

# SELVAAG BOLIG

## Q2 2021

Second quarter results





## Highlights of the second quarter 2021

- Operating revenues<sup>1</sup> NOK 394 million (NOK 436 million)
- Adjusted EBITDA<sup>3</sup> NOK 88 million (NOK 75 million) and ordinary EBITDA<sup>2</sup> NOK 79 million (NOK 62 million)
- Pre-tax profit of NOK 74 million (NOK 59 million)
- Limited operational impact of Covid-19, projects progressing as normal
- 173 units sold<sup>6</sup> (142) and construction started on 142 (31)
- 120 units completed (104) and 132 delivered (122)
- A total of 1 371 units (1 357) under construction at 30 June, with a combined sales value of NOK 6 749 million (NOK 6 327 million)
- 82 per cent of units under construction sold (78 per cent)
- In accordance with its mandate from the most recent AGM, the board has approved a dividend of NOK 2.00 per share for the first half (NOK 3.00)

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

## Key figures

(figures in NOK 1 000)	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>IFRS main figures</b>					
Operating revenues <sup>1</sup>	394 178	435 528	962 032	644 638	2 697 950
EBITDA <sup>2</sup>	78 914	61 970	196 779	172 220	608 481
EBITDA adjusted <sup>3</sup>	87 941	75 483	216 939	192 808	678 592
Operating profit/(loss)	76 341	59 584	191 644	1 196 030	1 643 805
Profit/(loss) before taxes	74 020	58 568	185 329	1 195 077	1 653 470
Net income	56 433	48 305	133 080	1 177 300	1 523 572
Cash flow from operating activities	(415 176)	(223 036)	(503 019)	959 582	1 615 689
Net cash flow	(117 776)	(92 578)	(305 181)	(499 917)	(293 353)
Interest-bearing liabilities	3 000 865	2 646 452	3 000 865	2 646 452	2 468 428
Total assets	6 414 806	6 082 087	6 414 806	6 082 087	5 970 802
Equity	2 288 346	2 371 439	2 288 346	2 371 439	2 437 815
Equity ratio	35.7%	39.0%	35.7%	39.0%	40.8%
Earnings per share in NOK	0.60	0.52	1.42	12.60	16.33
<b>Segment reporting (NGAAP<sup>5</sup>)</b>					
Operating revenues	881 078	803 239	1 738 962	1 559 536	3 215 905
EBITDA <sup>4</sup>	148 532	153 266	295 923	312 813	631 991
EBITDA margin	16.9%	19.1%	17.0%	20.1%	19.7%
<b>Key figures (net, adjusted for share in joint ventures)</b>					
Number of units sold <sup>6</sup>	173	142	421	306	683
Number of construction starts	142	31	276	46	496
Number of units delivered	132	122	256	236	720
Number of units completed	120	104	215	139	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)	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>Total operating revenues</b>	<b>394 178</b>	<b>435 528</b>	<b>962 032</b>	<b>644 638</b>	<b>2 697 950</b>
Project expenses	(304 827)	(336 774)	(706 024)	(470 665)	(1 967 586)
Other operating expenses, salaries and personnel costs, depreciation and amortisation	(52 451)	(65 026)	(109 757)	(119 152)	(266 647)
<b>Total operating expenses</b>	<b>(357 278)</b>	<b>(401 800)</b>	<b>(815 781)</b>	<b>(589 817)</b>	<b>(2 234 233)</b>
Associated companies and joint ventures	39 441	25 856	45 393	112 518	134 961
Other gains (losses), net	-	-	-	1 028 691	1 045 127
<b>Operating profit</b>	<b>76 341</b>	<b>59 584</b>	<b>191 644</b>	<b>1 196 030</b>	<b>1 643 805</b>
<b>Net financial expenses</b>	<b>(2 321)</b>	<b>(1 016)</b>	<b>(6 315)</b>	<b>(953)</b>	<b>9 665</b>
<b>Profit before taxes</b>	<b>74 020</b>	<b>58 568</b>	<b>185 329</b>	<b>1 195 077</b>	<b>1 653 470</b>
Income taxes	(17 587)	(10 263)	(52 249)	(17 777)	(129 898)
<b>Net income</b>	<b>56 433</b>	<b>48 305</b>	<b>133 080</b>	<b>1 177 300</b>	<b>1 523 572</b>

## Results for the second quarter of 2021

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

Selvaag Bolig had operating revenues of NOK 394.2 million (NOK 435.5 million) in the second quarter. Revenues from units delivered accounted for NOK 357.1 million (NOK 422.5 million) of the total. In addition, the group sold terraced housing sites in Rogaland for NOK 23.7 million. Other revenues derived from non-core activities, mainly provision of services.

A total of 132 units (122) were delivered in the quarter, including 86 (86) from consolidated project companies and 46 (36) from joint ventures.

Project costs for the quarter totalled NOK 304.8 million (NOK 336.8 million), of which NOK 9 million (NOK 13.5 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 52.5 million (NOK 65 million) for the period. Payroll costs accounted for NOK 24.6 million (NOK 30 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 4.8 million (NOK 6 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 25.3 million (NOK 32.6 million) for the quarter, including NOK 9.3 million (NOK 9.2

million) for sales and marketing. The decline from the second 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 39.4 million (NOK 25.9 million) for the quarter. This increase from the same period of 2020 primarily reflected more units delivered from joint ventures as well as a positive contribution from the sale of a joint venture in Oslo.

Reported EBITDA was NOK 78.9 million (NOK 62 million), corresponding to a margin of 20 per cent (14.2 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 87.9 million (NOK 75.5 million), corresponding to a margin of 22.3 per cent (17.3 per cent). The change in EBITDA from the second 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 76.3 million (NOK 59.6 million).

Net financial expense amounted to NOK 2.3 million (NOK 1 million). Pre-tax profit for the quarter thereby came to NOK 74 million (NOK 58.6 million).

Tax expense for the period was NOK 17.6 million (NOK 10.3 million). Comprehensive income for the second quarter came to NOK 56.4 million (NOK 48.3 million). NOK 56.4 million of

the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 48.3 million), and NOK 0 to non-controlling shareholders (NOK 0).

## Results for the first half of 2021

Selvaag Bolig had operating revenues of NOK 962 million (NOK 644.6 million) in the first half. Revenues from units delivered accounted for NOK 900.7 million (NOK 618.4 million) of the total. In addition, the group sold terraced housing sites in Rogaland for NOK 32.9 million. Other revenues related to non-core activities, mainly provision of services.

A total of 256 units (236) were delivered in the quarter, including 200 (126) from consolidated project companies and 56 (110) from joint ventures.

Project costs for the first half totalled NOK 706 million (NOK 470.7 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 109.8 million (NOK 119.2 million) for the period. Payroll costs accounted for NOK 52.5 million (NOK 60.4 million) of this figure. In addition, NOK 9.6 million (NOK 12 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 52.1 million (NOK 53.9 million), including NOK 18.6 million (NOK 15.7 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 45.4 million (NOK 112.5 million). This decrease from the same period of 2020 reflected fewer units delivered from joint ventures.

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 half was NOK 196.8 million (NOK 172.2 million), corresponding to a margin of 20.5 per cent (26.7 per cent). EBITDA adjusted for financial expenses included in project costs came to NOK 216.9 million (NOK 192.8 million), corresponding to a margin of 22.6 per cent (29.9 per cent). The increase in EBITDA from the first half of 2020 primarily reflected more units delivered, while the EBITDA margin declined largely because the proportion of units delivered from joint ventures fell. 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 half came to NOK 191.6 million (NOK 1 196 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 6.3 million (NOK 1 million).

Pre-tax profit for the first half was NOK 185.3 million (NOK 1 195.1 million). Estimated tax expense for the period is NOK 52.2 million (NOK 17.7 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 half came to NOK 133.1 million (NOK 1 177.3 million). NOK 133.1 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 1 177.3 million), and NOK 0 to non-controlling shareholders (NOK 0).

## Cash flow

Consolidated net cash flow from operational activities was negative at NOK 415.2 million (NOK 223 million) for the second quarter, primarily because inventory rose following a high level of construction activity and the repurchase of two sites from Urban Property.

In the first half, consolidated net cash flow from operational activities was negative at NOK 503 million (positive at NOK 959.6 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 41.3 million (NOK 157.3 million) for the quarter. The change from the same period of 2020 primarily reflected lower dividend from joint ventures.

In the first half, cash flow from investing activities amounted to NOK 35.7 million (NOK 377.5 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. In addition, the first half of 2020 included higher dividends from joint ventures than in the present year.

Net cash flow from financing activities was NOK 256.1 million (negative at NOK 26.9 million) for the quarter. The change from the same period of 2020 primarily reflected increased net drawdown of debt as a result of reduced redemption of construction loans this year. This was partially offset by an increase in dividend paid compared with the second quarter of 2020.

In the first half, net cash flow from financing activities was NOK 162.1 million (negative at NOK 1 837 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 June totalled NOK 580.2 million (NOK 678.8 million), a reduction of NOK 117.8 million from 31 March and NOK 98.6 million from a year earlier.

### Cash flow summary

(figures in NOK 1 000)	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Profit before taxes	74 020	58 568	185 329	1 195 077	1 653 470
<b>Net cash flow from operating activities</b>	<b>(415 176)</b>	<b>(223 036)</b>	<b>(503 019)</b>	<b>959 582</b>	<b>1 615 689</b>
<b>Net cash flow from investment activities</b>	<b>41 288</b>	<b>157 309</b>	<b>35 738</b>	<b>377 461</b>	<b>413 846</b>
<b>Net cash flow from financing activities</b>	<b>256 112</b>	<b>(26 851)</b>	<b>162 099</b>	<b>(1 836 960)</b>	<b>(2 322 888)</b>
Net change in cash and cash equivalents	(117 776)	(92 578)	(305 181)	(499 917)	(293 353)
Cash and cash equivalents at start of period	697 928	771 347	885 333	1 178 686	1 178 686
Cash and cash equivalents at end of period	580 152	678 769	580 152	678 769	885 333

## Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 June was NOK 4 681.1 million, compared with NOK 4 172.4 million at 31 March and NOK 4 276.8 million a year earlier. The increase in the second quarter primarily reflected a high level of building activity and the repurchase of two sites from Urban Property. See note 5 for a further specification of inventory.

Equity was NOK 2 288.3 million (NOK 2 371.4 million) at 30 June, corresponding to an equity ratio of 35.7 per cent (39 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. 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 636.8 million (NOK 610.2 million) at 30 June, of which NOK 302.6 million (NOK 303.1 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 3 000.9 million (NOK 2 646.5 million), of which 1 481.8 million (NOK 1 635.8 million) was non-current and NOK 1 519.1 million (NOK 1 010.6 million) was current. NOK 739.5

million (NOK 729.2 million) of current debt related to repurchase agreements with and seller credits for Urban Property. See note 7 for more information.

The group had land loans totalling 249.5 million (NOK 294 million) at 30 June. This relatively low level reflects the fact that a large part of the properties are 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, the company has 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 June.

### Net interest-bearing debt

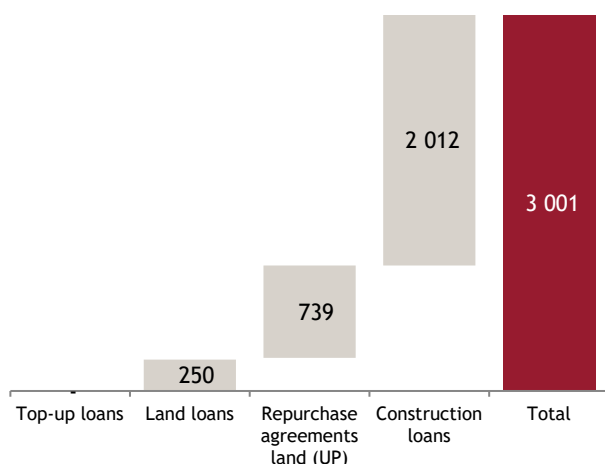
(figures in NOK 1 000)	Q2 2021	Q1 2021	Q2 2020	2020
Non-current interest-bearing debt	1 481 762	1 074 816	1 635 844	1 100 293
Current interest-bearing debt	779 652	708 273	281 429	674 014
Current liabilities repurchase agreements and seller	739 451	660 668	729 179	694 121
Cash and cash equivalents	(580 152)	(697 928)	(678 769)	(885 333)
<b>Net interest-bearing debt</b>	<b>2 420 713</b>	<b>1 745 829</b>	<b>1 967 683</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 June, the group had no top-up loans, land loans of NOK 250 million, repurchase agreements with Urban Property of NOK 739 million and total construction loans of NOK 2 012 million.

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 June, 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.

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



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 4.4 million (NOK 9.9 million) for the second quarter and NOK 9.7 million (NOK 18.9 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 21.5 million (NOK 4.1 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 half came to NOK 42.9 million (NOK 5.6 million). At 30 June, total provision and capitalisation came to NOK 56.9 million (NOK 5.6 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 business" 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 2021

#### Second quarter

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 21	Q2 20	Q2 21	Q2 20	Q2 21	Q2 20
Property development (NGAAP)	868 518	791 137	176 163	190 771	197 853	216 323
Other	12 560	12 102	(27 631)	(37 505)	(27 873)	(37 601)
IFRS adjustments	(486 900)	(367 711)	(69 618)	(91 296)	(93 639)	(119 138)
<b>Total group (IFRS)</b>	<b>394 178</b>	<b>435 528</b>	<b>78 914</b>	<b>61 970</b>	<b>76 341</b>	<b>59 584</b>

#### Jan-Jun

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 21	6M 20	6M 21	6M 20	6M 21	6M 20
Property development (NGAAP)	1 711 808	1 535 278	352 409	385 474	409 934	464 625
Other	27 154	24 258	(56 486)	(72 661)	(56 969)	955 781
IFRS adjustments	(776 930)	(914 898)	(99 144)	(140 593)	(161 321)	(224 376)
<b>Total group (IFRS)</b>	<b>962 032</b>	<b>644 638</b>	<b>196 779</b>	<b>172 220</b>	<b>191 644</b>	<b>1 196 030</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 second quarter were NOK 868.5 million (NOK 791.1 million). They derived from 17 projects (19) in production.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 692.3 million (NOK 600.4 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 176.2 million (NOK 190.8 million) for the quarter, corresponding to a profit margin of 20.3 per cent (24.1 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 second quarter came to NOK 12.6 million (NOK 12.1 million), while operating costs amounted to NOK 40.2 million (NOK 49.6 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 27.6 million (NOK 37.5 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 180 units with a combined value of NOK 927 million. Selvaag Bolig's share amounted to 173 units with a combined value of NOK 871 million.

Work started on constructing 142 units during the second quarter, so that Selvaag Bolig had 1 371 units worth some NOK 6.7 billion under construction at 30 June. A total of 120 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 second quarter.

#### Quarterly development of the project portfolio

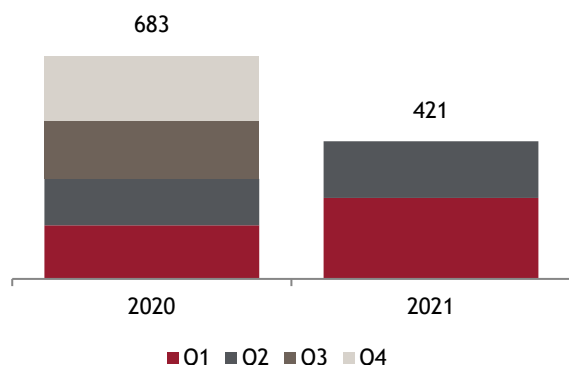
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Units sold	142	178	199	248	173
Construction starts	31	196	254	134	142
Units completed	104	212	286	95	120
Units delivered	122	212	272	124	132
Units under construction	1 357	1 342	1 310	1 349	1 371
Proportion of sold units under construction	78 %	77 %	74 %	82 %	82 %
Completed unsold units	25	19	19	17	15
Sales value of units under construction (NOK million)	6 327	6 660	6 413	6 627	6 749

### Purchase and sale of land

Selvaag Bolig purchased two sites from Urban Property for a total of NOK 156 million during the quarter. See note 7.

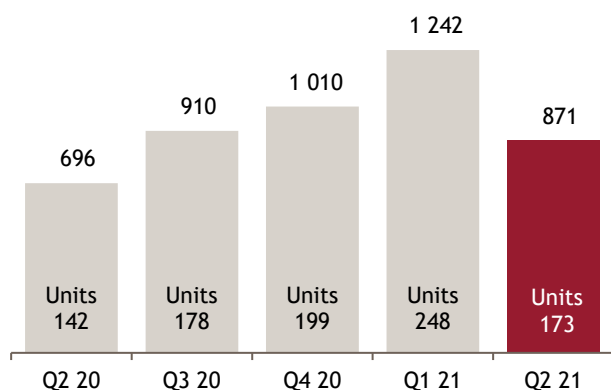
## Sales development and progress

### Units sold



Total housing sales during the second quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 173 units with a combined sales value of NOK 871 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 142 units with a combined value of NOK 696 million.

### Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in five projects, comprising 154 residential units (91).

### Sales starts in the quarter

Project	No of units	Category	Region
Sandsli 360	16	Flat	Bergen
Langhus	99	Flat	Greater Oslo
Skårerbyen Pluss	10	Flat	Greater Oslo
Aasetoppen	5	Terraced	Rogaland
Lervig Brygge - Sjøtunet	24	Flat	Rogaland
<b>Total</b>	<b>154</b>		

Construction began on 142 (31) units during the quarter. At 30 June, Selvaag Bolig consequently had 1 371 (1 357) units

under construction. They included 1 188 units in Greater Oslo, 116 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 June - in other words, the sales value of the 1 371 (1 357) units then under construction - was NOK 6 749 million (NOK 6 327 million).

A total of 120 (104) units were completed in the second quarter, and 132 (122) - including ones completed earlier - were delivered. The completed units were spread over two projects.

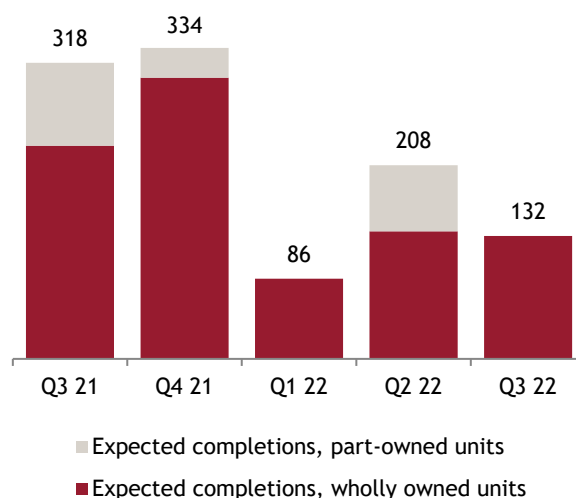
At 30 June, the group held 15 (25) completed but unsold units. Consolidated project companies accounted for 86 (86) of the units delivered, while 46 (36) were in part-owned project companies.

### Units completed by project

Project	No of units	Category	Region
Tiedemannsparken	46	Flat	Greater Oslo
Trævarefabrikken	74	Flat	Greater Oslo
<b>Total</b>	<b>120</b>		

Based on anticipated progress for the projects, 318 units are expected to be completed in the third 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 June, divided between 4 665 shareholders.

The 20 largest shareholders controlled 80.2 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 57.50 to NOK 67.80. The closing price at 30 June was NOK 59.50. That compared with NOK 63.10 at 31 December, and the share price accordingly fell by 5.7 per cent over the quarter. A dividend of NOK 3.00 per share was paid in the second quarter. Corrected for this payout, the share price fell by one per cent over the period.

In accordance with its mandate from the most recent AGM, the board has approved a dividend of NOK 2.00 per share for the first half (NOK 3.00). This will be paid on 31 August.

Just under 4.7 million shares, or five per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 278.9 million during the quarter, corresponding to an average daily figure of roughly NOK 4.9 million.

### 20 largest shareholders at 30 June 2021

Shareholder	# of shares	% share
SELVAAG AS	50 180 087	53.5%
Skandinaviska Enskilda Banken AB *	7 204 973	7.7%
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 117 700	3.3%
PARETO INVEST AS	2 965 309	3.2%
JPMorgan Chase Bank, N.A., London *	1 960 535	2.1%
State Street Bank and Trust Comp *	1 181 749	1.3%
Morgan Stanley & Co. Int. Plc. *	1 008 976	1.1%
Skandinaviska Enskilda Banken AB *	800 000	0.9%
MUSTAD INDUSTRIER AS	770 000	0.8%
Landkreditt Utbytte	700 000	0.7%
SANDEN AS	635 000	0.7%
BANAN II AS	600 000	0.6%
VERDIPAPIRFONDET EIKA SPAR	578 441	0.6%
SPARHANS AS	550 000	0.6%
J.P. Morgan Bank Luxembourg S.A. *	537 165	0.6%
Brown Brothers Harriman & Co. *	520 667	0.6%
Brown Brothers Harriman & Co. *	502 866	0.5%
Skandinaviska Enskilda Banken AB *	478 922	0.5%
Morgan Stanley & Co. International *	452 154	0.5%
VERDIPAPIRFONDET EIKA NORGE	437 374	0.5%
<b>Total 20 largest shareholders</b>	<b>75 181 918</b>	<b>80.2%</b>
Other shareholders	18 583 770	19.8%
<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 17 August 2021, current projects are progressing virtually as planned and have not been significantly affected by Covid-19 and entry restrictions

for foreign workers. However, minor delays have arisen in one project because of hold-ups related to Covid-19 at the contractor.

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. Eighty-two per cent of total units under construction and 94 per cent of planned completions in 2021 had been sold at 30 June.

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 second quarter, the group repurchased two sites from Urban Property for NOK 156 million. See note 7 for further details.

During the second quarter, the group entered into an agreement to sell a complete block of 46 flats to Selvaag

Utleiebolig AS, a wholly owned subsidiary of Selvaag AS. This transaction has a value of NOK 190 million, with delivery expected in the fourth quarter of 2023.

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 second quarter, with price growth and high turnover volumes.

According to Statistics Norway, seasonally adjusted national house prices at 30 June were on average 2.7 per cent higher than at 31 March and up by 12.5 per cent from 30 June 2020. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices rose by 1.3 per cent

during the quarter in Oslo including Bærum, and were 13.3 per cent higher than at 30 June 2020. In Akershus excluding Bærum, prices rose by 3.5 per cent and were up by 14.8 per cent from 30 June 2020. Prices in Stavanger rose by 2.6 per cent during the quarter, and were 10.4 per cent higher than at 30 June 2020. Prices in Bergen increased by 2.4 per cent in the quarter and were up by 10.8 per cent from 30 June 2020. In Trondheim, prices rose by three per cent for the quarter and were 11.4 per cent higher than at 30 June 2020.

## Outlook

Selvaag Bolig is well positioned, with large projects centrally located in and around Greater Oslo, Stavanger, Bergen and Trondheim. The group achieved good sales in all its projects during the first half, with net sales up by 38 per cent in value terms from the same period of last year. Good sales have helped the group to start constructing more units than it completed.

According to Statistics Norway, urbanisation and population growth create a large and long-term demand for new housing in Selvaag Bolig's core areas. Good macroeconomic conditions and a high level of household purchasing power,

combined with demographic trends, mean that Selvaag Bolig expects the newbuild market to remain stable. However, some uncertainty prevails in relation to the effects of Covid-19.

Declining interest rates and an easing in the residential mortgage regulations have contributed to increased sales. However, a possible tightening in the residential mortgage regulations and the interest-rate increases which have been announced could curb demand to some extent in the short term.

## Interim financial statements (IFRS)

## Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)

	Note	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Revenues		380 777	422 489	933 596	618 412	2 643 756
Other revenues		13 401	13 039	28 436	26 226	54 194
<b>Total operating revenues</b>		<b>394 178</b>	<b>435 528</b>	<b>962 032</b>	<b>644 638</b>	<b>2 697 950</b>
Project expenses		(304 827)	(336 774)	(706 024)	(470 665)	(1 967 586)
Salaries and personnel costs		(24 586)	(30 044)	(52 510)	(60 395)	(149 849)
Depreciation and amortisation		(2 573)	(2 386)	(5 135)	(4 881)	(9 803)
Other operating expenses		(25 292)	(32 596)	(52 112)	(53 876)	(106 995)
<b>Total operating expenses</b>		<b>(357 278)</b>	<b>(401 800)</b>	<b>(815 781)</b>	<b>(589 817)</b>	<b>(2 234 233)</b>
Associated companies and joint ventures		39 441	25 856	45 393	112 518	134 961
Other gains (losses), net	7	-	-	-	1 028 691	1 045 127
<b>Operating profit</b>		<b>76 341</b>	<b>59 584</b>	<b>191 644</b>	<b>1 196 030</b>	<b>1 643 805</b>
Financial income		872	1 102	2 603	5 348	21 313
Financial expenses		(3 193)	(2 118)	(8 918)	(6 301)	(11 648)
<b>Net financial expenses</b>		<b>(2 321)</b>	<b>(1 016)</b>	<b>(6 315)</b>	<b>(953)</b>	<b>9 665</b>
<b>Profit/(loss) before taxes</b>		<b>74 020</b>	<b>58 568</b>	<b>185 329</b>	<b>1 195 077</b>	<b>1 653 470</b>
Income taxes		(17 587)	(10 263)	(52 249)	(17 777)	(129 898)
<b>Net income</b>		<b>56 433</b>	<b>48 305</b>	<b>133 080</b>	<b>1 177 300</b>	<b>1 523 572</b>
<b>Other comprehensive income/expenses</b>						
Translation differences		2 533	(3 979)	(2 053)	7 456	4 311
<b>Total comprehensive income/(loss) for the period</b>		<b>58 966</b>	<b>44 326</b>	<b>131 027</b>	<b>1 184 756</b>	<b>1 527 883</b>
<b>Net income for the period attributable to:</b>						
Non-controlling interests		-	-	(1)	-	(74)
Shareholders in Selvaag Bolig ASA		56 433	48 305	133 081	1 177 300	1 523 646
<b>Total comprehensive income/(loss) for the period attributable to:</b>						
Non-controlling interests		-	-	(1)	-	(74)
Shareholders in Selvaag Bolig ASA		58 966	44 326	131 028	1 184 756	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		0.60	0.52	1.42	12.60	16.33

*The consolidated financial information has not been audited*

## Statements of financial position

(figures in NOK 1 000)	Note	Q2 2021	Q1 2021	Q2 2020	2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill		383 376	383 376	383 376	383 376
Property, plant and equipment		6 837	7 059	5 417	7 332
Right-of-use lease assets		30 355	32 665	39 598	34 976
Investments in associated companies and joint ventures		438 621	407 897	378 812	406 850
Loans to associated companies and joint ventures		49 741	79 955	86 618	73 539
Other non-current assets		157 711	143 322	128 075	119 601
<b>Total non-current assets</b>		<b>1 066 641</b>	<b>1 054 274</b>	<b>1 021 896</b>	<b>1 025 674</b>
<b>Current assets</b>					
Inventories (property)	5, 7	4 681 112	4 172 441	4 276 758	3 940 793
Trade receivables		61 560	117 552	66 836	70 466
Other current receivables		25 341	20 364	37 828	48 536
Cash and cash equivalents		580 152	697 928	678 769	885 333
<b>Total current assets</b>		<b>5 348 165</b>	<b>5 008 285</b>	<b>5 060 191</b>	<b>4 945 128</b>
<b>TOTAL ASSETS</b>		<b>6 414 806</b>	<b>6 062 559</b>	<b>6 082 087</b>	<b>5 970 802</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributed to shareholders in Selvaag Bolig ASA		2 280 555	2 502 085	2 363 573	2 430 023
Non-controlling interests		7 791	7 791	7 866	7 792
<b>Total equity</b>		<b>2 288 346</b>	<b>2 509 876</b>	<b>2 371 439</b>	<b>2 437 815</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Pension liabilities		1 238	1 186	1 327	1 030
Deferred tax liabilities		29 176	29 265	46 762	30 506
Provisions		60 373	60 373	60 373	60 373
Other non-current liabilities	7	179 318	164 145	10 085	17 810
Non-current lease liabilities		22 684	24 711	31 001	26 738
Non-current interest-bearing liabilities		1 481 762	1 074 816	1 635 844	1 100 293
<b>Total non-current liabilities</b>		<b>1 774 551</b>	<b>1 354 496</b>	<b>1 785 392</b>	<b>1 236 750</b>
<b>Current liabilities</b>					
Current lease liabilities		8 316	8 420	8 223	8 524
Current interest-bearing liabilities		779 652	708 273	281 429	674 014
Current liabilities repurchase agreements and seller credits	7	739 451	660 668	729 179	694 121
Trade payables		116 573	55 143	130 564	137 495
Current tax payables		71 089	78 089	165 686	130 994
Other current non-interest-bearing liabilities		636 828	687 594	610 175	651 089
<b>Total current liabilities</b>		<b>2 351 909</b>	<b>2 198 187</b>	<b>1 925 256</b>	<b>2 296 237</b>
<b>Total liabilities</b>		<b>4 126 460</b>	<b>3 552 683</b>	<b>3 710 648</b>	<b>3 532 987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 414 806</b>	<b>6 062 559</b>	<b>6 082 087</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	-	-	-	-	-	(280 496)	(280 496)	-	(280 496)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	133 081	133 081	(1)	133 080
Other comprehensive income/(loss) for the period	-	-	-	(2 053)	-	-	(2 053)	-	(2 053)
<b>Equity at 30 June 2021</b>	<b>186 996</b>	<b>1 394 857</b>	<b>700 629</b>	<b>8 044</b>	<b>3 528</b>	<b>(13 500)</b>	<b>2 280 557</b>	<b>7 791 *</b>	<b>2 288 346</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	-	-	-	-	-	(2 195 401)	(2 195 401)	-	(2 195 401)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	1 177 300	1 177 300	-	1 177 300
Other comprehensive income/(loss) for the period	-	-	-	7 456	-	-	7 456	-	7 456
<b>Equity at 30 June 2020</b>	<b>186 842</b>	<b>1 394 857</b>	<b>700 629</b>	<b>13 242</b>	<b>3 528</b>	<b>64 474</b>	<b>2 363 576</b>	<b>7 866 *</b>	<b>2 371 439</b>
Transactions with owners:									
Dividend	-	-	-	-	-	(279 843)	(279 843)	-	(279 843)
Share buy back	(600)	-	-	-	-	(15 459)	(16 059)	-	(16 059)
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	-	-	-	-	-	346 346	346 346	(74)	346 272
Other comprehensive income/(loss) for the period	-	-	-	(3 145)	-	-	(3 145)	-	(3 145)
<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	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Profit/(loss) before taxes		74 020	58 568	185 329	1 195 077	1 653 470
Income taxes paid		(24 588)	-	(112 155)	(60 443)	(207 419)
Depreciation and amortisation		2 573	2 386	5 135	4 881	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
companies and joint ventures		(39 441)	(25 856)	(45 393)	(112 518)	(134 961)
Changes in inventories (property)	5	(484 308)	(206 273)	(526 129)	(602 374)	(244 735)
Changes in trade receivables		55 992	18 471	8 906	15 384	11 754
Changes in trade payables		61 430	(13 896)	(20 653)	(37 069)	(30 138)
Changes in other operating working capital assets		(10 680)	(2 448)	15 511	6 235	(19 382)
Changes in other operating working capital		(50 174)	(53 988)	(13 570)	(102 131)	(58 807)
<b>Net cash flow from operating activities</b>		<b>(415 176)</b>	<b>(223 036)</b>	<b>(503 019)</b>	<b>959 582</b>	<b>1 615 689</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>						
Purchases of PPE and intangible assets		(30)	(9)	(30)	(44)	(2 278)
Proceeds from sale of associated companies and joint ventures		8 046	-	8 046	-	-
Purchases of associated companies and joint ventures		-	-	-	(5 065)	(10 065)
Proceeds from sale of other investments and repayment of loans	7	37 199	8 712	39 199	253 464	312 033
Purchases of other investments and loans		(5 000)	(10 800)	(13 800)	(40 300)	(55 250)
Dividends and disbursements from associated companies and joint ventures		1 073	159 406	2 323	169 406	169 406
<b>Net cash flow from investment activities</b>		<b>41 288</b>	<b>157 309</b>	<b>35 738</b>	<b>377 461</b>	<b>413 846</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings	7	649 603	602 439	994 547	1 858 984	2 720 291
Repayments of borrowings	7	(111 167)	(487 678)	(548 295)	(1 497 582)	(2 558 587)
Repayments of lease liabilities		(2 131)	(1 980)	(4 262)	(3 961)	(7 943)
Dividends paid to equity holders of Selvaag Bolig		(280 496)	(140 132)	(280 496)	(2 195 401)	(2 475 244)
Share buy back Selvaag Bolig ASA		-	-	-	-	(16 059)
Proceeds from disposal of shares Selvaag Bolig ASA		303	500	605	1 000	14 653
<b>Net cash flow from financing activities</b>		<b>256 112</b>	<b>(26 851)</b>	<b>162 099</b>	<b>(1 836 960)</b>	<b>(2 322 888)</b>
Net change in cash and cash equivalents		(117 776)	(92 578)	(305 181)	(499 917)	(293 353)
<b>Cash and cash equivalents at start of period</b>		<b>697 928</b>	<b>771 347</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>580 152</b>	<b>678 769</b>	<b>580 152</b>	<b>678 769</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 property 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.

## Second quarter 2021

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	868 518	12 560	881 078
Project expenses	(679 997)	(125)	(680 122)
Other operating expenses	(12 358)	(40 066)	(52 424)
<b>EBITDA (percentage of completion)</b>	<b>176 163</b>	<b>(27 631)</b>	<b>148 532</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	176 163	(27 631)	148 532
Sales revenues (adjustment effect of percentage of completion)	(842 920)	-	(842 920)
Sales revenues (completed contract)	356 020	-	356 020
Project expenses (adjustment effect of percentage of completion)	654 263	-	654 263
Project expenses (completed contract)	(278 968)	-	(278 968)
Lease liabilities	-	2 546	2 546
Depreciation and amortisation	-	(2 573)	(2 573)
Share of income (losses) from associated companies and joint ventures	39 441	-	39 441
Other gain (loss), net	-	-	-
<b>Operating profit (loss)</b>	<b>103 999</b>	<b>(27 658)</b>	<b>76 341</b>
Units under construction	1 371	N/A	N/A
Units delivered	132	N/A	N/A

## Second quarter 2020

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	791 137	12 102	803 239
Project expenses	(584 704)	(141)	(584 845)
Other operating expenses	(15 662)	(49 466)	(65 128)
<b>EBITDA (percentage of completion)</b>	<b>190 771</b>	<b>(37 505)</b>	<b>153 266</b>
<b>Reconciliation EBITDA to operating profit (loss)</b>			
EBITDA (percentage of completion)	190 771	(37 505)	153 266
Sales revenues (adjustment effect of percentage of completion)	(785 610)	-	(785 610)
Sales revenues (completed contract)	417 900	-	417 900
Project expenses (adjustment effect of percentage of completion)	576 700	-	576 700
Project expenses (completed contract)	(328 630)	-	(328 630)
Lease liabilities	-	2 488	2 488
Depreciation and amortisation	-	(2 386)	(2 386)
Share of income (losses) from associated companies and joint ventures	25 856	-	25 856
Other gain (loss), net	-	-	-
<b>Operating profit (loss)</b>	<b>96 987</b>	<b>(37 403)</b>	<b>59 584</b>
Units under construction	1 357	N/A	N/A
Units delivered	122	N/A	N/A



At 30 June 2021

(figures in NOK 1 000)

Operating revenues	1 711 808	27 154	1 738 962
Project expenses	(1 333 108)	(218)	(1 333 326)
Other operating expenses	(26 291)	(83 422)	(109 713)
<b>EBITDA (percentage of completion)</b>	<b>352 409</b>	<b>(56 486)</b>	<b>295 923</b>
<b>Reconciliation EBITDA to Operating profit (loss):</b>			
EBITDA (percentage of completion)	352 409	(56 486)	295 923
Sales revenues (adjustment effect of percentage of completion)	(1 674 998)	-	(1 674 998)
Sales revenues (completed contract)	898 068	-	898 068
Project expenses (adjustment effect of percentage of completion)	1 292 343	-	1 292 343
Project expenses (completed contract)	(665 041)	-	(665 041)
Lease liabilities	-	5 091	5 091
Depreciation and amortisation	-	(5 135)	(5 135)
Share of profits (losses) from associated companies and joint ventures	45 393	-	45 393
Other gain (loss), net	-	-	-
<b>Operating profit (loss)</b>	<b>248 174</b>	<b>(56 530)</b>	<b>191 644</b>
Units under construction	1 371	N/A	N/A
Units delivered	256	N/A	N/A

At 30 June 2020

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 535 278	24 258	1 559 536
Project expenses	(1 127 074)	(402)	(1 127 476)
Other operating expenses	(22 730)	(96 517)	(119 247)
<b>EBITDA (percentage of completion)</b>	<b>385 474</b>	<b>(72 661)</b>	<b>312 813</b>
<b>Reconciliation EBITDA to operating profit (loss):</b>			
EBITDA (percentage of completion)	385 474	(72 661)	312 813
Sales revenues (adjustment effect of percentage of completion)	(1 526 870)	-	(1 526 870)
Sales revenues (completed contract)	611 973	-	611 973
Project expenses (adjustment effect of percentage of completion)	1 116 029	-	1 116 029
Project expenses (completed contract)	(459 219)	-	(459 219)
Lease liabilities	-	4 976	4 976
Depreciation and amortisation	-	(4 881)	(4 881)
Share of profits (losses) from associated companies and joint ventures	112 518	-	112 518
Other gain (loss), net	-	1 028 691	1 028 691
<b>Operating profit (loss)</b>	<b>239 905</b>	<b>956 125</b>	<b>1 196 030</b>
Units under construction	1 357	N/A	N/A
Units delivered	236	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 2021	Q1 2021	Q2 2020	2020
Land (undeveloped)	1 036 151	1 007 964	1 088 295	909 297
Work in progress	3 542 648	2 982 518	3 077 792	2 911 003
Completed units	102 313	181 959	110 671	120 493
<b>Carrying amount</b>	<b>4 681 112</b>	<b>4 172 441</b>	<b>4 276 758</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)	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>Project expenses</b>	<b>(304 827)</b>	<b>(336 774)</b>	<b>(706 024)</b>	<b>(470 665)</b>	<b>(1 967 586)</b>
Finance expenses	(9 027)	(13 513)	(20 160)	(20 588)	(70 111)
Other project expenses	(295 800)	(323 261)	(685 864)	(450 077)	(1 897 475)

(figures in NOK 1 000)	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>EBITDA<sup>1</sup></b>	<b>78 914</b>	<b>61 970</b>	<b>196 779</b>	<b>172 220</b>	<b>608 481</b>
<b>EBITDA margin</b>	<b>20.0%</b>	<b>14.2%</b>	<b>20.5%</b>	<b>26.7%</b>	<b>22.6%</b>
<b>EBITDA adjusted<sup>2</sup></b>	<b>87 941</b>	<b>75 483</b>	<b>216 939</b>	<b>192 808</b>	<b>678 592</b>
<b>EBITDA margin adjusted</b>	<b>22.3%</b>	<b>17.3%</b>	<b>22.6 %</b>	<b>29.9%</b>	<b>25.2%</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.

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 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 4.4 million in the first quarter (NOK 9.9 million). NOK 9.7 million (NOK 18.9 million) was paid and capitalised in the first half. SBO can cancel the option at any given time on payment of a fixed break fee corresponding to 48 months of option premiums for the property. SBO pays 50 per cent of the purchase price to UP on taking over a property and 50 per cent on completion of the project.

### Portfolio C

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

Fifty per cent of the option premium in Portfolio C falls due when SBO acquires the land from UP, with the remainder falling due on completion of the relevant project. Provision for accrued option premiums is made quarterly in SBO's consolidated accounts, as other non-current assets and other non-current liabilities respectively. The asset is reclassified as inventory when the land is taken over. Provision for and capitalisation of option premiums for Portfolio C amounted to NOK 21.5 million in the second quarter (NOK 4.1 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 half totalled NOK 42.9 million (NOK 5.6 million). At 30 June, provisions and capitalisation amounted to NOK 56.9 million (NOK 5.6 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.

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

SBO purchased two sites in Portfolio C from UP during the second quarter for a total of NOK 156 million. As a consequence of seller credits related to these sites, debt related to repurchase agreements and seller credits increased to NOK 739.5 million during 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						
Amounts in NOK 1 000	31.12.2019	Portfolio A	Portfolio B	Portfolio C	Joint ventures	Financing	Total change
<b>Disposal group presented as asset held for sale</b>							
Inventory Portfolio A	656 537	(656 537)					(656 537)
Prepayments for property acquisitions	143 000			(143 000)			(143 000)
Receivable from joint ventures	58 632				(75 681)		(75 681)
Investments in joint ventures							
<b>Total asset held for sale in the balance sheet 31.12.2019</b>	<b>858 169</b>	<b>(656 537)</b>		<b>(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>							
Amounts in NOK 1 000		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Gain, sale of properties		937 741		(3 575)			934 166
Gain from sale of joint ventures					125 984		125 984
Directly attributable transaction fees						(15 023)	(15 023)
<b>Profit (loss) before income taxes</b>		<b>937 741</b>	<b>-</b>	<b>(3 575)</b>	<b>125 984</b>	<b>(15 023)</b>	<b>1 045 127</b>
<b>Income tax payable</b>		<b>(16 436)</b>					<b>(16 436)</b>
<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>							
Amounts in NOK 1 000		Portfolio A	Portfolio B	Portfolio C	Joint ventures	Other	Total
Cash flow from operational activities		1 541 806		139 425			1 681 231
Cash flow from investing activities (part of proceeds from sale of other investments and repayments of loans)					201 664		201 664
Cash flow from financing activities (proceeds from borrowings and repayments of borrowings)			863 579			(978 517)	(114 937)
<b>Total cash effect</b>		<b>1 541 806</b>	<b>863 579</b>	<b>139 425</b>	<b>201 664</b>	<b>(978 517)</b>	<b>1 767 958</b>

## 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	Q2 2021			Q2 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	380 777	247 305	628 082	422 489	231 112	653 601
Other revenues	13 401	3 745	17 146	13 039	3 672	16 711
<b>Total operating revenues</b>	<b>394 178</b>	<b>251 049</b>	<b>645 227</b>	<b>435 528</b>	<b>234 785</b>	<b>670 313</b>
Project expenses	(304 827)	(197 146)	(501 973)	(336 774)	(197 123)	(533 897)
Salaries and personnel costs	(24 586)	(431)	(25 017)	(30 044)	(374)	(30 418)
Depreciation and amortisation	(2 573)	(967)	(3 540)	(2 386)	(967)	(3 353)
Other operating expenses	(25 292)	(3 486)	(28 778)	(32 596)	(8 160)	(40 756)
<b>Total operating expenses</b>	<b>(357 278)</b>	<b>(202 029)</b>	<b>(559 307)</b>	<b>(401 800)</b>	<b>(206 623)</b>	<b>(608 423)</b>
Associated companies and joint ventures	39 441	(39 441)	-	25 856	(25 856)	-
Other gains (losses), net	-	-	-	-	-	-
<b>Operating profit</b>	<b>76 341</b>	<b>9 579</b>	<b>85 920</b>	<b>59 584</b>	<b>2 306</b>	<b>61 890</b>
Financial income	872	22	894	1 102	3	1 105
Financial expenses	(3 193)	(776)	(3 969)	(2 118)	(860)	(2 978)
<b>Net financial expenses</b>	<b>(2 321)</b>	<b>(754)</b>	<b>(3 075)</b>	<b>(1 016)</b>	<b>(858)</b>	<b>(1 874)</b>
<b>Profit/(loss) before taxes</b>	<b>74 020</b>	<b>8 825</b>	<b>82 845</b>	<b>58 568</b>	<b>1 448</b>	<b>60 016</b>
Income taxes	(17 587)	(8 825)	(26 412)	(10 263)	(1 448)	(11 711)
<b>Net income</b>	<b>56 433</b>	<b>-</b>	<b>56 433</b>	<b>48 305</b>	<b>-</b>	<b>48 305</b>
<b>EBITDA margin<sup>1</sup></b>	<b>20.0%</b>	<b>N/A</b>	<b>13.9%</b>	<b>14.2%</b>	<b>N/A</b>	<b>9.7%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>22.3%</b>	<b>N/A</b>	<b>17.0%</b>	<b>17.3%</b>	<b>N/A</b>	<b>13.2%</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

	1H 2021			1H 2020		
	<i>Adj share Assoc/JV</i>		<i>Pro forma gross</i>	<i>Adj share Assoc/JV</i>		<i>Pro forma gross</i>
	IFRS	gross	Assoc/JV	IFRS	gross	Assoc/JV
(figures in NOK 1 000)						
Revenues	933 596	311 867	1 245 463	618 412	601 640	1 220 052
Other revenues	28 436	7 478	35 914	26 226	7 694	33 920
<b>Total operating revenues</b>	<b>962 032</b>	<b>319 344</b>	<b>1 281 376</b>	<b>644 638</b>	<b>609 334</b>	<b>1 253 972</b>
Project expenses	(706 024)	(252 013)	(958 037)	(470 665)	(460 801)	(931 466)
Salaries and personnel costs	(52 510)	(865)	(53 375)	(60 395)	(866)	(61 261)
Depreciation and amortisation	(5 135)	(1 931)	(7 066)	(4 881)	(1 948)	(6 829)
Other operating expenses	(52 112)	(9 406)	(61 518)	(53 876)	(12 022)	(65 898)
<b>Total operating expenses</b>	<b>(815 781)</b>	<b>(264 214)</b>	<b>(1 079 995)</b>	<b>(589 817)</b>	<b>(475 637)</b>	<b>(1 065 454)</b>
Associated companies and joint ventures	45 393	(45 393)	-	112 518	(112 518)	-
Other gains (losses), net	-	-	-	1 028 691	-	1 028 691
<b>Operating profit</b>	<b>191 644</b>	<b>9 737</b>	<b>201 381</b>	<b>1 196 030</b>	<b>21 179</b>	<b>1 217 209</b>
Financial income	2 603	30	2 633	5 348	56	5 404
Financial expenses	(8 918)	(1 672)	(10 590)	(6 301)	(1 959)	(8 260)
<b>Net financial expenses</b>	<b>(6 315)</b>	<b>(1 642)</b>	<b>(7 957)</b>	<b>(953)</b>	<b>(1 904)</b>	<b>(2 857)</b>
<b>Profit/(loss) before taxes</b>	<b>185 329</b>	<b>8 095</b>	<b>193 424</b>	<b>1 195 077</b>	<b>19 275</b>	<b>1 214 352</b>
Income taxes	(52 249)	(8 094)	(60 343)	(17 777)	(19 275)	(37 052)
<b>Net income</b>	<b>133 080</b>	<b>-</b>	<b>133 080</b>	<b>1 177 300</b>	<b>-</b>	<b>1 177 300</b>
<b>EBITDA margin<sup>1</sup></b>	<b>20.5%</b>	<b>N/A</b>	<b>16.3%</b>	<b>26.7%</b>	<b>N/A</b>	<b>15.6%</b>
<b>EBITDA margin adj<sup>2</sup></b>	<b>22.6%</b>	<b>N/A</b>	<b>18.8%</b>	<b>29.9%</b>	<b>N/A</b>	<b>19.2%</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.

## Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 June 2021 have been prepared in accordance with IAS 34 on interim reporting, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half, as well as the principal risks and uncertainties facing the business in the next accounting period.

The board of directors for  
Selvaag Bolig ASA  
Oslo, 17 August 2021

Olav Hindahl Selvaag  
Chair

Sissel Kristensen  
Director

Patrik Eriksson  
Director

Øystein Thorup  
Director

Tore Myrvold  
Director

Camilla Wahl  
Director

Gisele Marchand  
Director

Sverre Molvik  
President and CEO

# 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)**