

# SELVAAG BOLIG

## Q3 2021

Third quarter results



## Highlights of the third quarter 2021

- Operating revenues<sup>1</sup> NOK 887 million (NOK 706 million)
- Adjusted EBITDA<sup>3</sup> NOK 222 million (NOK 128 million) and ordinary EBITDA<sup>2</sup> NOK 190 million (NOK 102 million)
- Pre-tax profit of NOK 186 million (NOK 111 million)
- Limited operational impact of Covid-19, projects progressing as normal
- 125 units sold<sup>6</sup> (178) and construction started on 148 (196)
- 318 units completed (212) and 314 delivered (212)
- A total of 1 201 units (1 342) under construction at 30 September, with a combined sales value of NOK 6 200 million (NOK 6 660 million)
- 76 per cent of units under construction sold (77 per cent)

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

## Key figures

(figures in NOK 1 000)	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
<b>IFRS main figures</b>					
Operating revenues <sup>1</sup>	886 898	706 105	1 848 930	1 350 743	2 697 950
EBITDA <sup>2</sup>	189 885	101 974	386 664	274 194	608 481
EBITDA adjusted <sup>3</sup>	221 903	127 744	438 842	320 552	678 592
Operating profit/(loss)	187 307	99 546	378 951	1 295 576	1 643 805
Profit/(loss) before taxes	185 556	110 901	370 885	1 305 978	1 653 470
Net income	153 374	102 329	286 454	1 279 629	1 523 572
Cash flow from operating activities	174 467	(266 792)	(328 552)	692 790	1 615 689
Net cash flow	29 511	(317 431)	(275 670)	(817 348)	(293 353)
Interest-bearing liabilities	2 938 552	2 871 611	2 938 552	2 871 611	2 468 428
Total assets	6 422 800	6 151 237	6 422 800	6 151 237	5 970 802
Equity	2 243 287	2 178 631	2 243 287	2 178 631	2 437 815
Equity ratio	34.9%	35.4%	34.9%	35.4%	40.8%
Earnings per share in NOK	1.64	1.10	3.06	13.71	16.33
<b>Segment reporting (NGAAP<sup>5</sup>)</b>					
Operating revenues	773 951	706 999	2 512 913	2 266 535	3 215 905
EBITDA <sup>4</sup>	114 310	150 554	410 233	463 367	631 991
EBITDA margin	14.8%	21.3%	16.3%	20.4%	19.7%
<b>Key figures (net, adjusted for share in joint ventures)</b>					
Number of units sold <sup>6</sup>	125	178	546	484	683
Number of construction starts	148	196	424	242	496
Number of units delivered	314	212	570	448	720
Number of units completed	318	212	533	405	691

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

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

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

<sup>4</sup> EBITDA is operating profit before interest, tax, depreciation, amortisation, profit from joint ventures and other gains (losses).

<sup>5</sup> The NGAAP accounts utilise the percentage of completion method, i.e. percentage of completion multiplied by the sales ratio.

<sup>6</sup> 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)	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
<b>Total operating revenues</b>	<b>886 898</b>	<b>706 105</b>	<b>1 848 930</b>	<b>1 350 743</b>	<b>2 697 950</b>
Project expenses	(698 500)	(562 011)	(1 404 524)	(1 032 676)	(1 967 586)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(56 348)	(64 148)	(166 105)	(183 300)	(266 647)
<b>Total operating expenses</b>	<b>(754 848)</b>	<b>(626 159)</b>	<b>(1 570 629)</b>	<b>(1 215 976)</b>	<b>(2 234 233)</b>
Associated companies and joint ventures	55 257	19 600	100 650	132 118	134 961
Other gains (losses), net	-	-	-	1 028 691	1 045 127
<b>Operating profit</b>	<b>187 307</b>	<b>99 546</b>	<b>378 951</b>	<b>1 295 576</b>	<b>1 643 805</b>
<b>Net financial expenses</b>	<b>(1 751)</b>	<b>11 355</b>	<b>(8 066)</b>	<b>10 402</b>	<b>9 665</b>
<b>Profit before taxes</b>	<b>185 556</b>	<b>110 901</b>	<b>370 885</b>	<b>1 305 978</b>	<b>1 653 470</b>
Income taxes	(32 182)	(8 572)	(84 431)	(26 349)	(129 898)
<b>Net income</b>	<b>153 374</b>	<b>102 329</b>	<b>286 454</b>	<b>1 279 629</b>	<b>1 523 572</b>

## Results for the third quarter of 2021

(Figures in brackets relate to the corresponding period of 2020. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 886.9 million (NOK 706.1 million) in the third quarter. Revenues from units delivered accounted for NOK 868.1 million (NOK 690.3 million) of the total. Other revenues derived from non-core activities, mainly provision of services.

A total of 314 units (212) were delivered in the quarter, including 225 (194) from consolidated project companies and 89 (18) from joint ventures.

Project costs for the quarter totalled NOK 698.5 million (NOK 562.0 million), of which NOK 32 million (NOK 25.8 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 56.3 million (NOK 64.1 million) for the period. Payroll costs accounted for NOK 33.9 million (NOK 37.9 million) of this figure. This decline primarily reflected additional costs recognised in profit and loss for 2020 as a result of changes to the accrual of incentive schemes. In addition, NOK 4.3 million (NOK 4.7 million) in payroll costs relating to housing under construction was capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 19.9 million (NOK 23.8 million) for the quarter, including NOK 7.7 million (NOK 6.9

million) for sales and marketing. The decline from the third quarter of 2020 primarily reflected reduced costs related to consultants and consultancy services.

The share of profit from associates and joint ventures came to NOK 55.3 million (NOK 19.6 million) for the quarter. This increase from the same period of 2020 primarily reflected more units delivered from joint ventures.

Reported EBITDA was NOK 189.9 million (NOK 102 million), corresponding to a margin of 21.4 per cent (14.4 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 221.9 million (NOK 127.7 million), corresponding to a margin of 25.0 per cent (18.1 per cent). The change in EBITDA from the third quarter of 2020 primarily reflected an increased contribution from joint ventures. The EBITDA margin is influenced positively by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated depreciation and amortisation totalled NOK 2.6 million (NOK 2.4 million) for the quarter. Operating profit thereby came to NOK 187.3 million (NOK 99.5 million).

Net financial items amounted to NOK -1.8 million (NOK 11.4 million in income). The third quarter 2020 included a gain of NOK 11.2 million from the sale of a non-core financial

investment. Pre-tax profit for the quarter thereby came to NOK 185.6 million (NOK 110.9 million).

Tax expense for the period was NOK 32.2 million (NOK 8.6 million). Comprehensive income for the third quarter came

to NOK 153.4 million (NOK 102.3 million). NOK 153.4 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 102.3 million), and NOK 0 to non-controlling shareholders (NOK 0).

## Results for the first nine months of 2021

Selvaag Bolig had operating revenues of NOK 1 848.9 million (NOK 1 350.7 million) in the first nine months. Revenues from units delivered accounted for NOK 1 768.9 million (NOK 1 308.7 million) of the total. In addition, the group sold terraced housing sites in Rogaland for NOK 32.9 million. Other revenues were related to non-core activities, mainly provision of services.

A total of 570 units (448) were delivered in the quarter, including 425 (320) from consolidated project companies and 145 (128) from joint ventures.

Project costs for the first nine months totalled NOK 1 404.5 million (NOK 1 032.7 million). Total project expenses primarily represented 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 166.1 million (NOK 183.3 million) for the period. Payroll costs accounted for NOK 86.7 million (NOK 98.3 million) of this figure. In addition, NOK 13.9 million (NOK 16.8 million) in payroll costs relating to housing under construction were capitalised during the first nine months and will be expensed as project costs on future delivery.

Other operating costs came to NOK 72.0 million (NOK 77.7 million), including NOK 26.3 million (NOK 22.6 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 100.7 million (NOK 132.1 million).

Other gains in 2020 came to NOK 1 028.7 million. These related to the sale of a substantial proportion of the group's land portfolio to Urban Property and reflected net accounting effects of the transaction. See note 7 for more information.

Reported EBITDA for the first nine months was NOK 386.7 million (NOK 274.2 million), corresponding to a margin of 20.9 per cent (20.3 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 438.8 million (NOK 320.6 million), corresponding to a margin of 23.7 per cent (23.7 per cent). The increase in EBITDA from the first nine months of 2020 primarily reflected more units delivered. The EBITDA margin is influenced positively by presenting results from joint ventures net rather than including them in turnover. For more information, see note 8 on proportional consolidation.

Consolidated operating profit for the first nine months came to NOK 379.0 million (NOK 1 295.6 million). The change from the same period of 2020 must be viewed in relation to the above-mentioned gain on the sale of the land portfolio to Urban Property. Net financial expense amounted to NOK 8.1 million (NOK 11.2 million in income). The third quarter 2020 included a gain of NOK 11.2 million from the sale of a non-core financial investment.

Pre-tax profit for the first nine months was NOK 370.9 million (NOK 1 306.0 million). Estimated tax expense for the period is NOK 84.4 million (NOK 26.3 million). The low figure in 2020 reflects the fact that the transaction with Urban Property was conducted as a sale of shares, so that the gain was treated in accordance with the exemption method for the sale of shares between limited companies.

Comprehensive income for the first nine months came to NOK 286.5 million (NOK 1 279.6 million). NOK 286.1 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 1 279.6 million), and NOK 0 to non-controlling shareholders (NOK 0).

## Cash flow

Consolidated net cash flow from operational activities was NOK 174.5 million (NOK -226.8 million) for the third quarter. The increase from the same period last year is mainly last year having increased receivables related to flats delivered, see change in the item other working capital assets. Several deliveries in the current year also contributed positively.

In the first nine months, consolidated net cash flow from operational activities was negative at NOK 328.6 million (positive at NOK 692.8 million). The same period of 2020 included the settlement of the transaction with Urban Property. See note 7 for more information.

Net cash flow from investing activities amounted to NOK 133.4 million (NOK 31.7 million) for the quarter. The change from the same period of 2020 primarily reflected higher dividends from joint ventures.

In the first nine months, cash flow from investing activities amounted to NOK 169.1 million (NOK 409.1 million). The decline from 2020 primarily reflected the settlement in that year of the transaction with Urban Property for equity

holdings in joint ventures and loan receivables related to these. See note 7 for more information.

Net cash flow from financing activities was NOK -278.3 million (NOK - 82.3 million) for the quarter. The change from the same period of 2020 primarily reflected increased net repayment of debt. This was partially offset by a decrease in dividend paid compared with the third quarter of 2020.

In the first nine months, net cash flow from financing activities was NOK -116.2 million (negative at NOK 1 919.3 million). The change from last year primarily reflected the supplementary dividend and refinancing of debt in 2020 following the transaction with Urban Property. Other changes to liabilities related primarily to drawdown and redemption of construction loans.

The group's holding of cash and cash equivalents at 30 September totalled NOK 609.7 million (NOK 361.3 million), an increase of NOK 29.5 million from 30 June and NOK 248.3 million from a year earlier.

## Cash flow summary

(figures in NOK 1 000)	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
Profit before taxes	185 556	110 901	370 885	1 305 978	1 653 470
<b>Net cash flow from operating activities</b>	<b>174 467</b>	<b>(266 792)</b>	<b>(328 552)</b>	<b>692 790</b>	<b>1 615 689</b>
<b>Net cash flow from investment activities</b>	<b>133 350</b>	<b>31 688</b>	<b>169 088</b>	<b>409 149</b>	<b>413 846</b>
<b>Net cash flow from financing activities</b>	<b>(278 306)</b>	<b>(82 327)</b>	<b>(116 207)</b>	<b>(1 919 287)</b>	<b>(2 322 888)</b>
Net change in cash and cash equivalents	29 511	(317 431)	(275 670)	(817 348)	(293 353)
<b>Cash and cash equivalents at start of period</b>	<b>580 152</b>	<b>678 769</b>	<b>885 333</b>	<b>1 178 686</b>	<b>1 178 686</b>
<b>Cash and cash equivalents at end of period</b>	<b>609 663</b>	<b>361 338</b>	<b>609 663</b>	<b>361 338</b>	<b>885 333</b>

## Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 September was NOK 4 647.4 million, compared with NOK 4 681.1 million at 30 June and NOK 4 274.6 million a year earlier. See note 5 for a further specification of inventory.

The group's accounts receivable were NOK 143.0 million at the end of the quarter. In comparison, accounts receivable were NOK 61.6 million at the end of the previous quarter and NOK 69.5 million at the same time the year before. The increase is due to the fact that many flats were delivered towards the end of the quarter, so that the 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 2 243.3 million (NOK 2 178.6 million) at 30 September, corresponding to an equity ratio of 34.9 per cent (35.4 per cent). Selvaag Bolig ASA paid a dividend of NOK 280.5 million in the second quarter (NOK 140.1 million), based on profit for the second half of 2020. An additional dividend of NOK 187.0 million (NOK 279.8) was paid in the third quarter, based on the result in the first half. Non-controlling interests amounted to NOK 7.8 million (NOK 7.9 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 729.6 million (NOK 708.8 million) at 30 September, of which NOK 298.9 million (NOK 332.9 million) represented advance payments from customers.

At 30 September, consolidated interest-bearing debt amounted to NOK 2 938.6 million (NOK 2 871.6 million), of which 1 759.2 million (NOK 1 255.6 million) was non-current and NOK 1 179.4 million (NOK 1 616.1 million) was current. NOK 733.3 million (NOK 730.6 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 249.8 million (NOK 308.1 million) at 30 September. This relatively low level reflects

the fact that a large part of the properties is financed through Urban Property and classified as current liabilities, repurchase agreements and seller credits. Land loans are normally converted to construction loans in line with the progress of the respective development projects.

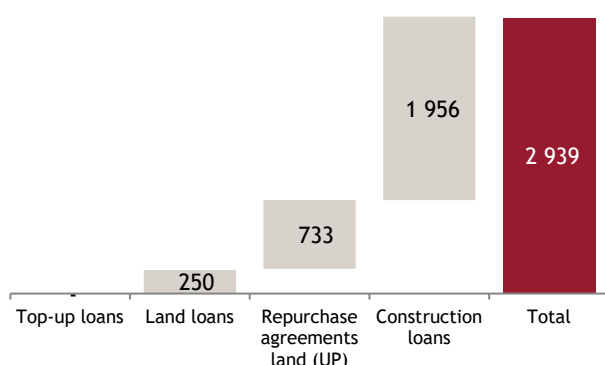
Selvaag Bolig ASA has a credit facility agreement of NOK 150 million with DNB, which matures in April 2023. The group also has an annually renewed overdraft facility of NOK 150 million with the same bank. Furthermore, in the first quarter, the company established a credit facility of NOK 300 million with DNB for infrastructure financing. This matures in January 2024. No drawings had been made against any of these facilities at 30 September.

### Net interest-bearing debt

(figures in NOK 1 000)	Q3 2021	Q2 2021	Q3 2020	2020
Non-current interest-bearing debt	1 759 152	1 481 762	1 255 561	1 100 293
Current interest-bearing debt	446 089	779 652	885 413	674 014
Current liabilities repurchase agreements and seller credits	733 311	739 451	730 637	694 121
Cash and cash equivalents	(609 663)	(580 152)	(361 338)	(885 333)
<b>Net interest-bearing debt</b>	<b>2 328 889</b>	<b>2 420 713</b>	<b>2 510 273</b>	<b>1 583 095</b>

The group's interest-bearing debt falls primarily into four categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans, 3) repurchase agreements with Urban Property and 4) construction loans. At 30 September, the group had no top-up loans, land loans of NOK 250 million, repurchase agreements with Urban Property of NOK 733 million and total construction loans of NOK 1 956 million.

### Interest-bearing debt at 30 Sept 2021 (NOK mill)



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

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

At 30 September, interest of NOK 166 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 transaction. 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 the 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 4.2 million (NOK 6.0 million) for the third quarter and NOK 13.9 million (NOK 24.9 million) for the first nine months.

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 third quarter came to NOK 20.1 million

(NOK 4.2 million). The increase in provision for option premiums compared with last year primarily reflects the conversion of the earlier portfolio A to portfolio C. See note 7. Provision for and capitalisation of option premiums

for portfolio C in the first nine months came to NOK 63.0 million (NOK 9.8 million). At 30 September, total provision and capitalisation came to NOK 68.8 million (NOK 9.8 million).

## Operational reporting

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

### Segments third quarter and first nine months 2021

#### Third quarter

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q3 21	Q3 20	Q3 21	Q3 20	Q3 21	Q3 20
Housing development (NGAAP)	756 525	692 096	143 026	189 728	156 188	223 216
Other	17 426	14 903	(28 716)	(39 174)	(29 713)	(39 259)
IFRS adjustments	112 947	(894)	75 575	(48 580)	60 832	(84 411)
<b>Total group (IFRS)</b>	<b>886 898</b>	<b>706 105</b>	<b>189 885</b>	<b>101 974</b>	<b>187 307</b>	<b>99 546</b>

#### Jan-Sep

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	9M 21	9M 20	9M 21	9M 20	9M 21	9M 20
Housing development (NGAAP)	2 468 333	2 227 374	495 435	575 202	566 122	687 841
Other	44 580	39 161	(85 202)	(111 835)	(86 682)	916 522
IFRS adjustments	(663 983)	(915 792)	(23 569)	(189 173)	(100 489)	(308 787)
<b>Total group (IFRS)</b>	<b>1 848 930</b>	<b>1 350 743</b>	<b>386 664</b>	<b>274 194</b>	<b>378 951</b>	<b>1 295 576</b>

## Housing development

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

Operating revenues from housing development for the third quarter were NOK 756.5 million (NOK 692.1 million). They were derived from 18 projects (20) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 613.5 million (NOK 502.4 million) for the third quarter.

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

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 143.0 million (NOK 189.7 million) for the quarter, corresponding to a profit margin of 18.9 per cent (27.4 per cent).

## Other business - unallocated

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

Operating revenues for the segment in the third quarter came to NOK 17.4 million (NOK 14.9 million), while operating costs amounted to NOK 46.1 million (NOK 54.1 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 28.6 million (NOK 39.2 million).



## Review of operations

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

### Operations

Gross sales during the quarter totalled 147 units with a combined value of NOK 731 million. Selvaag Bolig's share amounted to 125 units with a combined value of NOK 634 million.

Work started on constructing 148 units during the third quarter, so that Selvaag Bolig had 1 201 units worth some NOK 6.2 billion under construction at 30 September. A total of 318 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 Sandnes, Bærum, Fredrikstad or Stockholm during the third quarter.

### Quarterly development of the project portfolio

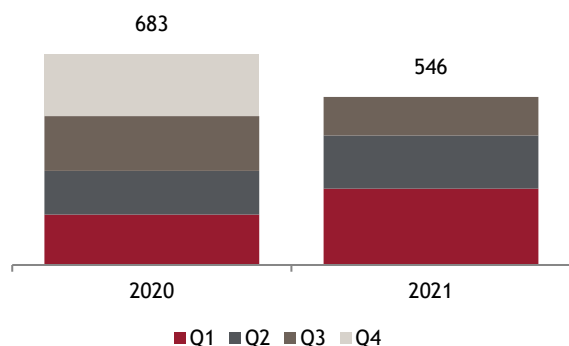
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Units sold	178	199	248	173	125
Construction starts	196	254	134	142	148
Units completed	212	286	95	120	318
Units delivered	212	272	124	132	314
Units under construction	1 342	1 310	1 349	1 371	1 201
Proportion of sold units under construction	77 %	74 %	82 %	82 %	76 %
Completed unsold units	19	19	17	15	16
Sales value of units under construction (NOK million)	6 660	6 413	6 627	6 749	6 200

### Purchase and sale of land

Selvaag Bolig purchased two sites from Urban Property for a total of NOK 224 million during the quarter. See note 7.

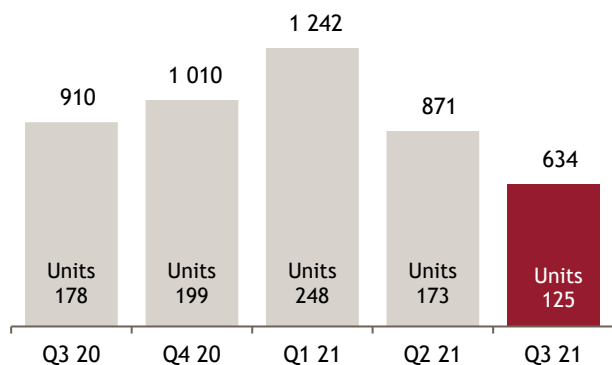
## Sales development and progress

### Units sold



Total housing sales during the third quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 125 units with a combined sales value of NOK 634 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 2020 totalled 178 units with a combined value of NOK 910 million.

### Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in four projects, comprising 107 residential units (150).

### Sales starts in the quarter

Project	No of units	Category	Region
Skifabrikken	48	Flat	Greater Oslo
Kaldnes Sjøparken	30	Flat	Greater Oslo
Pallplassen - Lørenskog	26	Flat	Greater Oslo
Skårerbyen Pluss (share of BT4)	3	Flat	Greater Oslo
<b>Total</b>	<b>107</b>		

Construction began on 148 (196) units during the quarter. At 30 September, Selvaag Bolig consequently had 1 201 (1 342)

units under construction. They included 1 019 units in Greater Oslo, 115 in Rogaland county and 67 in Bergen.

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

The order backlog at 30 September - in other words, the sales value of the 1 201 (1 342) units then under construction - was NOK 6 200 million (NOK 6 660 million).

A total of 318 (212) units were completed in the third quarter, and 314 (212) - including ones completed earlier - were delivered. The completed units were spread over six projects.

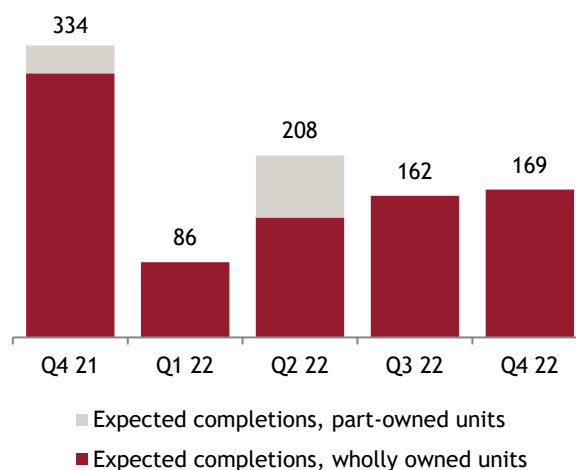
At 30 September, the group held 16 (19) completed but unsold units. Consolidated project companies accounted for 225 (194) of the units delivered, while 89 (18) were in part-owned project companies.

### Units completed by project

Project	No of units	Category	Region
Tiedemannsparken	42	Flat	Greater Oslo
Aase Gaard	11	Terraced	Rogaland
Kaldnes Beddingen	47	Flat	Greater Oslo
Snølia trinn 2	140	Flat	Greater Oslo
Skifabrikken	47	Flat	Greater Oslo
Skårerløkka	31	Flat	Greater Oslo
<b>Total</b>	<b>318</b>		

Based on anticipated progress for the projects, 334 units are expected to be completed in the fourth quarter of 2021. Estimated completions for 2021 as a whole amount to 867 units.

### Expected number of completions



## Share information

The company had 93.77 million issued shares at 30 September, divided between 4 619 shareholders.

The 20 largest shareholders controlled 81.0 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 52.00 to NOK 61.10. The closing price at 30 September was NOK 54.50. That compared with NOK 59.50 at 30 June, and the share price accordingly fell by 8.4 per cent over the quarter. A dividend of NOK 2.00 per share was paid in the third quarter. Corrected for this payout, the share price fell by five per cent over the period.

Just under 3.5 million shares, or 3.7 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 202.5 million during the quarter, corresponding to an average daily figure of roughly NOK 3.1 million.

### 20 largest shareholders at 30 September 2021

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
Skandinaviska Enskilda Banken AB*	7 504 973	8.0%
PARETO INVEST AS	3 290 989	3.5%
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 117 700	3.3%
JPMorgan Chase Bank, N.A., London*	1 943 435	2.1%
State Street Bank and Trust Comp*	1 353 030	1.4%
Skandinaviska Enskilda Banken AB*	900 000	1.0%
MUSTAD INDUSTRIER AS	870 000	0.9%
Skandinaviska Enskilda Banken AB*	778 922	0.8%
Landkreditt Utbytte	700 000	0.7%
SANDEN AS	670 000	0.7%
BANAN II AS	600 000	0.6%
VERDIPAPIRFONDET EIKA SPAR	597 383	0.6%
SPARHANS AS	550 000	0.6%
Brown Brothers Harriman & Co.*	540 443	0.6%
J.P. Morgan Bank Luxembourg S.A.*	523 659	0.6%
Brown Brothers Harriman & Co.*	519 230	0.6%
SELVAAG BOLIG ASA	467 169	0.5%
VERDIPAPIRFONDET EIKA NORGE	437 374	0.5%
Euroclear Bank S.A./N.V.*	429 959	0.5%
<b>Total 20 largest shareholders</b>	<b>75 974 353</b>	<b>81.0%</b>
Other shareholders	17 791 335	19.0%
<b>Total number of shares</b>	<b>93 765 688</b>	<b>100.0%</b>

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

## Risk and uncertainty factors

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

Risk factors relate to land development, sales and the execution of housing projects, and can be divided into 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 progress.

Selvaag Bolig has implemented measures in connection with the Covid-19 pandemic to protect customers, employees, suppliers and other stakeholders. In accordance with national guidelines, Selvaag Bolig reintroduced normal working hours and attendance at its offices from 5 July and

is otherwise operating normally. At 10 November 2021, current projects are progressing virtually as planned.

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. Seventy-six per cent of total units under construction and 94 per cent of planned completions in 2021 had been sold at 30 September.

Selvaag Bolig is well placed organisationally, operationally and financially to maintain and strengthen its position in the time to come.

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

## Transactions with related parties

Pursuant to the accounting rules, Urban Property is a related party to the group. This means that ongoing option premiums and repurchases are regarded as related-party transactions. During the third quarter, the group repurchased two sites from Urban Property for NOK 224 million. See note 7 for further details.

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

## Housing market

Activity in the Norwegian housing market was high in the third quarter, but lower than in the first and second quarter. Nevertheless, there was price growth and high turnover volumes.

According to Statistics Norway, seasonally adjusted existing dwelling prices at 30 September were on average 1.1 per cent higher than at 30 June and up by 10.6 per cent from 30 September 2020. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices

rose by 0.4 per cent during the quarter in Oslo including Bærum, and were 10.8 per cent higher than at 30 September 2020. In Akershus excluding Bærum, prices rose by 1.3 per cent and were up by 12.9 per cent from 30 September 2020. Prices in Stavanger rose by 2.0 per cent during the quarter and were 9.5 per cent higher than at 30 September 2020. Prices in Bergen increased by one per cent in the quarter and were up by eight per cent from 30 September 2020. In Trondheim, prices rose by two per cent for the quarter and were 11.9 per cent higher than at 30 September 2020.

## Interim financial statements (IFRS)

## Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Note	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
Revenues		868 124	690 328	1 801 720	1 308 740	2 643 756
Other revenues		18 774	15 777	47 210	42 003	54 194
<b>Total operating revenues</b>		<b>886 898</b>	<b>706 105</b>	<b>1 848 930</b>	<b>1 350 743</b>	<b>2 697 950</b>
Project expenses		(698 500)	(562 011)	(1 404 524)	(1 032 676)	(1 967 586)
Salaries and personnel costs		(33 857)	(37 909)	(86 367)	(98 304)	(149 849)
Depreciation and amortisation		(2 578)	(2 428)	(7 713)	(7 309)	(9 803)
Other operating expenses		(19 913)	(23 811)	(72 025)	(77 687)	(106 995)
<b>Total operating expenses</b>		<b>(754 848)</b>	<b>(626 159)</b>	<b>(1 570 629)</b>	<b>(1 215 976)</b>	<b>(2 234 233)</b>
Associated companies and joint ventures		55 257	19 600	100 650	132 118	134 961
Other gains (losses), net	7	-	-	-	1 028 691	1 045 127
<b>Operating profit</b>		<b>187 307</b>	<b>99 546</b>	<b>378 951</b>	<b>1 295 576</b>	<b>1 643 805</b>
Financial income		1 158	13 466	3 761	18 814	21 313
Financial expenses		(2 909)	(2 111)	(11 827)	(8 412)	(11 648)
<b>Net financial expenses</b>		<b>(1 751)</b>	<b>11 355</b>	<b>(8 066)</b>	<b>10 402</b>	<b>9 665</b>
<b>Profit/(loss) before taxes</b>		<b>185 556</b>	<b>110 901</b>	<b>370 885</b>	<b>1 305 978</b>	<b>1 653 470</b>
Income taxes		(32 182)	(8 572)	(84 431)	(26 349)	(129 898)
<b>Net income</b>		<b>153 374</b>	<b>102 329</b>	<b>286 454</b>	<b>1 279 629</b>	<b>1 523 572</b>
<b>Other comprehensive income/expenses</b>						
Translation differences		(18)	765	(2 071)	8 221	4 311
<b>Total comprehensive income/(loss) for the period</b>		<b>153 356</b>	<b>103 094</b>	<b>284 383</b>	<b>1 287 850</b>	<b>1 527 883</b>
<b>Net income for the period attributable to:</b>						
Non-controlling interests		(1)	-	(2)	-	(74)
Shareholders in Selvaag Bolig ASA		153 375	102 329	286 456	1 279 629	1 523 646
<b>Total comprehensive income/(loss) for the period attributable to:</b>						
Non-controlling interests		(1)	-	(2)	-	(74)
Shareholders in Selvaag Bolig ASA		153 357	103 094	284 385	1 287 850	1 527 957
<b>Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:</b>						
Earnings per share (basic and diluted) in NOK		1.64	1.10	3.06	13.71	16.33

The consolidated financial information has not been audited

## Statements of financial position

(figures in NOK 1 000)	Note	Q3 2021	Q2 2021	Q3 2020	2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill		383 376	383 376	383 376	383 376
Property, plant and equipment		6 640	6 837	5 329	7 332
Right-of-use lease assets		28 044	30 355	37 287	34 976
Investments in associated companies and joint ventures		342 587	438 621	398 637	406 850
Loans to associated companies and joint ventures		68 090	49 741	85 369	73 539
Other non-current assets	7	175 579	157 711	113 562	119 601
<b>Total non-current assets</b>		<b>1 004 316</b>	<b>1 066 641</b>	<b>1 023 560</b>	<b>1 025 674</b>
<b>Current assets</b>					
Inventories (property)	5, 7	4 647 388	4 681 112	4 274 588	3 940 793
Trade receivables		142 950	61 560	69 454	70 466
Other current receivables		18 483	25 341	422 297	48 536
Cash and cash equivalents		609 663	580 152	361 338	885 333
<b>Total current assets</b>		<b>5 418 484</b>	<b>5 348 165</b>	<b>5 127 677</b>	<b>4 945 128</b>
<b>TOTAL ASSETS</b>		<b>6 422 800</b>	<b>6 414 806</b>	<b>6 151 237</b>	<b>5 970 802</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributed to shareholders in Selvaag Bolig ASA</b>					
Equity attributed to shareholders in Selvaag Bolig ASA		2 235 497	2 280 555	2 170 765	2 430 023
Non-controlling interests		7 790	7 791	7 866	7 792
<b>Total equity</b>		<b>2 243 287</b>	<b>2 288 346</b>	<b>2 178 631</b>	<b>2 437 815</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Pension liabilities		1 238	1 238	1 482	1 030
Deferred tax liabilities		29 179	29 176	46 664	30 506
Provisions		60 373	60 373	60 373	60 373
Other non-current liabilities	7	196 932	179 318	14 552	17 810
Non-current lease liabilities		20 657	22 684	28 869	26 738
Non-current interest-bearing liabilities		1 759 152	1 481 762	1 255 561	1 100 293
<b>Total non-current liabilities</b>		<b>2 067 531</b>	<b>1 774 551</b>	<b>1 407 501</b>	<b>1 236 750</b>
<b>Current liabilities</b>					
Current lease liabilities		8 212	8 316	8 374	8 524
Current interest-bearing liabilities		446 089	779 652	885 413	674 014
Current liabilities repurchase agreements and seller credits	7	733 311	739 451	730 637	694 121
Trade payables		90 966	116 573	118 058	137 495
Current tax payables		103 806	71 089	113 816	130 994
Other current non-interest-bearing liabilities		729 598	636 828	708 807	651 089
<b>Total current liabilities</b>		<b>2 111 982</b>	<b>2 351 909</b>	<b>2 565 105</b>	<b>2 296 237</b>
<b>Total liabilities</b>		<b>4 179 513</b>	<b>4 126 460</b>	<b>3 972 606</b>	<b>3 532 987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 422 800</b>	<b>6 414 806</b>	<b>6 151 237</b>	<b>5 970 802</b>

*The consolidated financial information has not been audited*

## Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
<b>Equity at 1 January 2021</b>	<b>186 996</b>	<b>1 394 857</b>	<b>700 629</b>	<b>10 097</b>	<b>3 528</b>	<b>133 915</b>	<b>2 430 025</b>	<b>7 792</b>	<b>2 437 815</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(467 493)	(467 493)	-	(467 493)
Share buy back	(400)	-	-	-	-	(11 018)	(11 418)	-	(11 418)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	286 456	286 456	(2)	286 454
Other comprehensive income/(loss) for the period	-	-	-	(2 071)	-	-	(2 071)	-	(2 071)
<b>Equity at 30 September 2021</b>	<b>186 596</b>	<b>1 394 857</b>	<b>700 629</b>	<b>8 026</b>	<b>3 528</b>	<b>(58 140)</b>	<b>2 235 499</b>	<b>7 790</b>	<b>2 243 287</b>
<b>Equity at 1 January 2020</b>	<b>186 842</b>	<b>1 394 857</b>	<b>700 629</b>	<b>5 786</b>	<b>3 528</b>	<b>1 082 575</b>	<b>3 374 220</b>	<b>7 866</b>	<b>3 382 084</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(2 475 244)	(2 475 244)	-	(2 475 244)
Share buy back	(600)	-	-	-	-	(15 459)	(16 059)	-	(16 059)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	1 279 629	1 279 629	-	1 279 629
Other comprehensive income/(loss) for the period	-	-	-	8 221	-	-	8 221	-	8 221
<b>Equity at 30 September 2020</b>	<b>186 242</b>	<b>1 394 857</b>	<b>700 629</b>	<b>14 007</b>	<b>3 528</b>	<b>-128 499</b>	<b>2 170 768</b>	<b>7 866</b>	<b>2 178 631</b>
Transactions with owners:									
Employee share programme	754	-	-	-	-	18 397	19 151	-	19 151
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	244 017	244 017	(74)	243 943
Other comprehensive income/(loss) for the period	-	-	-	(3 910)	-	-	(3 910)	-	(3 910)
<b>Equity at 31 December 2020</b>	<b>186 996</b>	<b>1 394 857</b>	<b>700 629</b>	<b>10 097</b>	<b>3 528</b>	<b>133 915</b>	<b>2 430 026</b>	<b>7 792</b>	<b>2 437 815</b>

The consolidated financial information has not been audited.

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

## Statement of cash flow

(figures in NOK 1 000)	Note	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Profit/ (loss) before taxes		185 556	110 901	370 885	1 305 978	1 653 470
Income taxes paid		566	(60 443)	(111 589)	(120 886)	(207 419)
Depreciation and amortisation		2 578	2 428	7 713	7 309	9 803
Other gains (losses), net	7	-	-	-	(1 028 691)	(1 045 127)
Disposal of assets and liabilities held for sale	7	-	-	-	1 681 231	1 681 231
Share of profits/(losses) from associated companies and joint ventures		(55 257)	(19 600)	(100 650)	(132 118)	(134 961)
Changes in inventories (property)	5	51 967	12 273	(474 162)	(590 101)	(244 735)
Changes in trade receivables		(81 390)	(2 618)	(72 484)	12 766	11 754
Changes in trade payables		(25 607)	(12 506)	(46 260)	(49 575)	(30 138)
Changes in other operating working capital assets		3 900	(399 640)	19 411	(393 405)	(19 382)
Changes in other operating working capital liabilities		92 154	102 413	78 584	282	(58 807)
<b>Net cash flow from operating activities</b>		<b>174 467</b>	<b>(266 792)</b>	<b>(328 552)</b>	<b>692 790</b>	<b>1 615 689</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment and intangible assets		-	-	-	-	-
Purchases of PPE and intangible assets		(71)	(23)	(101)	(67)	(2 278)
Proceeds from sale of associated companies and joint ventures		-	-	8 046	-	-
Purchases of associated companies and joint ventures		-	-	-	(5 065)	(10 065)
Proceeds from sale of other investments and repayment of loans	7	-	35 511	39 199	288 975	312 033
Purchases of other investments and loans		(18 250)	(3 800)	(32 050)	(44 100)	(55 250)
Dividends and disbursements from associated companies and joint ventures		151 671	-	153 994	169 406	169 406
<b>Net cash flow from investment activities</b>		<b>133 350</b>	<b>31 688</b>	<b>169 088</b>	<b>409 149</b>	<b>413 846</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings	7	637 906	368 150	1 632 454	2 227 134	2 720 291
Repayments of borrowings	7	(715 969)	(153 094)	(1 264 264)	(1 650 676)	(2 558 587)
Repayments of lease liabilities		(2 131)	(1 981)	(6 393)	(5 942)	(7 943)
Dividends paid to equity holders of Selvaag Bolig ASA		(186 997)	(279 843)	(467 493)	(2 475 244)	(2 475 244)
Share buy back Selvaag Bolig ASA		(11 418)	(16 059)	(11 418)	(16 059)	(16 059)
Proceeds from disposal of shares Selvaag Bolig ASA		303	500	908	1 500	14 653
<b>Net cash flow from financing activities</b>		<b>(278 306)</b>	<b>(82 327)</b>	<b>(116 207)</b>	<b>(1 919 287)</b>	<b>(2 322 888)</b>
Net change in cash and cash equivalents		29 511	(317 431)	(275 670)	(817 348)	(293 353)
<b>Cash and cash equivalents at start of period</b>		<b>580 152</b>	<b>678 769</b>	<b>885 333</b>	<b>1 178 686</b>	<b>1 178 686</b>
<b>Cash and cash equivalents at end of period</b>		<b>609 663</b>	<b>361 338</b>	<b>609 663</b>	<b>361 338</b>	<b>885 333</b>

*The consolidated financial information has not been audited*



## Selected notes to the quarterly financial statements

### 1. General information and accounting policies

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

The group's consolidated financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2020.

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 2020.

### 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 2020.

### 3. Transactions with related parties

See note 23 to the consolidated financial statements for 2020 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.

## Third quarter 2021

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	756 525	17 426	773 951
Project expenses	(603 170)	(156)	(603 326)
Other operating expenses	(10 329)	(45 986)	(56 315)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>143 026</b>	<b>(28 716)</b>	<b>114 310</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	143 026	(28 716)	114 310
Sales revenues (adjustment effect of percentage of completion)	(754 029)	-	(754 029)
Sales revenues (completed contract)	866 977	-	866 977
Project expenses (adjustment effect of percentage of completion)	598 740	-	598 740
Project expenses (completed contract)	(693 914)	-	(693 914)
Lease liabilities	-	2 545	2 545
Depreciation and amortisation	-	(2 578)	(2 578)
Share of income (losses) from associated companies and joint ventures	55 256	-	55 256
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>216 056</b>	<b>(28 749)</b>	<b>187 307</b>
Units under construction	1 201	N/A	N/A
Units delivered	314	N/A	N/A

## Third quarter 2020

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	692 096	14 903	706 999
Project expenses	(492 155)	(82)	(492 237)
Other operating expenses	(10 213)	(53 995)	(64 208)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>189 728</b>	<b>(39 174)</b>	<b>150 554</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	189 728	(39 174)	150 554
Sales revenues (adjustment effect of percentage of completion)	(691 230)	-	(691 230)
Sales revenues (completed contract)	690 336	-	690 336
Project expenses (adjustment effect of percentage of completion)	470 323	-	470 323
Project expenses (completed contract)	(539 920)	-	(539 920)
Lease liabilities	2 311	-	2 311
Depreciation and amortisation	-	(2 428)	(2 428)
Share of income (losses) from associated companies and joint ventures	19 600	-	19 600
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>141 148</b>	<b>(41 602)</b>	<b>99 546</b>
Units under construction	1 342	N/A	N/A
Units delivered	212	N/A	N/A

## At 30 September 2021

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	2 468 333	44 580	2 512 913
Project expenses	(1 936 278)	(374)	(1 936 652)
Other operating expenses	(36 620)	(129 408)	(166 028)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>495 435</b>	<b>(85 202)</b>	<b>410 233</b>
<b>Reconciliation EBITDA to Operating profit (loss):</b>			
EBITDA (percentage of completion)	495 435	(85 202)	410 233
Sales revenues (adjustment effect of percentage of completion)	(2 429 027)	-	(2 429 027)
Sales revenues (completed contract)	1 765 045	-	1 765 045
Project expenses (adjustment effect of percentage of completion)	1 891 083	-	1 891 083
Project expenses (completed contract)	(1 358 955)	-	(1 358 955)
Lease liabilities	-	7 636	7 636
Depreciation and amortisation	-	(7 713)	(7 713)
Share of profits (losses) from associated companies and joint ventures	100 649	-	100 649
Other gain (loss), net	-	-	-
<b>Operating profit (loss), (IFRS)</b>	<b>464 230</b>	<b>(85 279)</b>	<b>378 951</b>
Units under construction	1 201	N/A	N/A
Units delivered	570	N/A	N/A

## At 30 September 2020

(figures in NOK 1 000)	Housing development	Other	Total
Operating revenues	2 227 374	39 161	2 266 535
Project expenses	(1 619 229)	(484)	(1 619 713)
Other operating expenses	(32 943)	(150 512)	(183 455)
<b>EBITDA (percentage of completion, NGAAP)</b>	<b>575 202</b>	<b>(111 835)</b>	<b>463 367</b>
<b>Reconciliation EBITDA to operating profit (loss):</b>			
EBITDA (percentage of completion)	575 202	(111 835)	463 367
Sales revenues (adjustment effect of percentage of completion)	(2 218 100)	-	(2 218 100)
Sales revenues (completed contract)	1 302 309	-	1 302 309
Project expenses (adjustment effect of percentage of completion)	1 586 352	-	1 586 352
Project expenses (completed contract)	(999 139)	-	(999 139)
Lease liabilities	7 287	-	7 287
Depreciation and amortisation	-	(7 309)	(7 309)
Share of profits (losses) from associated companies and joint ventures	132 118	-	132 118
Other gain (loss), net	-	1 028 691	1 028 691
<b>Operating profit (loss), (IFRS)</b>	<b>386 029</b>	<b>909 547</b>	<b>1 295 576</b>
Units under construction	1 342	N/A	N/A
Units delivered	448	N/A	N/A

## 5. Inventory - property

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

and property under development and construction. Inventories are measured at the lower of cost and net realisable value.

(figures in NOK 1 000)	Q3 2021	Q2 2021	Q3 2020	2020
Land (undeveloped)	954 705	1 036 151	979 002	909 297
Work in progress	3 584 043	3 542 648	3 171 639	2 911 003
Completed units	108 640	102 313	123 947	120 493
<b>Carrying amount</b>	<b>4 647 388</b>	<b>4 681 112</b>	<b>4 274 588</b>	<b>3 940 793</b>

## 6. Project expenses and EBITDA

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

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
<b>Project expenses</b>	<b>(698 500)</b>	<b>(562 011)</b>	<b>(1 404 524)</b>	<b>(1 032 676)</b>	<b>(1 967 586)</b>
Finance expenses	(32 018)	(25 770)	(52 178)	(46 358)	(70 111)
Other project expenses	(666 482)	(536 241)	(1 352 346)	(986 318)	(1 897 475)

(figures in NOK 1 000)	Q3 2021	Q3 2020	9M 2021	9M 2020	2020
EBITDA <sup>1</sup>	189 885	101 974	386 664	274 194	608 481
EBITDA margin	21.4%	14.4%	20.9%	20.3%	22.6%
EBITDA adjusted <sup>2</sup>	221 903	127 744	438 842	320 552	678 592
EBITDA margin adjusted	25.0%	18.1%	23.7 %	23.7%	25.2%

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

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

Profit for 2020 includes NOK 1 028.7 million in recognised gain from the transaction with Urban Property. This has been excluded from the calculation of EBITDA above. 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.
- That 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 comprised properties expected to be bought back through the exercise of a pre-emptive right over a timeframe longer than 12 months. Portfolio B comprised properties where the group has buyback options which primarily fall within a timeframe expected to be shorter than 12 months. Portfolio C covered future land purchase agreements, and prepayments related to these, with third parties where the group did not own the properties at the time. Agreement was reached with UP in January 2021 that properties classified as Portfolio A would be converted to portfolio C with effect from 1 January 2021. That followed a renegotiation of the

collaboration agreement between the parties. This had no effect on the accounts at the point when the agreement came into effect but will in the future mean that provision is made for accrued option premiums. See the description under portfolio C below. Portfolios B and C are covered by options for the group to buy back the properties later.

The transaction with UP yielded an accounting gain of NOK 1 028.7 million after tax in 2020. For a specification of the gain and other effects of the transaction, see note 26 in the consolidated annual accounts for 2020.

### Portfolio B

These properties were recognised with a total carrying amount of NOK 679 million at the transaction date. The total consideration amounted to NOK 864 million.

In accounting terms, the sale of Portfolio B with buy-back agreements did not involve the calculation of either gain or loss, but has been treated as a financing arrangement because SBO retains control of these properties. This means that the carrying amount of Portfolio B remains unchanged as inventory after the transaction, while the consideration of NOK 864 million from the sale of Portfolio B has been recognised as a liability for repurchase agreements (to UP) in the SBO balance sheet.

The option premium related to the properties in Portfolio B is paid quarterly. These premiums are treated for accounting purposes in the same way as interest charges on land loans. They are recognised in the balance sheet as part of inventory and expensed as cost of sales when completed residential units are delivered. Option premiums paid and capitalised for land in Portfolio B amounted to NOK 4.2 million in the third quarter (NOK 6.0 million). NOK 13.9 million (NOK 24.9 million) was paid and capitalised in the first nine months. SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property. SBO pays 50 per cent of the purchase price to UP on taking over a property and 50 per cent on completion of the project.

In the third quarter, SBO purchased land in portfolio B from UP for NOK 124 million.

### 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 20.1 million in the third quarter (NOK 4.2 million). The increase in provision for option premiums compared with last year primarily reflected the conversion of former Portfolio A properties to Portfolio C. Provisions and capitalisation for the first nine months totalled NOK 63.0 million (NOK 9.8 million). At 30 September, provisions and capitalisation amounted to NOK 68.8 million (NOK 9.8 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 purchased one site in Portfolio C from UP during the third quarter for NOK 100 million. As a consequence of seller credits related to these and the site mentioned in portfolio B, debt related to repurchase agreements and seller credits was NOK 733.3 million at the end of the quarter.

The table below presents a specification of the accounting effects of the transaction in 2020, including on profit and loss and cash flow:

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

## 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 number of collaboration projects is increasing and that, in this

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

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

Statement of proportional consolidation	Q3 2021			Q3 2020		
	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV	IFRS	Adj share Assoc/JV gross	Pro forma gross Assoc/JV
(figures in NOK 1 000)						
Revenues	868 124	447 335	1 315 459	690 328	151 610	841 938
Other revenues	18 774	2 855	21 629	15 777	3 728	19 505
<b>Total operating revenues</b>	<b>886 898</b>	<b>450 190</b>	<b>1 337 088</b>	<b>706 105</b>	<b>155 338</b>	<b>861 443</b>
Project expenses	(698 500)	(368 113)	(1 066 613)	(562 011)	(126 063)	(688 074)
Salaries and personnel costs	(33 857)	(466)	(34 323)	(37 909)	(458)	(38 367)
Depreciation and amortisation	(2 578)	(966)	(3 544)	(2 428)	(979)	(3 407)
Other operating expenses	(19 913)	(6 161)	(26 074)	(23 811)	(6 541)	(30 352)
<b>Total operating expenses</b>	<b>(754 848)</b>	<b>(375 704)</b>	<b>(1 130 552)</b>	<b>(626 159)</b>	<b>(134 040)</b>	<b>(760 199)</b>
Associated companies and joint ventures	55 257	(55 257)	-	19 600	(19 600)	-
Other gains (losses), net	-	-	-	-	-	-
<b>Operating profit</b>	<b>187 307</b>	<b>19 229</b>	<b>206 536</b>	<b>99 546</b>	<b>1 698</b>	<b>101 244</b>
Financial income	1 158	3	1 161	13 466	2	13 468
Financial expenses	(2 909)	(912)	(3 821)	(2 111)	(801)	(2 912)
<b>Net financial expenses</b>	<b>(1 751)</b>	<b>(909)</b>	<b>(2 660)</b>	<b>11 355</b>	<b>(799)</b>	<b>10 556</b>
<b>Profit/(loss) before taxes</b>	<b>185 556</b>	<b>18 320</b>	<b>203 876</b>	<b>110 901</b>	<b>899</b>	<b>111 800</b>
Income taxes	(32 182)	(18 320)	(50 502)	(8 572)	(899)	(9 471)
<b>Net income</b>	<b>153 374</b>	<b>-</b>	<b>153 374</b>	<b>102 329</b>	<b>-</b>	<b>102 329</b>
<b>EBITDA margin<sup>1</sup></b>	<b>21.4%</b>	<b>N/A</b>	<b>15.7%</b>	<b>14.4%</b>	<b>N/A</b>	<b>12.1%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>25.0%</b>	<b>N/A</b>	<b>19.4%</b>	<b>18.1%</b>	<b>N/A</b>	<b>15.4%</b>

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

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

Statement of proportional consolidation	9M 2021			9M 2020		
	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	1 801 720	759 201	2 560 921	1 308 740	753 249	2 061 989
Other revenues	47 210	10 333	57 543	42 003	11 422	53 425
<b>Total operating revenues</b>	<b>1 848 930</b>	<b>769 534</b>	<b>2 618 464</b>	<b>1 350 743</b>	<b>764 671</b>	<b>2 115 414</b>
Project expenses	(1 404 524)	(620 125)	(2 024 649)	(1 032 676)	(586 864)	(1 619 540)
Salaries and personnel costs	(86 367)	(1 331)	(87 698)	(98 304)	(1 323)	(99 627)
Depreciation and amortisation	(7 713)	(2 896)	(10 609)	(7 309)	(2 927)	(10 236)
Other operating expenses	(72 025)	(15 567)	(87 592)	(77 687)	(18 563)	(96 250)
<b>Total operating expenses</b>	<b>(1 570 629)</b>	<b>(639 918)</b>	<b>(2 210 547)</b>	<b>(1 215 976)</b>	<b>(609 677)</b>	<b>(1 825 653)</b>
Associated companies and joint ventures	100 650	(100 650)	-	132 118	(132 118)	-
Other gains (losses), net	-	-	-	1 028 691	-	1 028 691
<b>Operating profit</b>	<b>378 951</b>	<b>28 965</b>	<b>407 916</b>	<b>1 295 576</b>	<b>22 876</b>	<b>1 318 452</b>
Financial income	3 761	33	3 794	18 814	58	18 872
Financial expenses	(11 827)	(2 583)	(14 410)	(8 412)	(2 760)	(11 172)
<b>Net financial expenses</b>	<b>(8 066)</b>	<b>(2 550)</b>	<b>(10 616)</b>	<b>10 402</b>	<b>(2 703)</b>	<b>7 700</b>
<b>Profit/(loss) before taxes</b>	<b>370 885</b>	<b>26 415</b>	<b>397 300</b>	<b>1 305 978</b>	<b>20 174</b>	<b>1 326 152</b>
Income taxes	(84 431)	(26 415)	(110 846)	(26 349)	(20 174)	(46 523)
<b>Net income</b>	<b>286 454</b>	<b>-</b>	<b>286 454</b>	<b>1 279 629</b>	<b>-</b>	<b>1 279 629</b>
<b>EBITDA margin<sup>1</sup></b>	<b>20.9%</b>	<b>N/A</b>	<b>16.0%</b>	<b>20.3%</b>	<b>N/A</b>	<b>14.2%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>23.7%</b>	<b>N/A</b>	<b>19.1%</b>	<b>23.7%</b>	<b>N/A</b>	<b>17.6%</b>

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

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



# SELVAAG BOLIG

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**About Selvaag Bolig**

Selvaag Bolig ASA is a residential property developer controlling 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 and Trondheim. 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.

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