313 735)
Salaries and personnel costs		(30 020)	(28 875)	(59 048)	(55 052)	(139 035)
Depreciation and amortisation		(2 308)	(2 470)	(4 530)	(4 768)	(9 717)
Other operating expenses		(25 167)	(28 320)	(54 032)	(48 451)	(97 233)
Total operating expenses		(766 076)	(863 733)	(1 406 063)	(1 165 519)	(2 559 720)
Associated companies and joint ventures		(7 170)	101 187	(15 907)	96 190	85 726
Other gains (losses), net		-	-	-	-	-
Operating profit		63 682	203 368	149 133	252 828	422 385
Financial income		9 354	2 467	12 844	4 246	15 384
Financial expenses		(3 314)	(1 936)	(6 235)	(5 900)	(12 654)
Net financial expenses		6 040	531	6 609	(1 654)	2 730
Profit/(loss) before taxes		69 722	203 899	155 742	251 174	425 115
Income taxes		(18 164)	(27 084)	(38 989)	(36 806)	(86 262)
Net income		51 558	176 815	116 753	214 368	338 853
Other comprehensive income/expenses						
Translation differences		(173)	3 978	4 642	1 921	1 432
Total comprehensive income/(loss) for the period		51 385	180 793	121 395	216 289	340 285
Net income for the period attributable to:						
Non-controlling interests		7	-	26	-	7
Shareholders in Selvaag Bolig ASA		51 551	176 815	116 727	214 368	338 846
Total comprehensive income/(loss) for the period attributable to:						
Non-controlling interests		7	-	26	-	7
Shareholders in Selvaag Bolig ASA		51 378	180 793	121 369	216 289	340 278
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:						
Earnings per share (basic and diluted) in NOK		0.55	1.90	1.25	2.30	3.63

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q2 2023	Q1 2023	Q2 2022	2022
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Property, plant and equipment		9 868	9 551	8 084	8 152
Right-of-use lease assets		14 024	15 889	21 589	17 754
Investments in associated companies and joint ventures		219 016	231 482	349 178	234 730
Loans to associated companies and joint ventures		136 052	131 735	96 282	93 674
Other non-current assets	7	350 029	287 459	182 646	233 866
Total non-current assets		1 112 365	1 059 492	1 041 155	971 552
Current assets					
Inventories (property)	5, 7	3 878 101	4 161 355	4 122 173	4 273 209
Trade receivables		322 106	104 257	105 032	81 455
Other current receivables		16 401	10 870	10 277	10 673
Cash and cash equivalents		391 754	410 845	709 499	612 670
Total current assets		4 608 362	4 687 327	4 946 981	4 978 007
TOTAL ASSETS		5 720 727	5 746 819	5 988 136	5 949 559
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		2 272 016	2 408 080	2 387 203	2 338 088
Non-controlling interests		7 820	7 813	7 788	7 795
Total equity		2 279 836	2 415 893	2 394 991	2 345 883
LIABILITIES					
Non-current liabilities					
Pension liabilities		1 090	1 090	1 254	1 090
Deferred tax liabilities		60 635	61 078	38 253	60 140
Provisions		66 999	66 999	62 910	66 999
Other non-current liabilities	7	312 651	301 458	259 426	265 039
Non-current lease liabilities		6 839	8 884	14 780	10 930
Non-current interest-bearing liabilities		695 641	1 194 225	1 239 753	1 400 352
Total non-current liabilities		1 143 855	1 633 734	1 616 376	1 804 550
Current liabilities					
Current lease liabilities		8 021	7 941	7 903	7 861
Current interest-bearing liabilities		1 254 833	557 790	682 921	503 091
Current liabilities repurchase agreements and seller	7	486 714	587 232	616 114	582 347
Trade payables		51 855	56 309	65 242	99 343
Current tax payables		61 432	43 268	58 641	64 541
Other current non-interest-bearing liabilities		434 181	444 652	545 948	541 943
Total current liabilities		2 297 036	1 697 192	1 976 769	1 799 126
Total liabilities		3 440 891	3 330 926	3 593 145	3 603 676
TOTAL EQUITY AND LIABILITIES		5 720 727	5 746 819	5 988 136	5 949 559

The consolidated financial information has not been audited

Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
Equity at 1 January 2023	187 440	1 394 857	700 629	8 306	3 528	43 327	2 338 088	7 795 *	2 345 883
Transactions with owners:									
Dividend	-	-	-	-	-	(187 442)	(187 442)	-	(187 442)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	116 727	116 727	26	116 753
Other comprehensive income/(loss) for the period	-	-	-	4 642	-	-	4 642	-	4 642
Equity at 30 June 2023	187 440	1 394 857	700 629	12 948	3 528	(27 388)	2 272 015	7 821 *	2 279 836
Equity at 1 January 2022	186 898	1 394 857	700 629	6 874	3 528	168 266	2 461 053	7 788 *	2 468 841
Transactions with owners:									
Dividend	-	-	-	-	-	(279 761)	(279 761)	-	(279 761)
Share buy back	(392)	-	-	-	-	(9 986)	(10 378)	-	(10 378)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	214 368	214 368	-	214 368
Other comprehensive income/(loss) for the period	-	-	-	1 921	-	-	1 921	-	1 921
Equity at 30 June 2022	186 506	1 394 857	700 629	8 795	3 528	92 887	2 387 203	7 788 *	2 394 991
Transactions with owners:									
Dividend	-	-	-	-	-	(186 508)	(186 508)	-	(186 508)
Share buy back	(600)	-	-	-	-	(8 969)	(9 569)	-	(9 569)
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	-	-	-	-	-	124 478	124 478	7	124 485
Other comprehensive income/(loss) for the period	-	-	-	(489)	-	-	(489)	-	(489)
Equity at 31 December 2022	187 440	1 394 857	700 629	8 306	3 528	43 327	2 338 088	7 795 *	2 345 883

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	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
CASH FLOW FROM OPERATING ACTIVITIES						
Profit/(loss) before taxes		69 722	203 899	155 742	251 174	425 115
Income taxes paid		(187)	(56 094)	(41 347)	(112 187)	(133 995)
Depreciation and amortisation		2 308	2 470	4 530	4 768	9 717
and joint ventures		7 170	(101 187)	15 907	(96 190)	(85 726)
Changes in inventories (property)	5	314 525	256 074	456 998	(19 738)	(141 536)
Changes in trade receivables		(217 849)	(54 204)	(240 651)	(21 201)	2 376
Changes in trade payables		(4 454)	32 057	(47 488)	(64 744)	(30 643)
Changes in other operating working capital assets		(56 698)	3 920	(57 683)	47 257	33 943
Changes in other operating working capital liabilities		(16 128)	10 554	(108 132)	(174)	(15 810)
Net cash flow from operating activities		98 408	297 489	137 876	(11 035)	63 441
CASH FLOW FROM INVESTMENT ACTIVITIES						
Proceeds from sale of property, plant and equipment and intangible assets		316	-	316	163	163
Purchases of PPE and intangible assets		(792)	(296)	(2 774)	(1 475)	(2 344)
Proceeds from sale of associated companies and joint ventures		-	-	-	-	-
Purchases of associated companies and joint ventures		-	(5 000)	-	(5 000)	(5 000)
Proceeds from sale of other investments and repayment of loans		-	68 000	-	68 000	78 000
Purchases of other investments and loans		(4 700)	(17 947)	(65 412)	(44 497)	(58 997)
Dividends and disbursements from associated companies and joint ventures		10 423	-	10 423	114 000	228 000
Net cash flow from investment activities		5 247	44 757	(57 447)	131 191	239 822
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from borrowings	7	520 477	600 961	929 632	1 121 858	2 251 525
Repayments of borrowings	7	(436 758)	(627 789)	(997 747)	(739 743)	(1 926 750)
Interest payments		(17 049)	(18 882)	(42 377)	(26 774)	(65 290)
Repayments of lease liabilities		(2 235)	(2 027)	(3 931)	(4 054)	(8 108)
Dividends paid to equity holders of Selvaag Bolig ASA		(187 442)	(279 761)	(187 442)	(279 761)	(466 269)
Share buy back Selvaag Bolig ASA		-	-	-	(10 378)	(19 947)
Proceeds from disposal of shares Selvaag Bolig ASA		260	305	520	760	16 811
Net cash flow from financing activities		(122 747)	(327 193)	(301 345)	61 908	(218 028)
Net change in cash and cash equivalents		(19 091)	15 053	(220 916)	182 064	85 235
Cash and cash equivalents at start of period		410 845	694 446	612 670	527 435	527 435
Cash and cash equivalents at end of period		391 754	709 499	391 754	709 499	612 670

The consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

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

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

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

2. Accounting judgements, estimates and assumptions

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

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those which

applied in the consolidated financial statements for the year ended 31 December 2022.

3. Transactions with related parties

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

4. Segment information

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

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

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

Second quarter 2023

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	525 244	16 392	541 636
Project expenses	(436 455)	6 151	(430 304)
Other operating expenses	(10 224)	(47 093)	(57 317)
EBITDA (percentage of completion, NGAAP)	78 565	(24 550)	54 015
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	78 565	(24 550)	54 015
Sales revenues (adjustment effect of percentage of completion)	(459 145)	-	(459 145)
Sales revenues (completed contract)	754 437	-	754 437
Project expenses (adjustment effect of percentage of completion)	372 322	-	372 322
Project expenses (completed contract)	(650 600)	-	(650 600)
Lease expenses	-	2 131	2 131
Depreciation and amortisation	-	(2 308)	(2 308)
Share of income (losses) from associated companies and	(7 170)	-	(7 170)
Operating profit (loss), (IFRS)	88 409	(24 727)	63 682
Units under construction	1 018	N/A	N/A
Units delivered	155	N/A	N/A

Second quarter 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	767 771	16 566	784 337
Project expenses	(620 884)	(235)	(621 119)
Other operating expenses	(10 696)	(48 841)	(59 537)
EBITDA (percentage of completion, NGAAP)	136 191	(32 510)	103 681
Reconciliation EBITDA to operating profit (loss)			
EBITDA (percentage of completion)	136 191	(32 510)	103 681
Sales revenues (adjustment effect of percentage of completion)	(725 757)	-	(725 757)
Sales revenues (completed contract)	907 333	-	907 333
Project expenses (adjustment effect of percentage of completion)	568 835	-	568 835
Project expenses (completed contract)	(751 783)	-	(751 783)
Lease expenses	-	2 342	2 342
Depreciation and amortisation	-	(2 470)	(2 470)
Share of income (losses) from associated companies and	101 187	-	101 187
Operating profit (loss), (IFRS)	236 006	(32 638)	203 368
Units under construction	1 342	N/A	N/A
Units delivered	217	N/A	N/A

At 30 June 2023

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	1 104 782	32 141	1 136 923
Project expenses	(899 660)	5 708	(893 952)
Other operating expenses	(21 232)	(96 109)	(117 341)
EBITDA (percentage of completion, NGAAP)	183 890	(58 260)	125 630
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	183 890	(58 260)	125 630
Sales revenues (adjustment effect of percentage of completion)	(1 030 751)	-	(1 030 751)
Sales revenues (completed contract)	1 464 930	-	1 464 930
Project expenses (adjustment effect of percentage of completion)	834 463	-	834 463
Project expenses (completed contract)	(1 228 965)	-	(1 228 965)
Lease expenses	-	4 263	4 263
Depreciation and amortisation	-	(4 530)	(4 530)
Operating profit (loss), (IFRS)	207 660	(58 527)	149 133
Units under construction	1 018	N/A	N/A
Units delivered	305	N/A	N/A

At 30 June 2022

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	1 512 797	29 441	1 542 238
Project expenses	(1 223 743)	(384)	(1 224 127)
Other operating expenses	(16 637)	(91 549)	(108 186)
EBITDA (percentage of completion, NGAAP)	272 417	(62 492)	209 925
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	272 417	(62 492)	209 925
Sales revenues (adjustment effect of percentage of completion)	(1 463 426)	-	(1 463 426)
Sales revenues (completed contract)	1 243 344	-	1 243 344
Project expenses (adjustment effect of percentage of completion)	1 138 659	-	1 138 659
Project expenses (completed contract)	(971 779)	-	(971 779)
Lease expenses	-	4 683	4 683
Depreciation and amortisation	-	(4 768)	(4 768)
Share of profits (losses) from associated companies and	96 190	-	96 190
Operating profit (loss), (IFRS)	315 405	(62 577)	252 828
Units under construction	1 342	N/A	N/A
Units delivered	294	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)	Q2 2023	Q1 2023	Q2 2022	2022
Land (undeveloped)	687 252	725 568	848 865	719 324
Work in progress	2 960 072	3 287 912	3 153 822	3 384 214
Completed units	230 777	147 875	119 486	169 671
Carrying amount	3 878 101	4 161 355	4 122 173	4 273 209

6. Project expenses and EBITDA

The group expenses all directly attributable costs in construction projects as project expenses. This also includes financial expenses. Below is a specification

showing the project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Project expenses	(708 581)	(804 068)	(1 288 453)	(1 057 248)	(2 313 735)
Finance expenses	(29 440)	(26 699)	(51 449)	(35 700)	(84 995)
Other project expenses	(679 141)	(777 369)	(1 237 004)	(1 021 548)	(2 228 740)

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
EBITDA ¹	65 990	205 838	153 663	257 596	432 102
EBITDA margin	7.9%	21.3%	9.8%	19.5%	14.9%
EBITDA adjusted ²	95 430	232 537	205 112	293 296	517 097
EBITDA margin adjusted	11.4%	24.1%	13.1 %	22.2%	17.9%

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 margins are affected positively by presenting results from joint ventures net and excluding them from turnover. For more information, see note 8 on proportional

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

7. Collaboration with Urban Property

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

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

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

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 5.3 million in the second quarter (NOK 3.7 million). For the first half, option premiums paid and capitalised were NOK 10.2 million (NOK 7.0 million). SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property. SBO pays 50 per cent of the purchase price to UP on taking over a property and 50 per cent on completion of the project.

Portfolio C

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

Fifty per cent of the option premium in Portfolio C falls due when SBO acquires the land from UP, with the remainder falling due on completion of the relevant project. Provision for accrued option premiums is made quarterly in SBO's consolidated accounts, as other non-current assets and other non-current liabilities, respectively. The asset is reclassified as inventory upon the land takeover, while the remaining unpaid option premium is reclassified to short-term liabilities, repurchase agreements and seller credits. Provision for and capitalisation of option premiums for Portfolio C amounted to NOK 39.3 million in the second quarter (NOK 23.3 million). For the first half, option premiums paid and capitalised were NOK 74.5 million (NOK 45.1 million). Accumulated provisions and capitalisation at 30 June totalled NOK 248.9 million (NOK 125.2 million).

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

SBO did not purchase any land plots from UP during the second quarter. SBO repaid NOK 105.8 million of seller credits to UP in the second quarter (NOK 140.9 million). Debt related to repurchase agreements and seller credits was NOK 486.7 million (NOK 616.1 million) at 30 June 2023.

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	Q2 2023			Q2 2022		
	IFRS	Adj share	Pro forma	IFRS	Adj share	Pro forma
		Assoc/JV	gross		Assoc/JV	Assoc/JV
(figures in NOK 1 000)		gross			gross	
Revenues	819 853	1 963	821 816	948 252	451 183	1 399 435
Other revenues	17 075	2 292	19 367	17 662	2 505	20 167
Total operating revenues	836 928	4 254	841 182	965 914	453 688	1 419 602
Project expenses	(708 581)	(1 709)	(710 290)	(804 068)	(313 326)	(1 117 394)
Salaries and personnel costs	(30 020)	(157)	(30 177)	(28 875)	(233)	(29 108)
Depreciation and amortisation	(2 308)	(981)	(3 289)	(2 470)	(963)	(3 433)
Other operating expenses	(25 167)	(6 382)	(31 549)	(28 320)	(8 178)	(36 498)
Total operating expenses	(766 076)	(9 228)	(775 304)	(863 733)	(322 699)	(1 186 432)
Associated companies and joint ventures	(7 170)	7 170	-	101 187	(101 187)	-
Operating profit	63 682	2 196	65 878	203 368	29 802	233 170
Financial income	9 354	230	9 584	2 467	121	2 588
Financial expenses	(3 314)	(4 448)	(7 762)	(1 936)	(1 384)	(3 320)
Net financial expenses	6 040	(4 218)	1 822	531	(1 263)	(732)
Profit/(loss) before taxes	69 722	(2 022)	67 700	203 899	28 539	232 438
Income taxes	(18 164)	2 022	(16 142)	(27 084)	(28 539)	(55 623)
Net income	51 558	0	51 558	176 815	-	176 815
EBITDA margin¹	7.9%	N/A	8.2%	21.3%	N/A	16.7%
EBITDA margin adj²	11.4%	N/A	11.7%	24.1%	N/A	19.3%

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

	6M 2023			6M 2022		
	IFRS	Adj share Assoc/JV	Pro forma gross	IFRS	Adj share Assoc/JV	Pro forma gross
		gross	Assoc/JV		gross	Assoc/JV
(figures in NOK 1 000)						
Revenues	1 537 266	50 211	1 587 477	1 290 657	454 003	1 744 660
Other revenues	33 837	4 630	38 467	31 500	4 932	36 432
Total operating revenues	1 571 103	54 840	1 625 943	1 322 157	458 935	1 781 092
Project expenses	(1 288 453)	(55 517)	(1 343 970)	(1 057 248)	(314 959)	(1 372 207)
Salaries and personnel costs	(59 048)	(434)	(59 482)	(55 052)	(589)	(55 641)
Depreciation and amortisation	(4 530)	(1 962)	(6 492)	(4 768)	(1 926)	(6 694)
Other operating expenses	(54 032)	(11 391)	(65 423)	(48 451)	(15 706)	(64 157)
Total operating expenses	(1 406 063)	(69 303)	(1 475 366)	(1 165 519)	(333 180)	(1 498 699)
Associated companies and joint ventures	(15 907)	15 907	-	96 190	(96 190)	-
Operating profit	149 133	1 445	150 578	252 828	29 566	282 394
Financial income	12 844	677	13 521	4 246	142	4 388
Financial expenses	(6 235)	(5 845)	(12 080)	(5 900)	(2 578)	(8 478)
Net financial expenses	6 609	(5 168)	1 441	(1 654)	(2 436)	(4 090)
Profit/(loss) before taxes	155 742	(3 724)	152 019	251 174	27 130	278 304
Income taxes	(38 989)	3 724	(35 265)	(36 806)	(27 130)	(63 936)
Net income	116 753	-	116 753	214 368	-	214 368
EBITDA margin¹	9.8%	N/A	9.7%	19.4%	N/A	16.2%
EBITDA margin adj²	13.1%	N/A	12.9%	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 that are included in the quarterly report, why they are used and how they are defined:

EBITDA:

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

(figures in NOK 1 000)	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Operating profit	63 682	203 368	149 133	252 828	422 385
Depreciation and amortisation	2 308	2 470	4 530	4 768	9 717
EBITDA	65 990	205 838	153 663	257 596	432 102
Finance expenses ¹	29 440	26 699	51 449	35 700	84 995
EBITDA adjusted	95 430	232 537	205 112	293 296	517 097

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

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.

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

Net interest-bearing debt:

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

Declaration from the board of directors and CEO

We declare, to the best of our knowledge, that the half-year financial statements for the period from 1 January to 30 June 2023 have been prepared in accordance with IAS 34 on interim financial reporting, and that the information in the accounts provides a true and fair picture of the group's assets, liabilities, financial position and overall results.

We further declare, to the best of our knowledge, that the directors' report for the first half year provides a true and fair view of important events in the accounting period and their influence on the half-year accounts, and the principal risk and uncertainty factors facing the business in the next accounting period.

The board of directors for
Selvaag Bolig ASA
Oslo 9 August 2023

Olav Hindahl Selvaag
Chair

Sissel Kristensen
Director

Patrik Eriksson
Director

Øystein Thorup
Director

Tore Myrvold
Director

Camilla Wahl
Director

Gisele Marchand
Director

Sverre Molvik
CEO

SELVAAG BOLIG

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About Selvaag Bolig

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

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