



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	996 056 279
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FRIGAARD PROPERTY GROUP AS
Forretningsadresse:	Sandesundsveien 2 1724 SARPSBORG

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Gry-Heidi Montelius
Dato for fastsettelse av årsregnskapet:	30.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 14.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	8	1 031 000	955 000
Sum inntekter		1 031 000	955 000
Kostnader			
Lønnskostnad	6	11 024 000	4 228 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	13	704 000	10 000
Annen driftskostnad	6	9 894 000	7 125 000
Sum kostnader		21 622 000	11 363 000
Driftsresultat		-20 591 000	-10 408 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	2	40 829 000	4 005 000
Renteinntekt fra foretak i samme konsern	8,9	8 003 000	9 839 000
Annen renteinntekt	9	58 000	202 000
Sum finansinntekter		48 890 000	14 046 000
Rentekostnad til foretak i samme konsern	8,9	209 000	
Annen rentekostnad	9	22 932 000	24 269 000
Annen finanskostnad	9	2 961 000	3 059 000
Sum finanskostnader		26 102 000	27 328 000
Netto finans		22 788 000	-13 282 000
Ordinært resultat før skattekostnad		2 197 000	-23 690 000
Skattekostnad på ordinært resultat	7	-3 602 000	-5 138 000
Ordinært resultat etter skattekostnad		5 799 000	-18 552 000
Årsresultat		5 799 000	-18 552 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7	7 167 000	3 564 000
Sum immaterielle eiendeler		7 167 000	3 564 000
Varige driftsmidler			
Maskiner og anlegg	13	4 038 000	4 438 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13	1 347 000	1 413 000
Sum varige driftsmidler		5 385 000	5 851 000
Finansielle anleggsmidler			
Investering i datterselskap	1,11,1 2	326 990 000	332 568 000
Lån til foretak i samme konsern	2	126 829 000	137 461 000
Sum finansielle anleggsmidler		453 819 000	470 029 000
Sum anleggsmidler		466 371 000	479 444 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		146 000	94 000
Andre fordringer		969 000	4 916 000
Konsernfordringer	2,7	40 829 000	
Sum fordringer		41 944 000	5 010 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	5 710 000	11 184 000
Sum bankinnskudd, kontanter og lignende		5 710 000	11 184 000
Sum omløpsmidler		47 654 000	16 194 000
SUM EIENDELER		514 025 000	495 638 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	543 000	543 000
Overkurs		192 335 000	192 335 000
Sum innskutt egenkapital		192 878 000	192 878 000
Opptjent egenkapital			
Annen egenkapital		5 799 000	
Sum opptjent egenkapital		5 799 000	
Sum egenkapital	5	198 677 000	192 878 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån	3		295 706 000
Langsiktig konserngjeld	2	10 209 000	
Sum annen langsiktig gjeld		10 209 000	295 706 000
Sum langsiktig gjeld		10 209 000	295 706 000
Kortsiktig gjeld			
Obligasjonslån	3	298 565 000	
Leverandørgjeld	2	916 000	4 596 000
Skyldige offentlige avgifter		800 000	808 000
Annen kortsiktig gjeld		4 859 000	1 652 000
Sum kortsiktig gjeld		305 140 000	7 056 000
Sum gjeld		315 349 000	302 762 000
SUM EGENKAPITAL OG GJELD		514 026 000	495 640 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3,4	1 219 078 000	1 032 449 000
Annen driftsinntekt	4,11	47 599 000	10 319 000
Sum inntekter		1 266 677 000	1 042 768 000
Kostnader			
Varekostnad		1 020 327 000	833 287 000
Lønnskostnad	5	129 789 000	110 487 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,8,9	7 507 000	6 729 000
Annen driftskostnad	6,9,21	24 459 000	37 815 000
Tap ved salg av investeringseiendom	10		9 185 000
Sum kostnader		1 182 082 000	997 503 000
Driftsresultat		84 595 000	45 265 000
Finansinntekter og finanskostnader			
Annen renteinntekt		998 000	8 571 000
Sum finansinntekter		998 000	8 571 000
Annen rentekostnad		20 970 000	30 060 000
Sum finanskostnader		20 970 000	30 060 000
Netto finans		-19 972 000	-21 489 000
Ordinært resultat før skattekostnad		64 623 000	23 776 000
Skattekostnad på ordinært resultat	16	6 346 000	6 597 000
Ordinært resultat etter skattekostnad		58 277 000	17 179 000
Årsresultat		58 277 000	17 179 000
Andre resultatkomponenter for IFRS-foretak		5 000	9 000
Sum resultatkomponenter for IFRS-foretak		5 000	9 000
Totalresultat		58 282 000	17 188 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	7	333 000	19 645 000
Goodwill	7	284 019 000	284 019 000
Sum immaterielle eiendeler		284 352 000	303 664 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	8	4 342 000	4 827 000
Maskiner og anlegg	8	4 057 000	3 888 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	16 687 000	
Sum varige driftsmidler		25 086 000	8 715 000
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	19		35 000
Andre fordringer	13	9 324 000	67 000
Sum finansielle anleggsmidler		9 324 000	102 000
Sum anleggsmidler		318 762 000	312 481 000
Omløpsmidler			
Varer			
Varer	12	327 694 000	278 288 000
Sum varer		327 694 000	278 288 000
Fordringer			
Kundefordringer	13,19	183 049 000	135 072 000
Andre fordringer		33 965 000	47 219 000
Sum fordringer		217 014 000	182 291 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	14,19	258 756 000	176 410 000
Sum bankinnskudd, kontanter og lignende		258 756 000	176 410 000
Sum omløpsmidler		803 464 000	636 989 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		1 122 226 000	949 470 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	15	543 000	543 000
Overkurs		216 389 000	216 389 000
Sum innskutt egenkapital		216 932 000	216 932 000
Opptjent egenkapital			
Annen egenkapital		105 081 000	46 798 000
Sum opptjent egenkapital		105 081 000	46 798 000
Sum egenkapital		322 013 000	263 730 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	16	22 493 000	16 167 000
Sum avsetninger for forpliktelser		22 493 000	16 167 000
Annen langsiktig gjeld			
Obligasjonslån	17,19		295 706 000
Gjeld til kredittinstitusjoner	17,19	87 916 000	25 062 000
Leasingforpliktelse	9	10 360 000	14 406 000
Annen langsiktig gjeld	12	72 719 000	81 259 000
Sum annen langsiktig gjeld		170 995 000	416 433 000
Sum langsiktig gjeld		193 488 000	432 600 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	17,19		5 078 000
Obligasjonslån	17,19	298 565 000	
Leverandørgjeld	19	136 989 000	120 470 000
Skyldige offentlige avgifter		23 186 000	9 184 000
Annen kortsiktig gjeld	4,13,1 8,19,2	142 011 000	114 280 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
	0		
Leasingforpliktelse	9	5 974 000	4 128 000
Sum kortsiktig gjeld		606 725 000	253 140 000
Sum gjeld		800 213 000	685 740 000
SUM EGENKAPITAL OG GJELD		1 122 226 000	949 470 000



Skatteetaten

Vår dato 27.02.2019	Din/Deres dato 02.01.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Helge Stemshaug	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5205433	Postadresse Postboks 9200 Grønland 0134 OSLO

FRIGAARD PROPERTY GROUP AS
Bredmyra 4
1739 BORGENHAUGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Frigaard Property Group AS, org.nr. 996 056 279

Vi viser til deres brev av 2. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Frigaard Property Group AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Frigaard Property Group AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Frigaard Property Group AS er datterselskap til Frigaardgruppen AS. Selskapet er underkonsernspiss og har tatt opp et obligasjonslån på MNOK 300. Obligasjonslånet vil bli registrert i verdipapirregisteret på Oslo Børs. All pliktig dokumentasjon vil bli levert på engelsk til børsen. De øvrige konsernselskapene vil utarbeide årsregnskapene på norsk. Konsernet driver med eiendomsutvikling.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”



Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er et heleid datterselskap til et aksjeselskap. Selskapet har tatt opp et obligasjonslån som vil bli registrert i verdipapirregisteret på Oslo Børs. All pliktig rapportering til børsen må utarbeides på engelsk. Videre er det vektlagt at de øvrige konsernselskapene vil utarbeide årsregnskapene på norsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.





To the General Meeting of Frigaard Property Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frigaard Property Group AS, which comprise:

- The financial statements of the parent company Frigaard Property Group AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Frigaard Property Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Frigaard Property Group AS



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. *Recognition of income from construction contracts* and *Valuation of goodwill* have the same characteristics and risks this year as the previous year and consequently have been areas of focus also for the 2020 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Recognition of income from construction contracts</i></p> <p>Revenue from construction contracts amounts to MNOK 1 219 in 2020.</p> <p>For calculation of income from construction contracts, the percentage of completion method is used. Stage of contract completion is based on contract costs incurred compared to total estimated contract costs. The assessment of estimated contract costs, including impact of disputes and guarantee work, and the stage of contract completion represents critical accounting estimates and judgements.</p> <p>Accounting for contract revenue is key to our audit for several reasons. The company has a number of construction contracts, some of which can be long lasting. The estimation of total contract costs and percentage of completion can be complex and characterized by judgement. Managements' use of judgement in these calculations has a material impact on many financial statement line items, such as revenue from contracts, materials, subcontractors and consumables, trade receivables, other short-term liabilities and taxes.</p> <p>We refer to notes 1 and 4 for more information about constructions contracts and how management assess contract completion.</p>	<p>For a selection of construction contracts, we have compared the company's use of the percentage of completion method, to the requirements of IFRS 15. We found that the applied accounting principles are in accordance with IFRS 15.</p> <p>Determination of total estimated construction cost and stage of contract completion involves use of judgement by the project manager and management. We challenged management's estimated total construction cost for a sample of contracts based on reported project status, on-site visits and interviews of project managers. We challenged project managers and management about assumptions in their estimates. We also analysed and assessed management's consistency in exercise of judgment across different projects and over time. For one on-site visit we assessed consistency between incurred costs and actual delivered materials and services. We concluded that management's use of judgements was reasonable.</p> <p>We tested the reconciliation of construction contract project accounts to the general ledger. We reviewed a sample of contracts and variation orders in order to test contract revenue applied to the calculation of income from construction contracts. We also tested, on a sample basis, that accounting for incurred contract revenues and related contract assets were based on calculated contract completion.</p> <p>Further, we performed substantive procedures to obtain supporting evidence for costs incurred and allocation to the individual construction contracts. We also tested a sample of construction contract reports in order to ensure that only hours and costs pertaining to those projects were allocated to the appropriate project.</p>

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Independent Auditor's Report - Frigaard Property Group AS



Furthermore, we performed procedures to ensure that the construction contract summary completely reflects costs incurred for contracts in progress.

Our testing did not reveal material deviations.

We read the disclosures in note 4 and found that the disclosures are in accordance with IFRS requirements and reflect the construction contracts in progress.

Valuation of goodwill

Goodwill amounts to MNOK 284 as of 31 December 2020 and is material to the financial statements.

Valuation of goodwill, and the corresponding impairment test is key to our audit because of the amounts involved and the effect it would have on the financial statements if an impairment should have been recognized. Further, an impairment test is complex making it prone to inherent errors and management use of assumptions, including estimation of future revenue and cost is judgmental.

We refer to note 1 and note 7 where management explain their impairment testing and the rationale for the assumption substantiating the value of goodwill.

We obtained and reviewed the company's impairment assessment of goodwill. The impairment assessment comprises identifying cash generating units (CGU's) and key assumptions made by management. We assessed the model to be a valuation model based on discounted cash flows containing the elements required by IFRS. We tested whether the model made mathematical calculations as expected.

We challenged management's use of assumptions on future revenue and costs. This was done by comparing the data in the model to historical financial data, future budgets approved by management and other obtainable market information such as relevant benchmarks for growth. We also assessed historical accuracy by comparing last year's expectations for revenue to what was achieved in the financial year. We found that they compared reasonably well.

We compared the discount rate to empirical data and expectations of future interest rates, relevant risk mark-up and debt ratio. We found the used discount rate to be reasonable.

We read the disclosures in note 7 and found that the information regarding the valuation model, the assumptions and the discount rate was adequate.

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Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 April 2021

PricewaterhouseCoopers AS

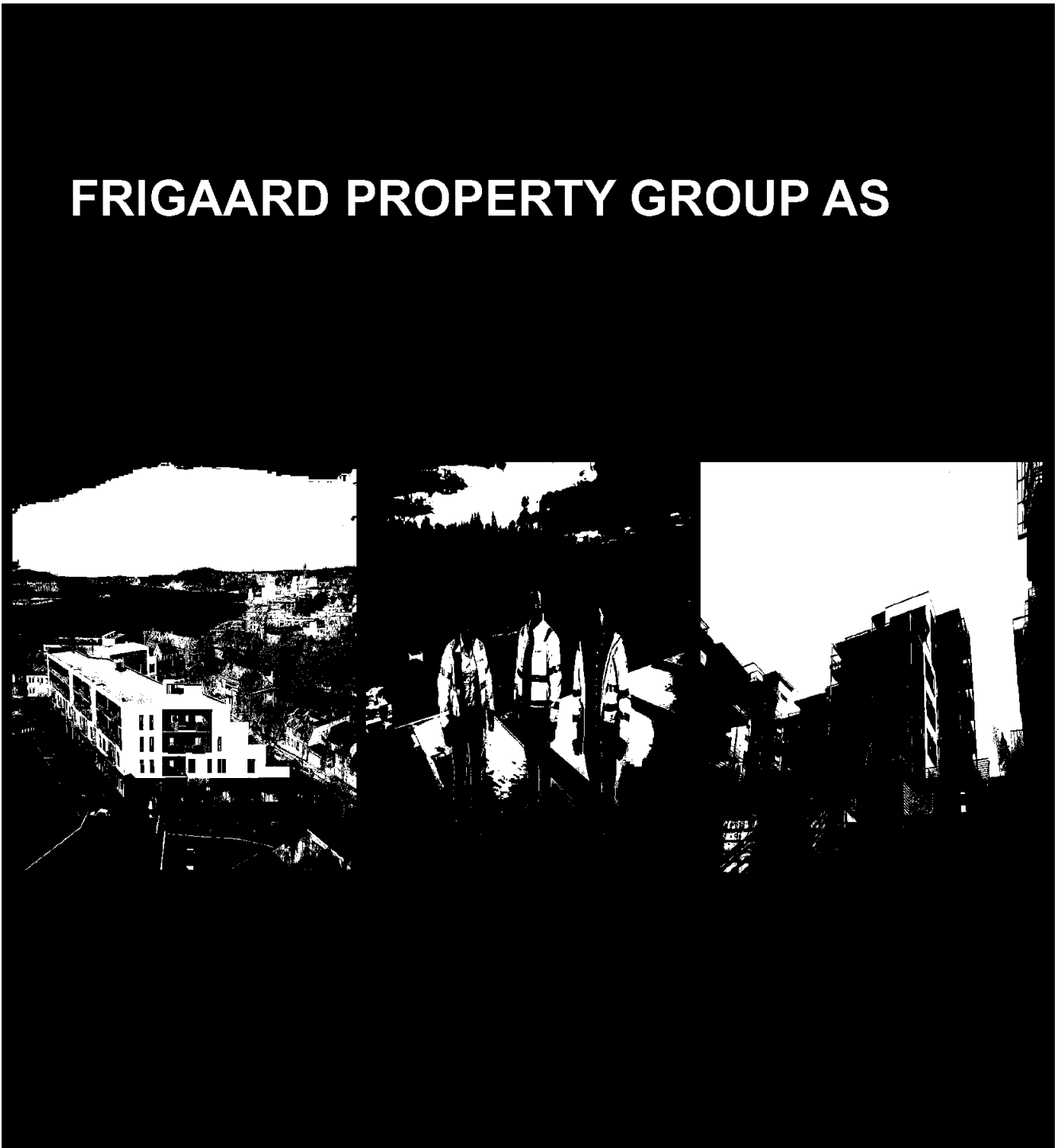
Siri Holseter

State Authorised Public Accountant



FRIGAARD
Property Group

FRIGAARD PROPERTY GROUP AS





BOARD OF DIRECTORS' REPORT

Operations and locations

Frigaard Property Group is a leading construction and property development company. The head office is in Sarpsborg, Norway and the group operates mainly in the south east area of Norway, in Viken county.

The group is organized in two business segments, construction and property development.

The construction segment consists of two subsidiaries, Metacon and Alento, both turn key contractors, operating mainly on the east and west side of the Oslo fjord, respectively. As turnkey contractors Metacon and Alento designs, engineers and construct commercial buildings to private and public customers as well as building residential homes for property developers. The majority of the construction work is carried out through sub-contractors, though Metacon has a long tradition of designing, manufacturing and installing steel constructions in-house with own employees.

Within the other business segment, the group develops residential properties for the end customers, also, primarily in Viken County. The operation in the segment is conducted through the wholly owned subsidiary Frigaard Bolig and includes all phases from the acquisition of land plots, design and building by engaging turnkey contractors. The project portfolio is focused on the urban areas of the "inter city triangle" in south east Norway.





The Group includes, in addition to Frigaard Property Group AS, the following subsidiaries:

- Metacon AS
- Alento AS
- Frigaard Bolig AS
- Høgliveien 30 AS
- Aspelundveien 5 AS
- Fagerliveien Utvikling AS
- Moenskogen Utvikling AS
- Rugdeveien 2 AS
- Ryggeveien 33 AS
- Solbyen Utvikling AS

Comments related to the financial statements

The Group's revenues increased from MNOK 1 042.8 last year to MNOK 1 266.7 in 2020. Increased efficiency in operations and cost effective initiatives contributed to satisfactory financial results in 2020. During 2020 19 development properties were sold, compared to 47 units last year. At year end 69 development properties are under construction.

Total cash flow from operating activities was MNOK 67.1 in 2020, and the operating profit is MNOK 84.6. The difference mainly concerns timing differences in the payment plan in the construction projects compared to 2020, and sales of shares in subsidiaries. The Group's cash flow from investments during 2020 amounted to MNOK 20. This is mainly due to the sale of shares in subsidiaries in the group which gave a positive cash effect of MNOK 26.

The Group's liquidity reserve as of 31.12.2020 amounted to MNOK 258.8.

The Group's short-term debt as of 31.12.2020 constituted 76 % of the Group's total debt, compared to 37 % as of 31.12.2019. This increase is mainly attributable to a MNOK 300 bond, which was refinanced in February 2021. The Group's financial position is sound and adequate.

Total assets at year-end amounted to MNOK 1 122, compared to MNOK 949,5 last year. The equity ratio was 28.7 % as of 31.12.2020, compared to 27.8 % the year before.

Market outlook

Frigaard Property Group has grown steady over the last three years, and important milestones were reached in the third quarter 2020, winning our largest construction order ever, a combined production and office building of more than 32.000m². Our order backlog remains large, healthy and the portion allocated to 2021, represents more than 70% of the company's 2020 revenue.

Our residential projects, consisting mainly of two larger projects in Moss and Fredrikstad, are yet in their early days. When these projects are being handed over, first phase in late 2021, and subsequently in 2022/2023, they will represent a significant step up in revenue from our development segment.

To secure the potential in our construction and residential project backlog we have strengthened our team within finance, management and project execution during 2020.



The Covid 19 situation and constantly changing regulations, has increased the pressure and complexity, amongst others related to foreign labor at our production and construction sites. Despite the uncertainty related to the pandemic, the housing market has shown strong development.

Going into 2021 with solid financials, strong liquidity position, healthy backlog, we look forward to a continued solid 2021.

Financial risk

Overall view on objectives and strategy

The company is exposed to financial risk in different areas, especially changes in interest rate and economic conditions that affect investment in real estate. The goal is to reduce the financial risk as much as possible. The Group has minor exposure to changes in exchange rates as only a small part of purchase is done in foreign currency. There is no current strategy to include the use of financial instruments.

Market risk

Frigaard Property Group's earnings are sensitive to fluctuations in macroeconomic factors that affect demand from the private market. The development and construction of turnkey homes is particularly sensitive to cyclical fluctuations, and earnings in Property developments are closely related to new project start-ups. To reduce the risk associated with unsold projects, Frigaard Property Group will not as a general principle initiate new construction of turnkey homes until a sale ratio of 50 % has been achieved.

Credit risk

Credit risk is the risk of financial losses due to the inability of a customer to fulfil their contractual obligations. The Group's credit risk is mainly related to the settlement of receivables, with the largest risk linked to the Group's trade receivables. The credit risk from trade receivables is linked to the customer's ability to pay, not the customer's willingness to pay (project risk). Credit risk is managed through the contracts with the contracting client and good credit follow-up routines.

The risk for losses on receivables is considered to be low, but can be expected to increase as a result of the market conditions. The Group has not yet experienced significant losses on receivables.

Liquidity risk

Liquidity risk is the risk that Frigaard Property Group will not be able to fulfill its payment obligations when they fall due. Good liquidity is essential to ensure profitability in Frigaard Property Group and the company's ability to invest and take risks in capital-intensive activities. Liquidity risk management is included in the objective of financial flexibility and has high priority. Management, measurement and control of liquidity are carried out from the project level and on through all the levels of the organization.



The working environment and the employees

Frigaard Property Group attaches great importance to preventing absence due to sickness. Construction workers are prone to strains through heavy physical labour. Musculoskeletal disorders are the main cause of long-term sickness absence in the Group. Leave of absence due to illness totaled 19 781 hours in 2020 (7 013 hours in 2019), which equals approximately 8.8 % (3,9 % in 2019)) of the total working hours in the Group. The increase is closely connected to covid 19 and our steel factory. The Group continue to focus on preventing absence related to sickness and has implemented a variety of measures. HSE and procedures have been emphasized in the Group under the auspices of the Group's health service.

There has been no incidence or reporting of work related accidents resulting in significant material damage or personal injury occurred during the year, compared to 1 incidence during 2019.

The working environment is considered to be good, and efforts for improvements are made on an ongoing basis.

Equal opportunities and non-discrimination

The Group aims to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting. The Group has traditionally recruited from environments dominated by men. The company has 128 employees, of which ten are women. The share of women in leading positions is low. The reason for this is that the Group operates in an industry which has traditionally been dominated by male employees.

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment. The Group's aim is to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many as possible can utilize the various functions.

Environmental report

The Group seeks to limit its impact on the external environment and is promoting sustainability in the construction industry. Environmental considerations are integrated into all group operations.

Both our construction companies have BREEAM-NOR accredited Professional (BREEAM-NOR-AP), NGBC and has experience with projects with requirements for BREEAM certification. BREEAM-NOR is a Norwegian adaptation of BREEAM - Norway's most widespread environmental certification for all types of buildings. The criteria in the BREEAM-NOR manual are generally stricter than the minimum standards in building regulations and other regulations. The criteria and performance levels represent good or best practice for sustainable design and procurement. Our Construction segment also deliver fossil-free construction sites when requested from our external customer.

Our steel factory has prepared EPDs for steel production and has certificates for this. An EPD (Environmental Product Declaration) is a concise third-party verified and registered document with transparent and comparable information on products' environmental performance throughout the life cycle. Both the underlying LCA (Life-Cycle Assessment) and the EPD are always based on international



standards. More than 900 EPDs from over 170 companies are now published and freely available at EPD-Norway.

Property development is continuously working on pursuing the opportunities and valuable focus areas within sustainability. Property development wants to actively contribute to "the green shift". Otherwise, we comply with current standards and regulatory levels.

Waste from our operations, including waste considered harmful to the environment, is within regulatory limitations. The Group's operations are not regulated by licenses or impositions.

Corporate social responsibility (CRS) and sustainability

Frigaard Property Group will create value for the society by building good homes, and by working actively to ensure sustainable housing.

Ethical, social and environmental considerations are integrated in our day-to-day operations. The company's goal is to be a good and secure workplace, which requires that it and its suppliers pursue their operations in compliance with applicable legislation and statutory regulations. Furthermore, Frigaard Property Group will be a responsible social player and seek to reduce emissions/ discharges and damage to the natural environment.

Frigaard Property Group has zero tolerance for corruption and is concentrating particularly on measures to combat corruption and ensure compliance with laws and regulations throughout the construction and supply chains.

Frigaard Property Group is working actively to increase the proportion of women in the company, and to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in Frigaard Property Group. The percentage of women working in the Group has increased to 7.8% compared to 6.2% in 2018.

Frigaard Property Group contributes to the achievement of target Protect labour rights and promote safe and secure working environments for all workers, including migrant workers. Our target is zero serious injuries on our employees, which is something we have achieved this year.

The Group will establish further specific goals and measures during 2021.

Corporate governance

Good corporate governance is a board responsibility. Frigaard Property Group reports in accordance with the requirements in section 3-3b of the Accounting Act. A statement on the group's corporate governance work is provided on pages 71 to 73, and will be considered at the ordinary general meeting on 30th of April 2021.



Post balance sheet events

In February 2021 we finalized the process of refinancing our 300 MNOK bond, which was maturing in June 2021. The process was efficient, as planned, and secured a good mix of new and existing investors.

We continue to implement the necessary measures to adapt to the Covid-19 situation. The close of the Norwegian border, recently implemented by the government, has added more complexity and uncertainty to planning of labor, still not causing any significant negatively financial impact. The situation is monitored closely and appropriate measures are implemented.

As of February 15th the Annual Meeting of Frigaard Property Group AS decided to redeem 38 098 shares and by that reducing the share capital of the company with 76 196,- NOK, from 543 012,- NOK to 466 816,- NOK. After this the share capital of the company consists of 233 408 shares each with a par value of 2,- NOK. The effective date of the redemption was April 15th.

No other events have occurred after the balance sheet date which have had a material effect on the issued accounts.

The parent company Frigaard Property Group AS

The primary task of the parent company Frigaard Property Group AS is to exercise ownership over the operative entities in the Group. There are six employees in the parent company in 2020. Frigaard Property Group AS accounts are prepared in compliance with NGAAP (Norwegian accounting rules).





Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2020 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

Allocation of net income

The Board of Directors has proposed the net income of Frigaard Property Group AS to be attributed to:


Retained Earnings MNOK 58.3

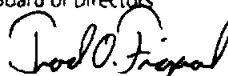
Net income allocated MNOK 58.3

The proposal reflects the owners' desire to strengthen the equity position of the company.

Sarpsborg, 22 April 2021

The Board of Directors


Helge Stemshaug
Chairman


Trond Olav Frigaard
Board Member


Kristian Lindland
Board Member


Mads Langgaard
Board Member


Simon Nyquist Martinsen
CEO



INCOME STATEMENT FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2020	2019
Revenue from contracts with customers	3,4	1 219 078	1 032 449
Other operating revenue	4,11	47 599	10 319
Total operating revenue		1 266 677	1 042 768
Materials, subcontractors and consumables		1 020 327	833 287
Salaries and personnel expense	5	129 789	110 487
Loss related to sale of investment property	10	-	9 185
Other operating expense	6,9,21	24 459	37 815
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		92 102	51 994
Depreciation and amortisation expense	7,8,9	7 507	6 729
Operating profit (EBIT)		84 595	45 265
Interest income		998	8 571
Interest expense		20 970	30 060
Net financial costs		19 972	21 489
Profit before income tax		64 623	23 776
Income taxes	16	6 346	6 597
Net profit for the period		58 277	17 179

STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
Other comprehensive income		
<i>Items which may be reclassified to profit and loss in subsequent periods</i>		
Exchange differences on translation of foreign subsidiaries	5	9
Total comprehensive income for the year	58 282	17 188
Profit for the year attributable to:		
Equity holders of the parent company	58 277	17 179
	58 277	17 179



STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

ASSETS	Note	31.12.2020	31.12.2019
All amounts in NOK thousand			
Non-current assets			
Other intangible assets	7	333	666
Goodwill	7	284 019	284 019
Buildings and land	8	4 342	4 827
Machinery and equipment	8	4 057	3 888
Right-of-use assets	9	16 687	18 979
Other investments	19	-	35
Other long term receivables	13	9 324	67
TOTAL NON-CURRENT ASSETS		318 762	312 481
Current assets			
Inventories and development properties	12	327 694	278 288
Trade receivables	13,19	117 042	81 001
Contract assets	13,19	66 007	54 071
Other short-term receivables		33 965	47 219
Cash and cash equivalents	14,19	258 756	176 410
TOTAL CURRENT ASSETS		803 464	636 989
TOTAL ASSETS		1 122 226	949 470



STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

EQUITY AND LIABILITIES	Note	31.12.2020	31.12.2019
All amounts in NOK thousand			
Equity			
Share capital	15	543	543
Share premium reserve		216 389	216 389
Total paid-in capital		216 932	216 932
Retained earnings		105 081	46 798
Total retained earnings		105 081	46 798
TOTAL EQUITY		322 013	263 730
Non-current liabilities			
Deferred tax	16	22 493	16 167
Bond loan	17,19	-	295 706
Liabilities to financial institutions	17,19	25 059	25 062
Construction loan	17	62 857	-
Leasing liabilities	9	10 360	14 406
Other non-current liabilities	12	72 719	81 259
TOTAL NON-CURRENT LIABILITIES		193 488	432 600
Current liabilities			
Short term financial liabilities	17,19	-	5 078
Short term construction loan	17,19	-	48 711
Bond loan current	17,19	298 565	-
Lease liabilities	9	5 974	4 128
Trade account payables	19	136 989	120 470
Public duties payable		23 186	9 184
Contract liabilities	4,13,19	64 202	15 514
Other short-term liabilities	18,20	77 809	50 055
TOTAL CURRENT LIABILITIES		606 725	253 140
TOTAL LIABILITIES		800 213	685 740
TOTAL EQUITY AND LIABILITIES		1 122 226	949 470

Sarpsborg, 22 April 2021

The Board of Directors

 Helge Stemshaug Chairman	 Trond Olav Frigaard Board Member	
 Kristian Lindland Board Member	 Mads Langgaard Board Member	 Simon Nyquist Martinsen CEO



STATEMENT OF CHANGES IN EQUITY FRIGAARD PROPERTY GROUP

All amounts in NOK thousand

	Attributable to equity holders of the parent company				Total equity
			Other Equity		
	Share capital	Share premium reserve	Retained earnings	Total other equity	
Equity as at 01.01 2019	550	228 178	29 611	29 611	258 339
Dividends to non-controlling interests	-	-	-	-	-
Equity adjusted as at 01.01 2019	550	228 178	29 611	29 611	258 339
Transaction with owners					
- Capital decrease	-7	-11 789	-	-	-11 796
Profit for the period	-	-	17 179	17 179	17 179
Other comprehensive income	-	-	9	9	9
Equity as at 31.12 2019	543	216 389	46 799	46 798	263 730

	Attributable to equity holders of the parent company				Total equity
			Other Equity		
	Share capital	Share premium reserve	Retained earnings	Total other equity	
Equity as at 01.01 2020	543	216 389	46 799	46 798	263 730
Dividends to non-controlling interests	-	-	-	-	-
Equity adjusted as at 01.01 2020	543	216 389	46 799	46 799	263 731
Transaction with owners					
Profit for the period	-	-	58 277	58 277	58 277
Other comprehensive income	-	-	5	5	5
Equity as at 31.12 2020	543	216 389	105 081	105 080	322 013



STATEMENT OF CASHFLOW FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2020	2019
Cash flow from operations			
Profit before income taxes		64 623	23 776
Taxes paid in the period	16	-	-782
Gain/loss from sale of fixed assets	8,10	-	8 765
Adjustment for gains on disposal of shares in subsidiaries	11	-46 595	-
Depreciation	8,9	7 507	6 729
Impairment of fixed assets		110	-
Change in inventory	12	-54 104	4 646
Change in trade receivables	13	17 428	-3 960
Change in trade account payables		16 531	31 413
Change in other provisions		61 652	-115 101
Net cash flow from operations		67 152	-44 514
Cash flow from investments			
Purchase of fixed assets and investment property	8,10	-1 523	-6 356
Proceeds from disposals of investment property	10	-	65 235
Purchase of subsidiaries (net of cash)		-	-29 234
Proceeds from sale of other investments and sale of subsidiaries	11	25 998	125
Purchase of other investment		-4 487	-8
Net cash flow from investments		19 988	29 762
Cash flow from financing			
Repayment of long term loans	17	-8 540	-2 763
Proceeds from long term construction loans	17	95 170	43 811
Repayment of construction loans		-81 024	-43 295
Repayment of short term loans		-5 081	-
Repayment of financial lease liabilities	9	-5 319	-5 010
Capital reduction		-	-11 796
Net cash flow from financing		-4 794	-19 053
Net change in cash and cash equivalents		82 346	-33 805
Cash and cash equivalents at the beginning of the period		176 410	210 215
Cash and cash equivalents at the end of the period		258 756	176 410



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NOTE 1. ACCOUNTING POLICIES – FRIGAARD PROPERTY GROUP

General information

Frigaard Property Group AS is a Norwegian building- and construction group with its main office located in Sarpsborg. The Group is operating in Norway. The Group's activities are described in greater detail in Note 3 – Segment information.

The head office is located at Sandesundsveien 2, 1724 Sarpsborg.

The consolidated accounts were approved by the Board of Directors on 22 of April 2021.

NOTE 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Income and cash flow statements

Frigaard Property Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows, and interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

2.2. Financial reporting framework and basis of preparation of the consolidated financial statements

The 2020 consolidated financial statements for Frigaard Property Group AS' are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU). There are no material differences between IFRS as issued by the IASB and as endorsed by the EU for the consolidated financial statements of the group.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The functional currency of the parent company is Norwegian Kroner (NOK), and this is also the presentation currency of both the parent and the group.

The preparation of financial statements in accordance with IFRS requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Accounting estimates are areas that involves a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in paragraph 6.

The consolidated accounts have been prepared on the basis of uniform accounting principles for equivalent transactions and events under otherwise equivalent circumstances.

The consolidated financial statements have been prepared on a going concern basis.



2.3 Consolidation principles and equity accounting

Subsidiaries

Group Companies	Location	Ownership
Frigaard Property Group AS (parent company)	Sarpsborg	100 %
Metacon AS	Rakkestad	100 %
Alento AS	Drammen	100 %
Sub-group Frigaard Bolig:		
Frigaard Bolig AS (parent company in sub-group)	Sarpsborg	100 %
Høgliveien 30 AS	Sarpsborg	100 %
Aspelundveien 5 AS	Sarpsborg	100 %
Fagerliveien Utvikling AS	Sarpsborg	100 %
Moenskogen Utvikling AS	Sarpsborg	100 %
Rugdeveien 2 AS	Sarpsborg	100 %
Ryggeveien 33 AS	Sarpsborg	100 %
Solbyen Utvikling AS	Sarpsborg	100 %

Control

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of Frigaard Property Group AS.

2.3.1 Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and



liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquirer's identifiable net assets.

Acquisition related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total amount of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognized directly in the income statement

Accounting for asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.



Frigaard Property Group AS has defined its two segments as:

- Property development
- Construction

See Note 3 on segment reporting for more details. See also the detailed description under income recognition.

2.5 Property, plant and equipment

All property, plant and equipment (PPE) are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, where applicable, borrowing costs. Cost of an item of PPE includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criteria's are met and excludes the costs of day-to-day servicing of an item of PPE. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives.

Estimated useful life by category is as follows:

- Buildings, 20 years
- Machinery and equipment, 3 -7 years
- Other assets, 3 -5 years

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gain and losses on disposal are determined by comparing the transaction price to the book value of the assets.

2.6 Leasing activities

The Group has applied IFRS 16 using the modified retrospective approach, from 01.01.2017.

Significant accounting policies

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:



- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

The group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of one to five years but property lease agreements may have further extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Group as a lessee

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:



- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognises these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.



2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. The changes in fair value are recognised in Net gain/(loss) from fair value adjustment of investment property. Tax compensation that is the result of purchase of investment property is recognized in the period after the acquisition in the consolidated profit and loss as Net gain/(loss) from fair value adjustment of investment property.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognized in the income statement. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment property is valued at its fair value based on an annual valuation carried out by the independent real estate agent that has substantial experience in valuing these types of properties in the geographical areas in which the groups investment properties are located.

The fair value given by the real estate agent is combined with internal valuations in order to conclude with the best estimate of the fair value of the group's investment properties. The value is calculated by discounting yearly net rental income, with a discount rate that reflects risk in the net rental income. Contractual and expected cash flows are included in the calculations. Determination of fair value for investment properties is significantly affected by factors such as assumed market rent, future



maintenance, discount rate, inflation, and residual value. Inflation assumptions are based on Norges Bank's long-term inflation target of 2 percent. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation.

The group sold its investment property in 2019, for more information, see note 10.

2.8 Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the business acquired, in case of a bargain purchase, the difference is recognised directly in the income statement. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal.

2.9 Depreciation and amortization

Depreciation and amortization expenses are measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use. Tangible and intangible assets with an indefinite useful life are not depreciated.

A component of an item of property, plant and equipment with a significantly differing useful life and a cost that is significant in relation to the item is depreciated separately. At each financial year-end the Group reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Intangible assets with indefinite useful life are tested for impairment at least annually.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate



that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.11 Financial assets and financial liabilities

Classification

The Group classifies its financial assets in two categories; those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains



(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and is presented net within other gains (losses) in the period in which it arises.

Financial assets represent a contractual right by the Group to receive cash or another financial asset in the future. Financial assets include financial derivatives, receivables and equity interests. Financial assets are derecognized when the rights to receive cash from the asset have expired or when the Group has transferred its rights to receive cash flows and has either transferred substantially all of the risks and rewards of the asset or has transferred control of the asset.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition, and are measured at nominal value.

Trade receivable

Trade receivable are initially recognized at fair value, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Discounting generally does not have a material effect on accounts receivable, however, in special cases discounting may be applied.

Financial liabilities

Financial liabilities represent a contractual obligation by the Group to deliver cash in the future, and are classified as either short or long-term. The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVPL. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.



All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired, and the assessment is forward-looking based on the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

For trade receivables, the Group measure the loss allowance at an amount equal to the lifetime expected credit loss.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

2.12 Income taxes, current and deferred

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. According to the exception in IAS 12, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.13 Employee benefits and post-employment benefits

Payments to employees, such as wages, salaries, social security contributions, paid annual leave, as well as bonus agreements are accrued in the period in which the associated services are rendered by the employee.

Contributions to the Groups defined contribution plan is recognized in the income statement in the period in which they accrue.

2.14 Provisions

Provisions for legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost. Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

2.15 Share capital and dividends

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The amount of dividends recognised as distributions to owners during the period and the related amount per share are presented either in the consolidated statement of changes in equity or in the notes. Dividends will not be displayed in the consolidated statement of comprehensive income or income statement.



2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Frigaard Property Group capitalises borrowing costs on qualifying inventories.

2.17 Revenue recognition

Revenue includes rental income, sale of developed properties and revenue from contracting projects.

Property development

The Group develops land and property for the purpose of selling residential properties (turnkey homes). Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at the point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Unsold land and property are capitalized under development properties. Fair value of development properties is based on concrete, individual assessments. If fair value is considered to be lower than cost price, write-downs are made at fair value.

Rental income

Rental income from investment properties is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

Construction

The largest operating segment in the Group relates construction projects. These are engineering and construction projects delivered to public and private customers based on contractual agreed scope and price. These arrangements are characterized by the fact that the customers finance the projects.

Revenue from engineering and construction projects is recognized over the lifetime for the project as these customer contracts qualify as performance obligations satisfied over time. According to IFRS 15, the revenue from contracting projects is to be recognized over time (percentage-of-completion) in connection with a gradual transition of control. Application of the percentage-of-completion method entails income recognition in pace with the degree of completion of the project. To determine the amount of income worked up at a specific point in time, the following components are required:



- Project revenue – Revenues related to the customer contract. The revenues must be of such a character that the recipient can credit them to income in the form of actual payment received or another form of payment.
- Project cost – Costs attributable to the construction assignment, which correspond to project revenues.
- Completion rate (worked-up rate): recognized costs in relation to estimated total assignment costs, which reflects how the control is transferred to the purchaser.

As a consequence of income recognition based on the percentage-of-completion method, the trend of earnings of ongoing projects is reflected immediately in the financial statements. Percentage-of-completion income recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects may occasionally be higher or lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or projects that extend over a long period.

Provisions for potential losses are recognized against income for the relevant year, and provisions for losses are recognized as soon as they become known. Contract modifications covering alterations and supplementary works, compensation for shortcomings in tender specifications and similar items are recognized when the modifications are enforceable; meaning when there is a legal right to payment for them.

2.18 Interest income and expense

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

2.19 New standards and interpretations not yet adopted

New and amended IFRS Standards adopted by the Group

FPG Group has not implemented any new accounting standards or otherwise made any significant changes to accounting policies during 2020

Other standards and interpretations not yet adopted

There are no IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.



2.20. Financial risk management

2.20.1. Financial risk factors

Through its business operations in the market for property development and construction projects, the Group is, aside from business risk, exposed to various financial risks.

These financial risks are defined as market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by Group management.

Market risk

Market risk can be defined as the risk that the group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of risks: exchange risks, interest risks and price risks.

Foreign exchange risk

The Group operates primarily in the Norwegian market and is therefore subject to limited foreign exchange risk. No hedge accounting in accordance with IFRS 9 is applied.

Price risk

Frigaard Property Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is not exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

The demand for residential and commercial properties is subject to a large number of risk factors, including economic downturns, interest levels, urbanization trends and demographic changes. Shifts in demand is closely monitored, and reflected in commercial plans and budgets. No residential building projects will not as a general principle be approved by the board of directors before a minimum of 50 % of the value of a property project has been sold.

See paragraph 6 for further information regarding Critical accounting estimates and assumptions.

Government regulations and zoning restriction risks

Changes in property regulations, legislation and zoning restrictions from the relevant public authorities can affect both the progress and implementation of the various property development projects of Frigaard Property Group, and can thus potentially limit the opportunities for further development of properties. This can in turn lead to delays and cost increases.

Interest rate risk

The group's interest rate risk is mainly related to bonds and bank loans where the interest rate is not fixed. See note 18 Interest-bearing liabilities for an overview of such loans and bonds. An increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow. No interest rate swap agreements has been entered into.



Customer credit risk - risk in trade accounts receivable

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the group. Customer credit risk is managed through Frigaard Property Group's common procedures for identifying and managing risk, including tender approval procedure and ongoing operational risk assessments of varying sizes and types with the different customer categories in the markets of operation.

Frigaard Property Group's credit risk refers the risk to the group's trade receivables and investment in liquid assets. As the for business for housing development a large part is based on customer prepayments before the hand over of the property, the group's credit risk is considered reasonably low. For building and engineering contracts, the customer is normally subject to arrangements ensuring bank guarantees and prepayments throughout the project.

The Group's operations related to construction projects extends customer credit related to account receivables and recognized work-in-project receivables. Historic customer credit losses has been limited, and projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

The customer credit risk related to commercial customers are therefore considered medium. In the case where construction projects customers are public sector clients, state or municipal owned enterprises, the customer credit risk is considered to be low.

Liquidity and refinancing risk

Liquidity and refinancing risk is defined as the risk of Frigaard Property Group not being able to meet its payment obligations due to lack of liquidity or due to difficulties in obtaining or rolling over external loans and bonds. Constraints regarding financing opportunities will negatively affect cash flows from planned projects. The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity. Surplus liquidity is, if possible, is primarily used to repay the principal on loan liabilities and redemption right regarding issued bonds.

Funding

The Group's principal financial liabilities, besides derivative financial liabilities, comprise of various bonds, bank loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. Frigaard Property Group has borrowing arrangement through both committed bank credit facilities and market funding programs. In addition to building- and development loans in various banks, Frigaard Property Group has at year end a bond loan of NOK 300 million which was maturing in June 2021. The bond has been refinanced in February 2021, with a new 3 year maturing bond. The bond was redeemed in February at a price equal to 101 percent of the outstanding bond amount.

The bond loan is defined as a senior secured bond with a security pledged in the shares in the directly owned subsidiaries. The bond loan limit is NOK 600 million, where Frigaard Property Group as of the balance sheet date has drawn up NOK 300 million. The refinanced Bond has a limit of NOK 500 million. There are no covenants related to the bond loan, but further borrowing can only be made if net debt /



EBITDA <3.0 and ICR> 3.0. The bond loan was listed on the Oslo Stock Exchange in the second quarter of 2019. The new bond will be listed on the Oslo Stock Exchange before the 10 of July 2021.

These arrangements provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding for property development projects.

All decisions relating to external long term financing in the Group's subsidiaries are made by the management of the parent company, i.e no subsidiary has a mandate to take out loans themselves or establish overdraft facilities. The Group companies can issue ordinary project guarantees to its customers.

Frigaard Property Group has no official credit rating.

Capital management

The Group's main goal is to maximize shareholder value while ensuring the Group's ability to continue operations. The group has an overall target to maintain a capital structure that gives the group an optimal capital binding given the current market situation. The group makes the necessary changes to their capital structure based on an ongoing assessment of the business' financial situation and future prospects in the short and medium term.

2.21 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Investment properties

The fair value of investment properties is determined by using valuation techniques.

Property projects under construction

The Group commenced construction of several investment properties and commercial building projects during the year, where the customer contracts qualify for revenue recognition over time based on the percentage-of-completion method. A consequence of income recognition based on the percentage-of-completion method, the trend of earnings of ongoing projects is reflected immediately in the financial statements. Percentage-of-completion income recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects may occasionally be higher or



lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or projects that extend over a long period.

Goodwill

Goodwill on acquisitions of subsidiaries is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The two operating segments are considered to be different cash generating units (CGU) against which goodwill is tested. The recoverable amount from the CGU is calculated by taking the historical cash flows for the CGU, taken into account expectations for moderate growth in the market segments. Calculation of the fair value less costs of disposal is classified as Level 3 in the fair value hierarchy.

Non- GAAP measures

The group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing the group's ongoing performance. Management, the board of directors and the long term lenders regularly uses supplemental non-GAAP financial measures to understand, manage and evaluate the business and its operations. These non-GAAP measures are among the factors used in planning for and forecasting future periods.

Non-GAAP financial measures reflect adjustments based on the following items:

EBITDA

EBITDA is a measure of earnings before deducting interest expense, taxes, and depreciation charges. Please see reconciliation to profit or loss before tax in the income statement.

EBIT

EBIT is a measure of earnings before interest and taxes is an indicator of a company's profitability. Please see reconciliation to profit or loss before tax in the income statement.



NOTE 3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Frigaard Property Group AS has defined its two segments as:

- Property development
- Construction

All amounts in NOK thousand

	2020	2019
Income statement		
Property development	157 581	110 462
Construction	1 176 519	1 007 648
Other	838	4 416
Intersegment eliminations	-68 261	-79 758
Total operating revenue	1 266 677	1 042 768
Property development	39 507	11 155
Construction	73 336	55 478
Other	-20 741	-14 640
Intersegment eliminations		
EBITDA	92 102	51 994
Property development	39 174	10 822
Construction	67 174	49 223
Other	-21 753	-14 780
Intersegment eliminations		
EBIT	84 595	45 265

Segment assets and liabilities is not reported to the chief operating decision maker on a regularly basis.

The group "other" consists of the change in fair value on investment property, rental income and other operating expense for the investment property and the holding company FPG AS .

Intersegment eliminations is intra group sales, where Property development is the contracting customer and Construction is the builder. Revenue from Property development from project for own account is recognised upon handover as regulated in IFRS 15, see note 2 and 17.



NOTE 4. OPERATING AND OTHER INCOME

Contract revenue from Construction is recognized over the lifetime for the project, as these customer contracts qualify as performance obligations satisfied over time. Revenue from sale of development property is recognised when control over the property has been transferred to the customer.

All amounts in NOK thousand

	Segment	2020	2019
<i>Revenue from contracts with customers</i>			
Contract revenues from Construction	Construction	1 108 025	927 820
Sale of development property	Development property	108 316	98 624
Rental income from Property development	Development property	2 709	2 489
Rental income from Other	Other	28	3 516
Total revenue from contracts with customers		1 219 078	1 032 449
Investment property - change fair value	Other	-	34 691
<i>Other operating income</i>			
Gain from sale of fixed assets	Construction	233	-
Other income from Construction	Construction	-	70
Other income from Other	Other	810	900
Sale of shares Property development	Development property	46 556	9 349
Total other operating income		47 599	10 319
Total operating revenue		1 266 677	1 042 768

For property development, the group has entered into contracts with customers totaling MNOK 167.9 expected to be delivered and recognized as revenue during the next 12 months. Some of the contracts in the construction segment has a duration of less than 12 months and are not disclosed. As of 31.12.2020 transaction price allocated to partly or fully unsatisfied performance obligations on contracts with an original duration of more than 12 months was MNOK 877,7.

The Group as a lessor

Operating leases

The Group leases out its owned properties to third parties with contracted non-cancellable lease terms between 1 and 10 years. The Group has classified all of these leases as operating because they do not transfer substantially all the risks and rewards incidental to ownership of the properties the counterparties. For the Group's property leases the rental income is largely fixed under the contracts, however, subject to an annual price adjustment based on inflation.

Frigaard Property Group's income from lease of properties:

All amounts in NOK thousand

	2020	2019
Rental income this year	2 709	5 950
Rental income next year	740	2 628
Total rental income next 2-5 years	900	2 232



NOTE 5. PERSONNEL EXPENSES

All amounts in NOK thousand

	2 020	2019
Salaries and holiday pay	111 311	93 186
Social security	15 038	13 660
Pension costs defined contribution plans	3 440	2 737
Other personnel costs		904
Total salaries and personnel expense	129 789	110 487

The number of employees in Frigaard Property Group at 31 of December 2020 was 128 persons (2019: 118 persons).

	2 020	2019
Norway	129 789	110 487
Total	129 789	110 487

Management remuneration

There are 6 employees in the parent company. The Group Management consist of the Board of Directors, in addition to the General Managers in the largest subsidiaries. There has been no Board remuneration in 2020.

No loans or guarantees have been given to any members of the Group Management, the Board of directors or other related parties.

Pension cost and pension obligations

In Norway, the Group is required by law (Act relating to mandatory service pensions) to have a pension plan. The programs in the Norwegian companies meet the requirements of the law.

Defined contribution pensions

The pension contribution is 3-9 per cent of the pensionable salary. Pensionable pay refers to the basic salary plus average variable pay for the last three years. The retirement age for the CEO is 70 years. For other senior executives, the retirement age ranges from 65 to 67 years.

	Board remuneration	Salaries	Bonuses	Pension cost	Value of options granted	Total remuneration	Shares 31.12.2020
Management							
Øyvind Moen and Simon Nyquist Martinsen , CEO		2 673		50		2 723	
Members of the Board							
Helge Stemshaug, Chairman	-	-					-
Kristian Lindland, member of the board	-	-					19 192 ¹⁾
Petter Bøhler, member of the board	-	-					12 418 ¹⁾
Trond Frigaard, member of the board	-	-					200 000 ¹⁾
Total remuneration	-	2 673	-	50	-	2 723	231 610

On the 17 of February 2021 the CEO in Frigaard Property Group AS bought 5 128 of the shares in Frigaard Property Group AS through his wholly owned company Elo AS, from Opulentia Invest AS.

¹ Control shares through privately owned company. See note 15 for details on shareholders



NOTE 6. OTHER OPERATING EXPENSES

All amounts in NOK thousand

	2 020	2019
Energy costs	541	910
Advertising	593	373
Repair and maintenance costs	446	1 151
Short term and low value leasing	1 755	1 673
Travel costs	3 266	4 313
Consultancy fees and external personnel	6 280	6 810
Insurance	1 915	1 516
Management fee	4 020	4 040
Other operating costs	5 643	17 029
Total operating expenses	24 459	37 815

Specification auditor's fee	2 020	2019
Audit fees	1 837	669
Other non-audit services	443	701
Tax advisory services	123	
Total	2 402	1 370

VAT is not included in the fees specified above.



NOTE 7. INTANGIBLE ASSETS

Goodwill

All amounts in NOK thousand

	2020	2019
Acquisition cost	284 019	284 019
Accumulated cost 1 of Januar	284 019	284 019
Carrying amount at 1 January	284 019	284 019
Additions	-	-
Carrying value 31 of December	284 019	284 019
Per 31 december		
Acquisition cost	284 019	284 019
Accumulated cost 31 of December	284 019	284 019
Goodwill specified per business combination:		
Goodwill arising from the acquisition of Metacon AS at 1 December 2015		7 635
Goodwill arising from the acquisition of Alento AS at 30 June 2018		276 385
		284 019

Each goodwill item is allocated to a cash-generating unit (CGU). A cash-generating unit is the lowest level at which independent cash flows can be measured. When an acquired business continues to be operated as an independent unit, this business is designated the cash-generating unit. Units with significant synergy effects and which carry out similar activities, are together considered as a single cash-generating unit. This is the case when acquired operations are integrated with an existing Frigaard Property Group company. In these cases, the combined business is the cash-generating unit for which goodwill is measured and followed-up.

Management monitor the goodwill at the operating segment level. The recoverable amount from the CGU is calculated by taking the historical cash flows for the CGU, taken into account expectations for moderate growth in the market segments. Calculation of the fair value less costs of disposal is classified as Level 3 in the fair value hierarchy.

Goodwill is not amortised, but is tested for impairment in the fourth quarter each year. The recoverable amount for the cash-generating units was determined by calculating the value in use by discounting future cash flows. The calculations were based on the company's budget approved by the Group management for 2021, and prognosticated cash flows covering a five years period. The growth presented in the budget is based on the management's expectation to the development and performance in the market segments, which Frigaard Property Group is active. Based on available information and knowledge about the market, management is expecting some increase in the growth for the next years. Management's expectation is based on the historical development in trends and public sector analysis. Assumed annual growth used in the cash flows for the years in the impairment test is based on a nominal figure of 2% growth, which is in line with the expected growth in the Norwegian economy.



Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investments needs were also taken into account. The present value of the forecast cash flow was calculated using a discount rate of 10 percent after tax. This is based on a risk free interest rate of 0,8 %, plus a risk premium of 5.9 %. The risk premium is based on observations of similar companies listed at Oslo Stock Exchange.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2020 and was addressed by the company's Board. No impairment requirement was indicated.

A change in the discount rate to 13.9 percent after tax would not result in any impairment requirement of the Group's recognized goodwill. Even without any growth in our cash flows, no requirements for impairment have been identified. The calculation assumes a terminal value after five years based on the Gordon growth model. The discount rate is based on the weighted average cost of capital (WACC) method. The discount rate is reflecting the current market rate of return in the industry where the cash generating unit is being compared. The cost of equity has been calculated with the basis in the capital asset pricing model (CAPM).

Other intangible assets

Other intangible assets include renting rights in the business area Property development. The renting rights are depreciated on a straight line basis over three years.

All amounts in NOK thousand

	2020	2019
Carrying amount at 1 January	666	-
Additions	-	1 000
Amortisation	-333	-333
Carrying value 31 of December	333	666
Per 31 december		
Acquisition cost	1 000	1 000
Accumulated amortisation	-667	-333
Accumulated cost 31 of December	333	666



NOTE 8. PROPERTY, PLANT AND EQUIPMENT

All amounts in NOK thousand	Buildings and land	Machinery and equipment	Total
Carrying amount 01.01	619	3 015	3 634
Additions	4 773	2 115	6 888
Reclassifications	-512	-	-513
Disposals	-	-357	-357
Depreciations	-31	-1 242	-1 272
Accumulated depreciation on disposals for the year	-	357	357
Exchange differences	-22	-	-22
Carrying value 31 of December 2019	4 827	3 888	8 715
Per 31. December 2019			
Acquisition cost	6 435	13 217	19 652
Accumulated depreciation and write downs	-1 608	-9 329	-10 937
Carrying value	4 827	3 888	8 715
Carrying amount 01.01	4 827	3 888	8 715
Additions	57	1 466	1 523
Disposals	-	-286	-286
Depreciations	-542	-1 297	-1 839
Accumulated depreciation on disposals for the year	-	286	286
Carrying value 31 of December 2020	4 342	4 057	8 399
Per 31. December 2020			
Acquisition cost	6 492	14 397	20 889
Accumulated depreciation and write downs	-2 150	-10 340	-12 490
Carrying value	4 342	4 057	8 399



NOTE 9. LEASES, RIGHT OF USE ASSETS AND LEASE LIABILITIES

Frigaard Property Group uses leases mainly in cases where leases provide operational benefits or flexibility compared with owning the assets. Rent of buildings is used for offices, and for temporary needs. The Group also leases cars, printers and forklifts.

The Group does not have significant residual value guarantees related to its leases to disclose.

Right of use assets

Right-of-use assets	Machinery and			Total
	Buildings	equipment	Vehicles	
Acquisition cost 1 January 2019	16 808	63	14 173	31 044
Addition of right-of-use assets	2 943	0	1 291	4 234
Disposals				-
Transfers and reclassifications			-1 330	-1 330
Currency exchange differences				-
Acquisition cost 31 December 2019	19 751	63	14 134	33 948
Accumulated depreciation and impairment 1 January 2019	-3 780	-41	-7 097	-10 917
Depreciation	-2 937	-20	-2 167	-5 124
Transfers and reclassifications			1 073	1 073
Currency exchange differences				-
Accumulated depreciation and impairment 31 December 2019	-6 717	-61	-8 191	-14 968
Carrying amount of right-of-use assets 31 December 2019	13 034	2	5 943	18 979
Lower of remaining lease term or economic life	2-7 years	3 years	3-5 years	
Depreciation method	Linear	Linear	Linear	

Right-of-use assets	Machinery and			Total
	Buildings	equipment	Vehicles	
Acquisition cost 1 January 2020	19 751	63	14 134	33 948
Addition of right-of-use assets	2 705	63	1 262	4 030
Disposals	-	-	-	-
Transfers and reclassifications	-1 381	-85	-1 631	-3 097
Currency exchange differences				-
Acquisition cost 31 December 2020	21 075	41	13 765	34 882
Accumulated depreciation and impairment 1 January 2020	-6 717	-61	-8 191	-14 969
Depreciation	-3 227	-7	-2 175	-5 409
Transfers and reclassifications	576	85	1 521	2 182
Accumulated depreciation and impairment 31 December 2020	-9 367	17	-8 845	-18 196
Carrying amount of right-of-use assets 31 December 2020	11 707	58	4 920	16 687
Lower of remaining lease term or economic life	2-7 years	3 years	3-5 years	
Depreciation method	Linear	Linear	Linear	

Practical expedients applied

The Group also leases IT equipment and machinery with contract terms of 1 to 3 years. The Group has elected to apply the practical expedient of low value assets and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The Group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases:



The Group as a lessee – operating leases

The group has entered into different operating leases for machinery, offices and other facilities. These are agreements related low value assets, or short-term asset.

The lease costs to these assets were as follows:

Summary of other lease expenses recognised in profit or loss	2020	2019
Operating expenses related to short-term leases (including short-term low value assets)	1 755	1 673
Total lease expenses included in other operating expenses	1 755	1 673

Extension options

The Group lease of buildings have lease terms that vary from 2 years to 10 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right.

Purchase options

The Group leases machinery and equipment and vehicles with lease terms of 3 to 5 years. Some of these contracts includes a right to purchase the assets at the end of the contract term. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal option, and this assessment is updated when there are circumstances indicating renewed operational plans pertaining to the leased assets.

Lease Liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	5 974
1-2 years	4 667
2-5 years	5 609
More than 5 years	84
Total undiscounted lease liabilities at 31 December 2020	16 334

Summary of the lease liabilities in the financial statements	Statement of:	Total
At 01.01.2020		18 534
New lease liabilities recognised in the year		3 119
Cash payments for the principal portion of the lease liability	Cash flows	-5 319
Cash payments for the interest portion of the lease liability	Cash flows	-678
Interest expense on lease liabilities	Profit and loss	678
Reassessment of the discount rate on previous lease liabilities	Profit and loss	-
Currency exchange differences	Profit and loss and Other	-
Total lease liabilities at 31 December 2020		16 334
Current lease liabilities	Financial position	5 974
Non-current lease liabilities	Financial position	10 360
Total cash outflows for leases	Cash flows	-5 319



NOTE 10. INVESTMENT PROPERTY

All amounts in NOK thousand

	2020	2019
Opening balance as at 1 January		74 000
Additions from acquisitions		
Acquisitions		
Capitalised subsequent expenditures		420
Accumulated fair value, sold investment property		-65 235
Net gain/loss on changes in fair value		-9 185
As at 31 December		0

The investment property in Frigaard Property Group was sold in December 2019 for MNOK 65.2. There are no investment properties in the group at year end.

The investment property was rented out in 2019, and generated a rental income of MNOK 3.5.

NOTE 11. ACQUISITIONS AND DIVESTMENTS

On the 30 of April 2020, Frigaard Bolig AS sold its shares in subsidiaries Höganloft Fastigheter AB, which is located in Tranås in Sweden. The consideration to be received for the shares is MSEK 58.3. A warranty commission of MNOK 9.4 to Frigaardgruppen AS was signed during Q2 2020. Total gain from the sale of shares after deduction of the warranty commission is MSEK 46.1 (MNOK 46.6), which is reflected in the Other operating revenue line in the income statement. At year end net cashflow from the transaction amounts to MSEK 25, while the net present value related to the main settlement is booked as a receivable in the balance sheet.

Through the sale of shares in Höganloft Fastigheter AB, we have sold a 21 400 sqm building combined for office and warehouse on a forward contract. The building is to be built and delivered in Q1 2022, in Tranås, Sweden. The purchase price for the Shares is based on a property value as if the building had been completed when the ownership of the shares was transferred. Höganloft Fastigheter AB is responsible for the contracting of the construction of the building with a third party. At the date of the financial statement the construction contracts have been signed by all parties, with a fixed construction price. Höganloft have hired an external project manager for the daily follow up of the construction process. The external project manager reports follow up and reports back to Frigaard Bolig that we are aligned with the fixed construction prices.

Höganloft Fastigheter has further signed a lease agreement with Sono Sweop AB, and through this agreement committed to build an investment property. This obligation is carried by Höganloft Fastigheter AB. Höganloft has after the sale been granted financing of a construction loan from Pareto Bank of MSEK 112. The expected start date for the lease with Sono Sweop AB, is set to March 2022.

Frigaard Bolig AS sold the shares with immediate effect from first cash consideration of MSEK 25 was available for Frigaard Bolig on the 30 of April 2020. The cash consideration of MSEK 25 is deducted in the main settlement. The main settlement is expected to take place no later than 10 weeks after the start of the lease of the building by Sono Sweop AB.



NOTE 12. DEVELOPMENT PROPERTIES

All amounts in NOK thousand

	2020	2019
Projects under construction	322 299	258 325
Unsold completed residential units	4 577	18 857
Total development properties	326 876	277 182
Non residential projects	818	1 106
As at 31 December	327 694	278 288

Units under construction	69	22
Unsold, or sold but not handed over at year end, completed units	1	7

Interest costs related to projects under construction, is capitalized on an ongoing basis and is included in the acquisition cost from the time of construction start up to settlement for the residential units. In 2020 MNOK 6,4 have been capitalized, MNOK 10.6 in 2019.

Development projects involve construction of turnkey homes and commercial buildings for sale on Frigaard Property Group's own account. Cost incurred in respect of sites for development and units under construction are recognized under this item. Most of the projects run for longer than 12 months, and assets may therefore not be realized and settled until after more than 12 months have passed. In terms of accounting, sites and projects are presented as inventory.

In terms of accounting, sold units under construction are part of Frigaard Property Group's inventory. This means that no revenue or profit is recognized in the income statement until the property is handed over to the buyer. By the time a residential project is initiated, there is normally only limited uncertainty regarding financial outcome of the project. At this point of time the main risk is related to whether the remaining units under construction will be sold. There is a limited risk regarding construction costs, as most of the main purchases have been agreed upon at an early stage in the construction phase.

There has been no purchasing of sites in 2020. During 2019 the following sites was purchased:

Project	Ownership share	Purchase price NOK mill.	No. of units
Ryggeveien 33 AS	100 %	98.0	175
Solbyen Utvikling AS	100 %	10.3	22

The acquisitions are regarded as acquisitions of net assets, and not business acquisitions. The total purchase price is MNOK 108.3. MNOK 104.4 of the purchase price is allocated to development properties. Number of units in the table above refers to the expected number of apartments to be built.

The MNOK 72.7 booked as other non-current liabilities, is related to the purchase price of the two acquisitions last year. The liabilities are a credit is given by the sellers of the net assets. The remaining amount of will be paid within 31.12.2022, given that some specific milestones are met.



NOTE 13. TRADE RECEIVABLES AND CONTRACT BALANCES

All amounts in NOK thousand

	31.12.2020	31.12.2019
Trade receivables		
Receivables related to revenue from contracts with customers - external	117 784	82 234
Provision for bad debts	-742	-1 233
Total trade receivables	117 042	81 001
Provision for bad debts at 1 of January	-1 233	-10 869
+ new bad debts provisions	-742	-1 233
- reversed bad debts provisions	-1 233	-10 869
Bad debt provision at 31 of December	-742	-1 233

Trade receivables are non-interest bearing and are measured at amortized cost, see note 19 for details.

Maturity structure of invoiced trade receivables at 31 of December:

	31.12.2020	31.12.2019
Receivables not due for payment	89 843	17 481
Less that 30 days since due date	18 658	46 030
30-60 days since due date	-	4 749
60-180 days since due date	1 074	7 303
More than 180 days since due date	7 467	5 438
Total	117 042	81 001

The group's trade receivables are subject to the credit loss model, see note 2.11 for details.

Contract balances

Contract asset

Whereas trade receivable are invoiced receivables, contract assets represent a conditional right to receive payment. Contract assets are recognised for performance obligations satisfied over time mainly from engineering and construction projects where progress of work done is measured over the lifetime of the project. When the consideration becomes unconditional the contracts assets are reclassified to accounts receivables. This normally occurs when an invoice is issued.

	31.12.2020	31.12.2019
Contract assets		
As of 1 January	54 071	31 625
Work done, but not invoiced	66 007	54 071
Reclassifications to accounts receivables	-54 071	-31 625
Total contract assets	66 007	54 071



Contract liabilities

For construction project fixed payment plans are generally use, and if the payment exceeds the work that has been done, the difference is classified as a contract liability in the statement of financial position.

In the property development operations, advance payments are received for sold units that are classified as contract liabilities. On the balance sheet day, all projects are reviewed, and for each project either a net asset or a net liability to the customer is entered. The advanced payment amount 10 % of the sale price of the apartment. At year end there was sold and received advanced payment for 45 units, MNOK 15.5. The advanced payment is secured by a warranty, according to Bustadsoppføringslova §47.

	31.12.2020	31.12.2019
Contract liabilities		
As of 1 January	15 514	48 473
Advances received in 2019	64 202	15 514
Recognised as income during the year	-15 514	-48 473
Total contract liabilities	64 202	15 514

NOTE 14. CASH AND CASH EQUIVALENTS

All amounts in NOK thousand

	31.12.2020	31.12.2019
Cash and bank deposits	246 905	162 174
Restricted funds	11 851	14 236
Total cash and cash equivalents	258 756	176 410

	31.12.2020	31.12.2019
Cash at banks and on hand	258 756	176 410
Overdraft facility	10 000	10 000

The Group had unused credit facilities of MNOK 10 as at 31 December 2020 (2019: MNOK 10). There are no restrictions on the use of the credit facility.



NOTE 15. NUMBER OF SHARES, SHAREHOLDERS ETC.

The shareholders at 31.12.20 are:

	Number of shares:	Ownership interest:
FPG Invest AS	200 000	73,66 %
Opulentia Invest AS	6 800	2,50 %
Metacon Holding AS	8 260	3,04 %
Heti Holding AS	19 192	7,07 %
G.S Invest AS	12 418	4,57 %
Eiker Utvikling AS	12 418	4,57 %
Bøhler AS	12 418	4,57 %
Total	271 506	100,00 %

All issued shares have equal voting rights and the right to receive dividend.

Soland Invest AS owns FPG Invest AS, through its shares in Frigaardgruppen AS which is 100% owned by Trond Olav Frigaard.



NOTE 16. INCOME TAX EXPENSE AND DEFERRED TAX

All amounts in NOK thousand

Income tax expense:	2020	2019
Current tax:		
Tax payable	-	-
Deferred tax		
Total change in deferred tax	-6 316	-2 207
Changes in tax rate	-	-
Total deferred tax	-6 316	-2 207
Acquisition of Alento / other	-31	-4 390
Tax expense	-6 346	-6 597

	2020	2019
Income taxes calculated at 22%	-14 217	-5 231
Non deductible expenses	-897	-2 768
Non-taxable income	10 276	192
Other	-1 508	1 210
Tax expense	-6 346	-6 597

Deferred tax and deferred tax assets:

Deferred tax assets	2020	2019
Property, plant and equipment	66	415
Right-of-use-assets	336	444
Non-completed construction contracts	144 429	112 393
Current items	-8 279	-6 558
Tax losses carried forward	-34 310	-33 159
Deferred tax liabilities - gross	102 242	73 535
Net recognised deferred tax liabilities (asset if negativ amount)	22 493	16 178



NOTE 17. NON CURRENT LIABILITIES

All amounts in NOK thousand

	2020	2019
Bonds	-	295 706
Construction loans (development projects)	62 857	-
Loans from credit institutions	25 059	25 062
	87 916	320 768

In 2018 FPG AS issued bonds at face value MNOK 300. Transactions cost related to the bonds amounted to MNOK 7.2 and are included in amortized cost calculations. The existing bonds mature in June 2021, and was refinanced in February 2021. Fair value of the bonds as of 31.12.20 are estimated to be MNOK 300. This valuation is based on bond prices made public by "Verdipapirforetakenes forbund". Their valuation reflects price information from leading investment companies, and will be defined as level 2 based on the IFRS 13 valuation hierarchy.

	Bonds current	Construction loans	Loans from credit institutions	Total contractual cashflow
Repayment profile of loans from credit institutions				
Less than 1 year	302 104	4 200	1 250	307 554
Year 2 -4		64 057	23 583	87 640
More than 5 years			2 619	2 619
Total	302 104	68 257	27 452	397 813

The table above is including repayment of interest.

Constructions loans mature as projects are completed and delivered. The interest on the constructions loans and loans from credit institutions have floating interest rates. The current range is from 4.25% on the construction loans, to a rate of 6.85% on the issued bonds.

Secured debts

Debt secured by collateral

	2020	2019
Bonds - current	298 565	295 706
Construction loans (development projects) - current	62 857	48 711
Loans from credit institutions - non-current and current	25 059	30 140
	386 481	374 557

Booked value of assets used as collateral

	2020	2019
Development properties	326 876	277 182



Shares in subsidiaries Metacon AS, Alento AS and Frigaard Bolig AS are also used as collateral per 31.12.2020.

Reconciliation of liabilities arising from financing activities

	Bond loan	Liabilities to financial institutions	Construction loan	Lease liabilities	Total
Liabilities 01.01.2019	292 846	26 729	43 295	19 627	382 497
Proceeds from construction loans			43 811		43 811
Repayment of loans	-	-2 763	-43 295		-46 058
Repayment of lease liabilities				-5 010	-5 010
Total transactions with cash settlements:	-	-2 763	516	-5 010	-7 257
Other transactions without cash settlements	2 860	6 174	4 900	3 917	17 851
Total transactions without cash settlement	2 860	6 174	4 900	3 917	17 851
Liabilities 31.12.2019	295 706	30 140	48 711	18 534	393 091
Interest bearing liabilities - non current	295 706	25 062	-	14 406	335 174
Interest bearing liabilities -current	-	5 078	48 711	4 128	57 917
Liabilities 01.01.2020	295 706	30 140	48 711	18 534	393 091
Proceeds from construction loans			95 170		95 170
Repayment of construction loans			-81 024		-81 024
Repayment of loans		-5 081			-5 081
Repayment of lease liabilities				-5 319	-5 319
Total transactions with cash settlements:	-	-5 081	14 146	-5 319	3 746
Other transactions without cash settlements	2 859			3 119	5 978
Total transactions without cash settlement	2 859	-	-	3 119	5 978
Liabilities 31.12.2020	298 565	25 059	62 857	16 334	402 815
Interest bearing liabilities - non current		25 059	62 857	11 452	99 368
Interest bearing liabilities -current	298 565			4 882	303 447

Other transaction without cash settlements in the table above is in 2020 related to accrual of borrowing cost of the bond loan from 2018, and new lease liabilities according to IFRS 16 recognised in 2020, see note 9 for further information.

Refinancing of existing bonds

A new secured floating rate bond of NOK 300 million with 3-year tenor was issued in February 2021, to refinance the existing senior secured bond which was maturing in June 2021 (FRIPRO01). A call premium was paid for the existing bond of MNOK 3, which will be expensed in Q1 2021 together with residual capitalized financing expenses of MNOK 1.4. The bond is secured by a pledge of the direct subsidiaries of Frigaard Property Group AS, and the shares in Frigaard Property Group AS owned by FPG Invest AS.

The coupon interest for the new bond was set to 3m NIBOR + 7% margin per annum. The bonds each have a nominal value of NOK 100 000 with a minimum subscription and allocation amount equal to the higher of NOK 1 200 000 and the NOK equivalent of EUR 100 000.



Financial covenant was set to liquidity of no less than NOK 30 million, on a consolidated basis for the Group. A permitted distribution was set to a one-time dividend payment in the calendar year 2021 from Frigaard Property Group AS to its shareholders in a maximum amount of NOK 30 million. After the annual financial statement for the Group for 2021 have been approved a distribution up to the lower of NOK 15 million per calendar year, and subject to certain conditions being met, the sum of 25% of the consolidated net profit of the Group in the preceding financial year. Any Distribution made as a buyback of shares in Frigaard Property Group, is limited up to NOK 40 million, see note 22 for further information. The refinancing resulted in a net cash flow effect of MNOK 7.8 following repayment of existing bond loan and transactions expenses at the date of the financial statement.

NOTE 18. OTHER SHORT TERM LIABILITIES

All amounts in NOK thousand

	2020	2019
Accrued salaries incl. holiday pay and social security	25 422	16 374
Interest expenses	970	1 189
Warrenty provision	8 136	9 199
Accrued expenses, property development operations	-	3 000
Accrued expenses, construction contracts	43 281	20 293
Total	77 809	50 055

See note 20 for more information on the warranty provisions.



NOTE 19. FINANCIAL INSTRUMENTS

The carrying value of assets and liabilities can be broken down into the following categories:

All amounts in NOK thousand	Assets measured at amortized cost	
	2020	2019
<i>Non-Current</i>		
Other investments	-	35
<i>Current</i>		
Trade receivables and other receivables	151 007	128 220
Contract assets	66 007	54 071
Cash and cash equivalents	258 756	176 410
Total financial assets	475 770	358 736
	Liabilities measured at amortized cost	
	2020	2019
<i>Non-Current</i>		
Bonds	-	295 706
Liabilities to financial institutions	25 059	25 062
Construction loan	62 857	-
<i>Current</i>		
Bond loan current	298 565	
Liabilities to financial institutions	-	5 078
Construction loan	-	48 711
Trade account payables	136 989	120 470
Contract liabilities	64 202	34 969
Total financial liabilities	650 529	529 996

Financial

The carrying value of cash and cash equivalents and liabilities to credit institutions is the same as their fair value, since these instruments have a short maturity term. Correspondingly, the carrying value of trade receivables and trade payables are the same as the fair value, as they are agreed upon under "normal" terms. This also applies to unpaid government charges, tax payable and current liabilities. Non-current liabilities have variable interest rates and continuous interest rate adjustment and therefore the carrying value is substantially the same as the fair value.

Impairment of financial assets

The Group has trade receivables and other short term receivables subject to IFRS 9's expected credit loss model. The Group has to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents also is subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial. For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all trade receivables.



NOTE 20. WARRANTY PROVISIONS

All amounts in NOK thousand

	2020	2019
Warranty provision at 1 of January	9 199	7 184
+ new warranty provisions (additions)	5 892	5 386
- reversed warranty provisions (disposals)	3 794	1 522
- actual claims expenses (consumption)	3 161	1 849
Warranty provision at 31 of December	8 136	9 199

Provision is made for guarantee work under the item other short-term liabilities in the balance sheet. The provisions are for remedy any defects or omission on completed projects. The provision is also to cover other liabilities, such as claims from subcontractors, claims from third parties etc. The provision is to cover both accrued warranty liabilities and contingent liabilities and so on. Among other things, the provisions must cover future expenses for the remedy of hidden defects, i.e. defects and omissions that have not been detected. In addition, they must also cover issues that are detected, but where there is uncertainty regarding the scope, responsibility, costs, etc. (disputes).

NOTE 21. RELATED PARTY TRANSACTION

All amounts in NOK thousand

	2020	2019
Capital reduction (partial liquidation) to shareholders in FPG		-11 797
		0
Frigaard Property Group AS's transactions with Soland Invest group companies	2020	2019
Managment fee - Soland Invest AS group	4 148	4 751
Income management services	1 002	900
Rental cost	599	438
Interest - Soland Invest AS group	-	746

Capital reduction in 2019 was related to previous shareholders in Alento AS.

Soland Invest AS has a 73.66% ownership in Frigaard Property Group through its ownership in Frigaardgruppen.

All transactions with related parties are carried out in accordance with the arm's length principle. Transaction between subsidiaries are eliminated in the consolidated financial statements and do not represent related parties. Frigaard Property Group has during the year, except for ordinary business transactions, not had any significant transactions with related parties.



During Q2 a guarantee commission of MNOK 9.4 to Frigaardgruppen AS was signed. The commission is related to Frigaardgruppen AS responsibilities as a guarantor in the share purchase agreement for Höganloftet AB, se note 11 for further information.

Frigaard Property Group has ongoing transactions with related parties during its ordinary operations, including contracts for the development of specific projects. Alento has been selected by Mistelpark AS as the contractor for "project Mistel Park". One of our directors has a 25% ownership in Mistel Park AS



NOTE 22. EVENTS AFTER THE REPORTING DATE

No other events have occurred after the balance sheet date which have had a material effect on the submitted accounts. However, it should be noted that the accounts are based on project estimates which reflect a normal situation of full operation and project staffing levels. Progress on current projects may be affected by the pandemic, and the consequences will depend on the scope and duration of the pandemic.

Great precautions have been taken according to the FHI guidelines. The concern for life and health is Frigaard Property Group's first priority, and the company has implemented a number of measures to protect employees and those working at Frigaard Property Group's projects sites, against the spread of the coronavirus. On the management side, our employees have been working from home when and where possible. There have been no new developments in the pandemic with a material effect on the year-end assessments.

In February 2021, Frigaard Property Group completed a new secured floating rate bond issue of NOK 300 million with 3-year tenor. The net proceeds from the bond issue will be used to refinance FPG's existing bond issue (FRIPRO01) and for general corporate purposes, see note 17 for further information. The refinancing resulted in a net cash flow effect of MNOK 7.8 following repayment of existing bond loan and transactions expenses at the date of the financial statement.

On the Annual Meeting in February 21 of Frigaard Property Group AS, it was decided to redeem 38 098 shares and by that reducing the share capital of the company with 76 196,- NOK, from 543 012,- NOK to 466 816,- NOK. After this the share capital of the company consists of 233 408 shares each with a par value of 2,- NOK. The effective date of the redemption is estimated to April 14th.



INCOME STATEMENT FRIGAARD PROPERTY GROUP AS (PARENT)

All amounts in NOK thousand	Note	2020	2019
Other operating revenue	8	1 031	955
Personnel expenses	6	11 024	4228
Depreciation of fixed assets	13	704	10
Other operating expenses	6	9 894	7 125
Total operating expenses		21 622	11 362
Operating profit		-20 591	-10 407
Income from investments in subsidiaries	2	40 829	4 005
Interest income from group companies	8,9	8 003	9 839
Other interest income	9	58	202
Interest expense to group companies	8,9	-209	-
Other interest expense	9	-22 932	-24 269
Other financial expenses	9	-2 961	-3 059
Profit before income tax		2 197	-23 689
Income taxes	7	-3 602	-5 138
Net profit (-loss) for the year		5 799	-18 551
<i>Allocation of profit</i>			
To equity		5 799	-18 551
Total		5 799	-18 551



STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2020	2019
ASSETS			
Intangible assets			
Deferred tax assets	7	7 167	3 564
Total intangible assets		7 167	3 564
Tangible assets			
Equipment, fixtures and fittings	13	3 990	4 375
Machinery	13	48	63
Office equipment and similar	13	1 347	1 413
Total tangible assets		5 385	5 851
Long term financial assets			
Investments in subsidiaries	1, 11, 12	326 990	332 568
Loan to group companies	2	126 829	137 461
Total financial fixed assets		453 819	470 029
Total fixed assets		466 372	479 445
Current assets			
Accounts receivables		146	94
Other short-term receivables		969	911
Dividend from subsidiaries	2	36 000	-
Group contribution receivables	2,7	4 829	4 005
Total receivables		41 944	5 010
Cash and cash equivalents	10	5 710	11 184
Total current assets		47 654	16 194
TOTAL ASSETS		514 026	495 639



STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2020	2019
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	4	543	543
Share premium reserve		192 335	192 335
Retained earnings		5 799	-
Total equity	5	198 677	192 878
LIABILITIES			
Bonds	3	-	295 706
Loan from group companies	2	10 209	-
Total of other long term liabilities		10 209	295 706
Current debt			
Bonds	3	298 565	-
Trade account payable	2	916	4 596
Public duties payable		800	808
Other short-term liabilities		4 859	1 652
Total current liabilities		305 140	7 056
Total liabilities		315 349	302 761
TOTAL EQUITY AND LIABILITIES		514 026	495 639



STATEMENT OF CASH FLOWS FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	2020	2019
Cash flow from operations		
Profit before income taxes	2 197	-23 689
Depreciation	704	10
Change in accounts receivable	-52	-94
Change in accounts payable	-3 680	4 385
Change in other provisions	-34 829	-570
Net cash flow from operations	-35 660 -	19 958
Cash flow from investments		
Purchase of fixed assets	-238	-5 861
Proceeds from loan to group companies	10 632	-
Repayment of loans to group companies	-	-29 722
Adjustment purchase price shares in subsidiaries	5 578	-
Net cash flow from investments	15 972 -	35 583
Cash flow from financing		
Proceeds from liabilities to group companies	10 209	-
Group contribution received	4 005	22 445
Repayment from capital reduction	-	-11 797
Net cash flow from financing	14 214	10 648
Net change in cash and cash equivalents	-5 474	-44 893
Cash and cash equivalents at the beginning of the period	11 184	56 077
Cash and cash equivalents at the end of the period	5 710	11 184
Which consists of:		
Cash	5 710	11 184



ACCOUNTING PRINCIPLES

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice in Norway.

Foreign currency

Foreign currency transactions are translated at the exchange rate on the date of the transaction.

Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date.

Revenues

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered.

Tax

The tax charge in the income statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. A net deferred tax asset is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.



Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

NOTE 1 SUBSIDIARIES

The investments in subsidiaries are valued using the cost method.

All amounts in NOK thousand

Subsidiary	Office	Ownership	Equity last year	Result last year	Book value 31.12.2020
Frigaard Bolig AS	Sarpsborg	100 %	63 920	40 405	100
Metacon AS	Sarpsborg	100 %	38 182	11 631	45 189
Alento AS	Drammen	100 %	49 007	36 277	281 701
Book value					326 990

Provision for dividend are made by Metacon and Alento during 2020, of a total of MNOK 36. The dividend do not exceed the share of profit earned after the date of acquisition.

Yearly impairment test of shares in subsidiaries has not indicated any events or changes in circumstances that indicate that they might be impaired.

NOTE 2 INTER-COMPANY ITEMS

All amounts in NOK thousand

	Long-term receivables		Other short-term receivables	
	2020	2019	2020	2019
Companies in the same group	126 829	137 461	40 829	4 005
Sum	126 829	137 461	40 829	4 005

	Accounts payable		Long-term liabilities	
	2020	2019	2020	2019
Companies in the same group	734	3 675	10 209	-
Sum	734	3 675	10 209	-



NOTE 3 LIABILITIES

All amounts in NOK thousand

All amounts in NOK thousand	2020	2019
Long-term debt with maturity in excess of 5 years	-	-
	2020	2019
Bond debt, face value	300 000	300 000
Initial bond costs	-1 435	-4 295
Total	298 565	295 706

The company's bond is netted against the bond's set-up costs. These costs are depreciated over the life-time of the bond. On the 10 of February 2021, the process of refinancing the bond of MNOK 300 was finalized. A new 3 year NOK denominated secured floating rate bond was issued. The bond from 2018 was maturing in June 2021.

NOTE 4 TOTAL SHARES, SHAREHOLDERS ETC.

The share capital of NOK 543 012 consists of 271 506 shares with a face value of NOK 2. All shares have the same rights.

Overview of the largest shareholders at 31.12.2020

	Number of shares	Ownership interest
Frigaardgruppen AS	200 000	73.66 %
Heti Holding AS	19 192	7.07 %
G.S. Invest AS	12 418	4.57 %
Bøhler AS	12 418	4.57 %
Eiker Utvikling AS	12 418	4.57 %
Metacon Holding AS	8 260	3.04 %
Opulentia Invest AS	6 800	2.50 %
Total	271 506	100.00 %

The company is part of the group Soland Invest AS, org. no. 987 521 465, with offices in Sarpsborg.

Soland Invest AS prepares consolidated financial statements, which can be accessed at the company's offices at Bredmyra 4, 1739 Borgenhaugen.



NOTE 5 EQUITY

All amounts in NOK thousand

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.2020	543	192 335	-	192 878
Profit for the period	-	-	5 799	5 799
Equity as at 31.12.2020	543	192 335	5 799	198 677

NOTE 6 SALARY COST AND BENEFITS, REMUNERATION TO THE BOARD AND AUDITOR

For salary cost, pension and benefits the parent company applies the same accounting policies as the group.

There has been no board remuneration in 2020.

No loans or guarantees have been given to any board members or other related parties.

All amounts in NOK thousand

	2020	2019
Salaries and holiday pay	7 720	2 917
Social security	858	435
Pension costs defined contribution plans	149	54
Other personell costs	2 296	822
Total salaries and personnel expense	11 024	4 228

Number of average man labour	6	2
------------------------------	---	---

Management remuneration

Salaries and holiday pay	2 278
Social security	395
Pension costs defined contribution plans	50
Other personell costs	-

Expensed remuneration to the auditor	2020	2019
Audit fees	1 156	854
Tax advisory services	14	10
Other non-audit services	430	190
Total	1 600	1 054

VAT is included in the fees specified above.



NOTE 7 TAX

Calculation of deferred tax:

All amounts in NOK thousand

Timing differences:	2020	2019	Change
Fixed assets	299	288	-11
Other differences	1 435	4 295	2 860
Net timing differences	1 734	4 582	2 848
Accumulated tax losses carried forward	-34 310	-20 784	-13 526
Basis for calculation of deferred tax	-32 577	-16 202	-8 100
Deferred tax (22 %)	-7 167	-3 564	3 602
Deferred tax liability (-asset)	-7 167	-3 564	3 602

Basis for tax expense, change in deferred tax and tax payable

Taxable income:	2020	2019
Profit before taxes	2 197	-23 689
Permanent differences	306	-3 672
Change in timing differences	2 848	2 572
Group contribution received - taxable	17 123	4 005
Received dividend	-36 000	-
Change of tax losses carried forward	13 526	20 784

Taxable income - -

Income tax expense:	2020	2019
Tax payable	-	-
Total tax payable	-	-

Changes in deferred tax assets -3 602 -5 138

Tax expense -3 602 -5 138

Reconciliation of tax expense:

Profit before taxes	2 197	-23 689
Income taxes calculated at 22%	483	-5 212
Tax expense in the income statement	-3 602	-5 138
Difference	4 086	-73

Tax effect of permanent differences	-67	808
Tax on group contributions	-3 767	-881
Dividend	7 920	-
Explained difference	4 086	-73



NOTE 8 RELATED PARTY TRANSACTIONS

Remuneration to senior employees is featured in note 6, and intercompany items are featured in note 2.

Transactions with related parties:	2020	2019
All amounts in NOK thousand		
a) Interest income		
- Companies in the same group	8 003	9 839
b) Interest expense		
- Companies in the same group	209	-
c) Income management services		
- Companies in the same group	1 002	955
c) Management/IT overhead costs		
- Companies in the same group	4 020	4 379

NOTE 9 FINANCE INCOME AND EXPENSES

All amounts in NOK thousand

Finance income	2020	2019
Interest income from group companies	8 003	9 839
Other interest income	58	202
Total finance income	8 061	10 041

Finance expenses	2020	2019
Interest expenses from group companies	209	-
Interest expenses bond	-22 932	-24 269
Other financial expenses	-2 961	-3 059
Total finance expenses	-25 684	-27 328

NOTE 10 RESTRICTED FUNDS

All amounts in NOK thousand

	2020	2019
Restricted payroll tax obligations	138	446
Restricted bank deposits	202	9 614
Total	340	9 614



NOTE 11 SECURED DEBTS

All amounts in NOK thousand

All amounts in NOK thousand

Debt secured by collateral	2020	2019
Bond	298 565	295 706
Total	298 565	295 706

Booked value of asset used as collateral	2020	2019
Shares in subsidiaries	326 990	332 568
Total	326 990	332 568

NOTE 12 GUARANTEES

At December 2020 Frigaard Property Group AS has provided guarantees for its subsidiaries totaling approximately MNOK 525 in connection with specific construction and property development projects for group companies.

NOTE 13 EQUIPMENT AND MACHINERY

All amounts in NOK thousand	Equipment, fixtures and fittings	Machinery	Office equipment and similar
Carrying amount 01.01	-	-	-
Additions	4 375	72	1 413
Depreciations	-	-10	-
Carrying value 31 of December 2019	4 375	63	1 413
Carrying amount 01.01	4 375	63	1 413
Additions	57	-	182
Depreciations	-442	-14	-248
Carrying value 31 of December 2020	3 990	48	1 347



To the General Meeting of Frigaard Property Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frigaard Property Group AS, which comprise:

- The financial statements of the parent company Frigaard Property Group AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Frigaard Property Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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authorised accounting firm*



Independent Auditor's Report - Frigaard Property Group AS



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. *Recognition of income from construction contracts* and *Valuation of goodwill* have the same characteristics and risks this year as the previous year and consequently have been areas of focus also for the 2020 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Recognition of income from construction contracts</i></p> <p>Revenue from construction contracts amounts to MNOK 1 219 in 2020.</p> <p>For calculation of income from construction contracts, the percentage of completion method is used. Stage of contract completion is based on contract costs incurred compared to total estimated contract costs. The assessment of estimated contract costs, including impact of disputes and guarantee work, and the stage of contract completion represents critical accounting estimates and judgements.</p> <p>Accounting for contract revenue is key to our audit for several reasons. The company has a number of construction contracts, some of which can be long lasting. The estimation of total contract costs and percentage of completion can be complex and characterized by judgement. Managements' use of judgement in these calculations has a material impact on many financial statement line items, such as revenue from contracts, materials, subcontractors and consumables, trade receivables, other short-term liabilities and taxes.</p> <p>We refer to notes 1 and 4 for more information about constructions contracts and how management assess contract completion.</p>	<p>For a selection of construction contracts, we have compared the company's use of the percentage of completion method, to the requirements of IFRS 15. We found that the applied accounting principles are in accordance with IFRS 15.</p> <p>Determination of total estimated construction cost and stage of contract completion involves use of judgement by the project manager and management. We challenged management's estimated total construction cost for a sample of contracts based on reported project status, on-site visits and interviews of project managers. We challenged project managers and management about assumptions in their estimates. We also analysed and assessed management's consistency in exercise of judgment across different projects and over time. For one on-site visit we assessed consistency between incurred costs and actual delivered materials and services. We concluded that management's use of judgements was reasonable.</p> <p>We tested the reconciliation of construction contract project accounts to the general ledger. We reviewed a sample of contracts and variation orders in order to test contract revenue applied to the calculation of income from construction contracts. We also tested, on a sample basis, that accounting for incurred contract revenues and related contract assets were based on calculated contract completion.</p> <p>Further, we performed substantive procedures to obtain supporting evidence for costs incurred and allocation to the individual construction contracts. We also tested a sample of construction contract reports in order to ensure that only hours and costs pertaining to those projects were allocated to the appropriate project.</p>



Independent Auditor's Report - Frigaard Property Group AS



Furthermore, we performed procedures to ensure that the construction contract summary completely reflects costs incurred for contracts in progress.

Our testing did not reveal material deviations.

We read the disclosures in note 4 and found that the disclosures are in accordance with IFRS requirements and reflect the construction contracts in progress.

Valuation of goodwill

Goodwill amounts to MNOK 284 as of 31 December 2020 and is material to the financial statements.

Valuation of goodwill, and the corresponding impairment test is key to our audit because of the amounts involved and the effect it would have on the financial statements if an impairment should have been recognized. Further, an impairment test is complex making it prone to inherent errors and management use of assumptions, including estimation of future revenue and cost is judgmental.

We refer to note 1 and note 7 where management explain their impairment testing and the rationale for the assumption substantiating the value of goodwill.

We obtained and reviewed the company's impairment assessment of goodwill. The impairment assessment comprises identifying cash generating units (CGU's) and key assumptions made by management. We assessed the model to be a valuation model based on discounted cash flows containing the elements required by IFRS. We tested whether the model made mathematical calculations as expected.

We challenged management's use of assumptions on future revenue and costs. This was done by comparing the data in the model to historical financial data, future budgets approved by management and other obtainable market information such as relevant benchmarks for growth. We also assessed historical accuracy by comparing last year's expectations for revenue to what was achieved in the financial year. We found that they compared reasonably well.

We compared the discount rate to empirical data and expectations of future interest rates, relevant risk mark-up and debt ratio. We found the used discount rate to be reasonable.

We read the disclosures in note 7 and found that the information regarding the valuation model, the assumptions and the discount rate was adequate.

Independent Auditor's Report - Frigaard Property Group AS



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



Independent Auditor's Report - Frigaard Property Group AS



- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report - Frigaard Property Group AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

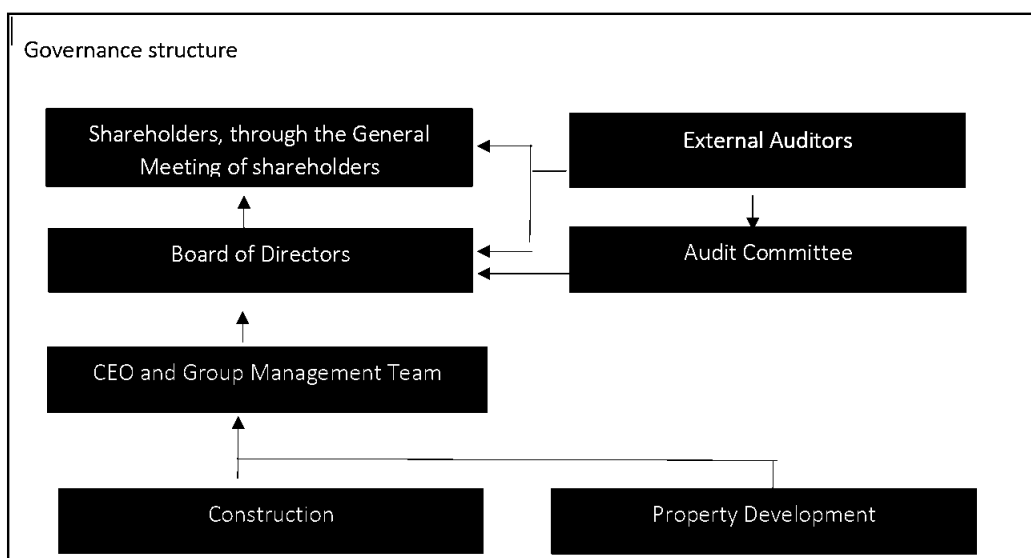
Oslo, 22 April 2021
PricewaterhouseCoopers AS


Synnøve Holseter
State Authorised Public Accountant

CORPORATE GOVERNANCE

The board of directors is responsible for Frigaard Property Group's corporate governance and management and conducts an annual evaluation of principles and practice in this area.

Frigaard Property Group is subject to the governance requirements in section 3-3b of the Accounting Act. Frigaard Property Group is a leading group within property development and construction of turnkey homes and commercial buildings. As a Norwegian limited company with a bond listed on Oslo Børs at year end, FPG is subject to a variety of external rules that effects its corporate governance.



Shares and shareholders

The share capital at the end of 2020 amounted to 543.012 NOK consisting of a total 271.506 shares, FPGs shares are not listed. All shares entitle the holder to one vote per share, and all shares have the same right to dividend. The largest shareholder FPG Invest AS, which is 100% owned by the founder Trond Frigaard, held 73,66% percent of the votes at year end in Frigaard Property Group AS.

General Meetings of shareholders

The General Meeting is FPG's highest decision-making body and it is where shareholders exercise their decision-making rights. At the Annual General Meeting, the shareholders decide on key issues, such as adoption of income statements and balance sheets; the dividend, the composition of the Board; discharging the members of the Board and the CEO from liability and election of external auditors. FPG's financial year is from January 1 to December 31, and the annual General Meeting is to be held within six months of the end of the financial year.

Board of Directors

The members of the Board are elected at the General Meeting, it shall consist of not fewer than one and not more than six members. The Board has overall responsibility of FPG's organisational structure and management and the Board's main duty is to safeguard the interest of the Company and the shareholders. The Boards thus makes decisions regarding the Group's strategy, interim and annual



reports, major construction projects, investments and divestments, appointment of CEO and matters concerning the organisational structure of the Group. The Chairman leads the Board in its work and has regular contact with the CEO in order to stay informed about the Group's activities and development. The Board consisted of 5 members elected by the General Meeting.

The work of the Board in 2020

In preparation for each board meeting, the Board receives reports and documentation compiled according to established procedures. The purpose of this is to ensure that the Board has the relevant information and documentation on which to base decisions. In 2020 the Board held 7 meetings, including its statutory meeting. The more important issues dealt with by the Board during the year included monitoring operations review and approval of the interim reports and the year-end report, re-financing of the bond, strategic review of FPG, decision on dividend proposal, as well as internal control, risk management and compliance matters.

Monitoring

The Board continually evaluates the information provided by the Group Management Team and the Audit Committee. Of particular importance is the result of the Audit Committees's work on monitoring the effectiveness of the Group Management Team's internal control process. This includes ensuring that steps are taken to address the shortcomings revealed in external audits and to implement the proposed actions.

Audit Committee

The main task for the Audit committee is to assist the Board in overseeing the financial reporting, reporting procedures and accounting principles, and critical accounting estimates and to monitor the auditing of the accounts for the Company and the Group. The committee also evaluates the quality of the Group's reporting and risk management, and reviews the reports and opinions of FPG's external auditors. The committee monitors the external auditors' assessment of their impartiality and independence and that there are routines in place stipulating which non-audit services they provide to the Company and the Group. The committee also monitors compliance with the rules on auditor rotation. The external auditors are present at committee meetings. At least once a year the Audit committee meet the auditors without senior executives being present.

A new Audit committee has been elected on the 24.02.2021. The members of the committee are appointed annually at the statutory meeting of the Board. The Board specify which duties and decision- making powers have been delegated. The Chairman of the committee reports to the Board at each board meeting and all minutes from the committee meetings are submitted to the Board.

The Audit Committee consisted of Helge Stemschaug (Chairman and leader of the audit committee) and Mads Langaard (board member). Important matters addressed during the year includes capital allocation, financing, external reporting, impairment testing, write-downs in construction projects, larger disputes review of the interim reports and year-end report, internal control, risk management and compliance matters.

External auditors

PWC is elected as external auditors. Authorised Public accountant Sjur Holseter is the auditor in charge from 2020. The external auditor has attended 1 board meetings to report on the auditing process of PWC for FPG and to provide the members of the Boards with an opportunity to ask



questions without senior executives being present. The external auditor has also attended 2 meeting of the Board's Audit Committee.

Operation management and internal governance

FPG operates with a decentralised governance model that recognises the local characteristic of the construction and property development business, empowering the business units to develop their business and deliver according to plan, while retaining the profit and loss responsibility. The Group Headquarter sets the Group strategy and targets, ensures effective financial capacity, and conducts proper follow-up in business unit performance and compliance. In the decentralised governance structure operated as a rule the Group headquarter establishes what is required while the business units are responsible for how requirements are met. Each business unit has its own administrative functions and other resources to conduct its operations effectively. Separately from day-to-day operations managing projects, the business units deal with matters such as their strategic development business plans, investments and organisation.

The CEO and the Group Management Team

The CEO is appointed by the Board and runs the company and the Group in accordance with the instruction adopted by the Board. The CEO is responsible for the day-to-day management of the operations of the Company and Group and is supported by the other members of the Group Management Team. The work of the CEO is evaluated at one of the board meeting each year at which no senior executives are present.

In the monthly business review the CEO evaluates together with the group management team, material estimates and judgements related to the reported financial figures.



DECLARATION IN ACCORDANCE WITH ARTICLE 5-5 OF THE SECURITIES TRADING ACT

We hereby confirm that, to the best of our knowledge and belief, the group and company financial statements for 2020 have been prepared in compliance with current accounting standards, and that the information in the accounts gives a true and fair view of the group and company assets, liabilities and financial position, as well as the results of their operations in their entirety.

The board of director's annual report gives a true and fair view of the group and company development, result, and position, as well as of the main risk and uncertainty factors the group is faced with.

Sarpsborg, 22 April 2021

The Board of Directors

Helge Stemshaug
Chairman

Trond Olav Frigaard
Board Member

Kristian Lindland
Board Member

Mads Langeard
Board Member

Simon Nyquist Martinsen
CEO