2021

ANNUAL REPORT

FRIGAARD

Property Group

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 turnkey 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 its 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
- Høgli Eiendom AS
- Fagerliveien Utvikling AS
- Ryggeveien 33 AS
- Solbyen Utvikling AS
- Dronningensgate Atrium AS

Aspelundveien 5 AS, Moenskogen Utvikling AS and Rugdeveien 2 AS were merged with Frigaard Bolig during 2021.

Comments related to the financial statements

The Group's revenues increased from MNOK 1 266.7 last year to MNOK 1 583.3 in 2021. The level of activity in Frigaard Property Group has been high during 2021. New orders signed, revenue, sale of residential properties and order back-log have all risen to all-time high levels. Unfortunately, unforeseen events and exceptional costs in one specific project within the Construction segment in Q4, hampered the year end operating profit. This project is fully handed over in February 2022, and the loss related to the project in 2021 was MNOK 41.

During 2021 80 development properties were sold, compared to 19 units last year. At year end 31 development properties are under construction.

Total cash flow from operating activities was MNOK 118.5 in 2021, and the operating profit is MNOK 13.2. The difference between cash flow and operating profit mainly concerns timing differences in the payment plan in the construction projects compared to 2021, and handover of Tribunen 1. The Group's cash flow from investments during 2021 amounted to MNOK 21. This is mainly to the financing of a combined logistic and office building in Tranås, and net cash effect from purchase of shares in Dronningens gate Atrium AS and Høgli Eiendom AS.

The Group's liquidity reserve as of 31.12.2021 amounted to MNOK 209.2.

The Group's short-term debt as of 31.12.2021 constituted 52 % of the Group's total debt, compared to 76 % as of 31.12.2020. This decrease 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 1 105, compared to MNOK 1 122 last year. The equity ratio was 22.3 % as of 31.12.2021, compared to 28.7 % the year before.

Market outlook

The order intake of the Construction segment has been very strong during 2021 and has continued to be so in the first months of 2022. Consequently the order backlog is high, and a large part of work for 2022 is already secured. At the same time we have had record high sales of residential properties which secures progress of construction and finally handover at a later stage. These elements provides a sound basis for a profitable group going forward.

Our market view is in general positive, both to construction overall, as well as for the housing market.

Still, the turmoil currently created indirectly and directly by the war in Ukraine may have consequences for the logistic routes and access and prices on goods. We are monitoring the situation and are adapting our risk assessments on and ongoing basis.

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 fulfill 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. Leave of absence due to illness totaled 13 747 hours in 2021 (19 785 hours in 2020), which equals approximately 6.0 % (8.8 % in 2020) of the total working hours in the Group. The decrease, but still high leave of absence is closely connected to covid 19 and our steel factory. The Group continues 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, which is one the same level as last year.

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

The group practices zero tolerance for harassment and conduct which may be perceived as threatening or degrading. The company's ethical guidelines encourage staff to report actions which may be contrary to laws, regulations and internal routines, and procedures have been developed for the reporting of censurable conditions. Whistle-blowing may be made internally or externally, or anonymously through the online link: https://www.fpg.no/om-oss/varsling. There have been no reported incidents in 2021.

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 Group has 116 employees, of which eleven 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.

Insurance for board members and general manager.

Through the group company Frigaard AS, insurance at Chubb European Group SE (NUF) has been entered into for the board members and the general manager for their possible liability to the company and third parties. The insurance covers legal claims, costs related to crisis management, communication costs and investigation costs.

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 have 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 delivers 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.

Our ambition is to be a responsible social participant within the Property development segment, where we have an environmental ambition for all new projects. Including a project-specific environmental plan with an indication of the minimum standard and opportunities, which are linked to the individual project's life cycle. Especially for self-developed projects, the impact is great from the early phase.

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.

As a part of our environmental work, will our Property Development company and our Construction companies, have a certification as Miljøfyrtårn (Environmental lighthouse) in place within 2022, and continuously show improvement of established criteria and KPI that follow from the certification.

Corporate social responsibility (CSR) and sustainability

Frigaard Property Group will create value for the society by building good homes, and by working actively to ensure sustainable housing. Sustainability is high on the agenda in the group's strategic development, and the companies work continuously to restructure and improve sustainability throughout the value chain. We strive to ensure that what we influence and carry out is in line with the UN's sustainability goals, and that our activities are positive for present and future generations. Through our agenda, we will create long-term and lasting values for both society and the group.

Ethical, social and environmental considerations are integrated in our day-to-day operations, and our values of commitment and ingenuity underpin everything we do. Frigaard Property Group’s ethical guidelines are built on principles of equal opportunities for all, concern for the environment and a society view that emphasizes ethics, transparency, honesty, and sincerity. The long-term success of the Group is based on trust. The company has ethical guidelines which are described at: https://www.fpg.no/om-oss/samfunnsansvar-.

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. 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 9.5% compared to 7.8% in 2020.

Frigaard Property Group works hard to 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 company expanded its statement on sustainability in 2021, see page 72, to form a separate part of its annual reporting. That work continues in 2022, and the company will establish further specific goals and measures during 2022.

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 see page 73.

Post balance sheet events

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

However, it should be noted that the accounts reflect project estimates based on a normal situation of full operation and ordinary project staffing levels. The progress of current projects may be affected by the ongoing war in Ukraine, and the effects of the war will depend on its scope and duration. For the construction segment we see that the situation with turbulent markets for raw material, alternative solutions must be considered to balance the risk between subcontractors, turnkey contractors, and the client. This can be interaction agreements or sharing of risk both with the client and with the subcontractor.

There have been no further developments related to the war which have materially affected the year-end assessments.

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 three employees in the parent company in 2021. Frigaard Property Group AS accounts are prepared in compliance with NGAAP (Norwegian accounting rules).

Allocation of the net profit

The parent company Frigaard Property Group AS, made a net profit of MNOK 10.9 (MNOK 5.8). The parent company's equity amounted to MNOK 139.8 (198.7) at 31 of December.

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.

Sarpsborg, 25 April 2022

The Board of Directors

Helge Stemshaug
Chairman

Trond Olav Frigaard
Board Member

Kristian Lindland
Board Member

Simon Nyquist Martinsen
CEO

INCOME STATEMENT FRIGAARD PROPERTY GROUP

Revenue from contracts with customers	3.4	1 582 319	1 219 078
Other operating revenue	4,10	952	47 599
Total operating revenue		**1 583 271**	**1 266 677**
Materials, subcontractors and consumables		1 400 545	1 020 327
Salaries and personnel expense	5	133 558	129 789
Other operating expense	6,9,20	27 923	24 459
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		**21 245**	**92 102**
Depreciation and amortisation expense	7,8,9	8 022	7 507
Operating profit (EBIT)		**13 223**	**84 595**
Interest income		3 524	998
Interest expense		22 079	20 970
Net financial costs		**18 555**	**19 972**
Profit before income tax		**-5 332**	**64 623**
Income taxes	15	-197	6 346
Net profit (loss) for the period		**-5 135**	**58 277**

STATEMENT OF COMPREHENSIVE INCOME

	2 021	2 020
Other comprehensive income		
Items which may be reclassified to profit and loss in subsequent periods		
Exchange differences on translation of foreign subsidairies	-	5
Total comprehensive income for the year	**-5 135**	**58 282**
Profit for the year attributable to:		
Equity holders of the parent company	**-5 135**	**58 277**
	-5 135	**58 277**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

ASSETS	Note	31.12.2021	31.12.2020
All amounts in NOK thousand			
Non-current assets			
Other intangible assets	7	127	333
Goodwill	7	284 019	284 019
Buildings and land	8	3 798	4 342
Machinery and equipment	8	4 439	4 057
Right-of-use assets	9	12 576	16 687
Other long term receivables	10	-	9 324
TOTAL NON-CURRENT ASSETS		**304 959**	**318 762**
Current assets			
Inventories and development properties	11	334 759	327 694
Trade receivables	12,18	113 538	117 042
Contract assets	12,18	63 781	66 007
Other short-term receivables	10	79 320	33 965
Cash and cash equivalents	13,18	209 168	258 756
TOTAL CURRENT ASSETS		**800 566**	**803 464**
TOTAL ASSETS		**1 105 525**	**1 122 226**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

EQUITY AND LIABILITIES	**Note**	**31.12.2021**	**31.12.2020**
All amounts in NOK thousand			
Equity			
Share capital	14	467	543
Share premium reserve		167 396	216 389
Total paid-in capital		**167 863**	**216 932**
Retained earnings		79 187	105 081
Total retained earnings		**79 187**	**105 081**
TOTAL EQUITY		**247 050**	**322 013**
Non-current liabilities			
Deferred tax	15	22 336	22 493
Bond loan	16,18	296 256	-
Liabilitites to financial institutions	16,18	38 944	25 059
Construction loan	16	4 889	62 857
Leasing liabilities	9	6 985	10 360
Other non-current liabilities	11	45 955	72 719
TOTAL NON-CURRENT LIABILITIES		**415 365**	**193 488**
Current liabilities			
Bond loan current	16,18	-	298 565
Lease liabilities	9	5 215	5 974
Trade account payables	18	222 243	136 989
Public duties payable		10 270	23 186
Contract liabilities	4,12,18	117 326	64 202
Other short-term liabilities	17,19	88 056	77 809
TOTAL CURRENT LIABILITIES		**443 110**	**606 725**
TOTAL LIABILITIES		**858 475**	**800 213**
TOTAL EQUITY AND LIABILITIES		**1 105 525**	**1 122 226**

Sarpsborg, 25 April 2022

The Board of Directors

Helge Stemshaug
Chairman

Trond Olav Frigaard
Board Member

Kristian Lindland
Board Member

Simon Nyquist Martinsen
CEO

STATEMENT OF CHANGES IN EQUITY FRIGAARD PROPERTY GROUP

	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**	**46 798**	**46 798**	**263 730**
Comprehensive income					
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**	**105 080**	**105 080**	**322 013**

	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 2021	**543**	**216 389**	**105 080**	**105 080**	**322 013**
Transaction with owners					
Capital decrease	-76	-39 752			**-39 828**
Dividends		-9 241	-20 759	**-20 759**	**-30 000**
Comprehensive income					
Profit (loss) for the period	-	-	-5 135	**-5 135**	**-5 135**
Equity as at 31.12 2021	**467**	**167 396**	**79 186**	**79 186**	**247 050**

STATEMENT OF CASHFLOW FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2021	2020
Cash flow from operations			
Profit before income taxes		-5 332	64 623
Taxes paid in the period	16	-	-
Adjustment for gains on disposal of shares in subsidiaries	11	-	-46 595
Depreciation	8, 9	8 022	7 507
Impairement of fixed assets		322	110
Change in inventory	12	16 452	-54 104
Change in trade receivables	13	72 230	17 428
Change in trade account payables		85 209	16 531
Change in other provisions		-58 359	61 652
Net cash flow from operations		**118 544**	**67 152**
Cash flow from investments			
Purchase of fixed assets and investment property	8,10	-2 024	-1 523
Purchase of subsidiaries (net of cash)		-5 857	-
Proceeds from sale of other investments and sale of subsidiaries	11	-	25 998
Purchase of other investment		-18 231	-4 487
Net cash flow from investments		**-26 112**	**19 988**
Cash flow from financing			
Proceeds from the issuance of bonds	16	300 000	-
Payment of bonds	16	-303 000	-
Issue costs paid		-5 465	-
Repayment of long term loans	17	-115	-8 540
Proceeds from long term construction loans	17	103 523	95 170
Repayment of construction loans		-161 491	-81 024
Repayment of short term loans		-	-5 081
Repayment of financial lease liabilities	9	-5 644	-5 319
Capital reduction		-39 828	-
Payment of dividend		-30 000	-
Net cash flow from financing		**-142 020**	**-4 794**
Net change in cash and cash equivalents		-49 588	82 346
Cash and cash equivalents at the beginning of the period		258 756	176 410
Cash and cash equivalents at the end of the period		**209 168**	**258 756**

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NOTE 1. ACCOUNTING POLICIES – FRIGAARD PROPERTY GROUP

General information

Frigaard Property Group AS is a Norwegian building- and construction group operating in Norway. The consolidated accounts include Frigaard Property Group AS and its subsidiaries. The consolidated financial statements were approved in the board meeting on the 25th of April 2022. The Group's activities are described in greater detail in Note 3 – Segment information.

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

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.

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

The 2021 consolidated financial statements for Frigaard Property Group AS' have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU as of 31.12.2021, interpretations by the IFRS interpretations Committee and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31.12.2021.

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 involve 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%
Fagerliveien Utvikling AS	Sarpsborg	100%
Ryggeveien 33 AS	Sarpsborg	100%
Solbyen Utvikling AS	Sarpsborg	100%
Dronningensgate Atrium AS	Sarpsborg	100%
Sub-group Høgliveien:		
Høgliveien 30 AS (parent company in sub-group)	Sarpsborg	100%
Høgliveien Eiendom 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.

All intercompany transactions, balances, income, expenses and unrealised gains on transactions are eliminated in full in consolidation. 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 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Group classifies an asset as current when it:

- Expects to realise the asset, or intends to sell or consume it, in its normal operating cycle
- Expects to realise the asset within twelve months after the reporting period

Or

- The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Group classifies a liability as current when it:

- Expects to settle the liability in its normal operating cycle
- Is due to be settled within twelve months after the reporting period.

Or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liability.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board.

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.

2.6 Development properties

Land for development

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.

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.

The cost of land for development are capitalised together with the cost of the plot as inventory. Subsequent costs associated with developing and constructing a project are usually first capitalised after the plot acquires planning permission. All costs except general sales and administrations costs are then capitalized as part of the acquisition cost, including interest expenses for as long as the project is ongoing.

Unsold land and property

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.

2.7 Property, plant and equipment

All property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation and impairment losses. 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 over the following useful life (commencing when the asset is ready for its intended use):

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

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. Tangible assets with an indefinite useful life are not depreciated.

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. When assets are sold or disposed of, the carrying amount is derecognized and any gain or loss is recognized in the statement of comprehensive income.

2.8 Leasing activities

The group applies IFRS 16 when recognizing leases as right–of-use assets and liabilities.

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 he 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

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.

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 present value is calculated using the interest rate implicit in the lease, if that rate can't be determined the group's incremental borrowing rate is used instead.

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 does 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.

The 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. Depreciation is calculated using the straight-line method from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. 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 it's right-of-use assets as separate line items in the consolidated statement of financial position.

2.9 Intangible assets

Intangible assets that have been acquired separately are carried at cost. Capitalised intangible assets are recognized at cost less any amortization and impairment losses. 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.

Other intangible assets include renting rights and webpage, depreciated on a straight line basis over three to five years.

Intangible assets with an indefinite useful life are not depreciated but are tested for impairment at least annually.

2.10 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.

2.11 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

Frigaard Property Groups main activities are to deliver on construction projects and development and sale of properties. The group also has some minor revenue from rental income and sale of services.

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, based on the estimated final profit. 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.

Property development

The Group develops land and property for the purpose of selling residential properties (turnkey homes). Properties are usually sold to private customers, but there are also some professional customers.

Revenue is recognised when control over the property has been transferred to the customer. Control is considered transferred at the time of delivery of the property to the customer.

Norwegian regulations allow the customer to withdraw from the contract until the property is transferred to them. If so, the customer will be responsible to cover any losses incurred by the group relating to the withdrawal.

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. In terms of accounting, sold units under construction are part of Frigaard Property Group's inventory.

Rental income and revenue from sale of services

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 recognised over the lease term, on a straight-line basis, as a reduction of rental income. The group recognises revenue from sale of services when the service is performed.

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

The following are new or amended to standards and interpretations have been issued and become effective during the current period:

Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures, IFRS 16 Leases - Interest Rate Benchmark Reform Phase 2: Disclosures.

IFRS 16 Leases, relating to the Interest Rate Benchmark Reform Phase 2 entered into force on 1 January 2021. The amendments to IFRS 9 entail that modifications of financial assets and financial liabilities, implemented as a direct consequence of the Interest Rate Benchmark Reform, are recognised as a change in the effective interest. Gains or losses arising due to the modification are thus not recognised.

The amendments listed above did not have any impacts on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Other standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has published a number of interpretations and changes to existing standards and interpretations which had not yet entered into force at the time the accounts were closed on 31 December 2021. The group has chosen not to early adopt any new or amended standards in preparing the consolidated financial statements for 2021. Frigaard Property Group has concluded that these interpretations and changes are unlikely to have a material effect on the group's financial position, profit/loss or note information going forward.

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 to the risk to the group's trade receivables and investment in liquid assets. As for the business of housing development a large part is based on customer prepayments before the handover 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 have 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 are 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 is maturing in February 2024. The previous bond, maturing in June 2021 was redeemed in February 2021 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 500 million, where Frigaard Property Group as of the balance sheet date has drawn up NOK 300 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 is listed on the Oslo Stock Exchange.

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.

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.

Order backlog

Order backlog is contracted and signed orders, not yet delivered to customers. It gives an indication of future activity in the group. Order backlog is calculated by adding the orders of the current financial year to the balance of the order backlog at the end of the last financial year and subtracting revenue in the current financial year.

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

	2021	2020
Income statement		
Property development	242 867	157 581
Construction	1 499 615	1 176 519
Other	849	838
Intersegment Eliminations	-160 060	-68 261
Total operating revenue	**1 583 271**	**1 266 677**
Property development	-5 799	39 507
Construction	41 147	73 336
Other	-14 103	-20 741
EBITDA	**21 245**	**92 102**
Property development	-6 132	39 174
Construction	34 518	67 174
Other	-15 163	-21 753
EBIT	**13 223**	**84 595**

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

The group "other" consists of sale of services, rental income and other operating expenses for the holding company Frigaard Property Group AS .

Intersegment eliminations are 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	2021	2020
Revenue from contracts with customers			
Contract revenues from Construction	Construction	1 339 452	1 108 025
Sale of development property	Development property	242 017	108 316
Rental income from Property development	Development property	850	2 709
Rental income from Other	Other	-	28
Total revenue from contracts with customers		**1 582 319**	**1 219 078**
Other operating income			
Gain from sale of fixed assets	Construction	103	233
Other income from Other	Other	849	810
Sale of shares Property development	Development property	-	46 556
Total other operating income		**952**	**47 599**
Totalt operating revenue		**1 583 271**	**1 266 677**

For property development, the group has entered into contracts with customers totaling MNOK 303.7 expected to be delivered and recognized as revenue during the next 12 months. Some of the contracts in the construction segment have a duration of less than 12 months and are not disclosed. As of 31.12.2021 transaction price allocated to partly or fully unsatisfied performance obligations on contracts with an original duration of more than 12 months was MNOK 1 180.8.

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 these leases as operating because they do not transfer substantially all the risks and rewards incidental to ownership of the properties of 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

	2021	2020
Rental income this year	**850**	2.709
Rental income next year	**525**	740
Total rental income next 2-5 years	**600**	900

NOTE 5. PERSONNEL EXPENSES

All amounts in NOK thousand

	2021	2020
Salaries and holiday pay	113 649	111 311
Social security	16 273	15 038
Pension costs defined contribution plans	3 636	3 440
Other personnel costs		
Total salaries and personnel expense	**133 558**	**129 789**

The number of employees in Frigaard Property Group at 31 of December 2021 was 116 persons (2020: 128 persons).

A total of TNOK 2 197 of salary cost related to project management have been booked toward development properties in 2021.

	2021	2020
Norway	133 558	129 789
Total	**133 558**	**129 789**

Management remuneration

There are 3 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 2021.

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 percent 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	Number of shares 31.12.2021	
Management								
Simon Nyquist Martinsen , CEO		**2 757**	**490**	**48**		**3 295**	5 128	
Gry-Heidi B. Montelius, CFO		**1 413**	**75**	**48**		**1 536**		
Members of the Board								
Helge Stemshaug, Chairman	-	-					-	
Kristian Lindland, member of the board	-	-					18 348	1)
Trond Frigaard, member of the board	-	-					197 826	1)
Total remuneration	**-**	**4 170**	**565**	**96**	**-**	**4 831**	**221 302**	

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 14 for details on shareholders

Remuneration of CEO in Frigaard Property Group AS has been carried out in accordance with guidelines approved by the Chairman of the board. To ensure competitive conditions as well as focus on achieving results, the CEO and leading employees participate in a bonus program with a maximum bonus between 40-60% of the individual annual fixed salary. Bonus is dependent upon achieved financial and operational results. "Leading employees" means the CEO and the CFO of the group Frigaard Property Group AS.

The decision on whether the performance criteria for variable remuneration are met is made by the company when the current measurement period for the performance criteria is due. Variable remuneration shall be considered and are documented annually.

The board's opinion is that bonuses to senior executives and others as described above have a motivating effect and is therefore an appropriate contribution to the achievement of the Company's business strategy, long-term interest, and sustainable business.

The CEO has an agreement which gives him the right to a compensation after termination of employment before retirement that equals 100% of the salary the first nine months.

NOTE 6. OTHER OPERATING EXPENSES

All amounts in NOK thousand

	2021	2020
Energy costs	959	541
Advertising	304	593
Repair and maintenance costs	715	446
Short term and low value leasing	1 685	1 755
Travel costs	1 626	3 266
Consultancy fees and external personnel	6 303	6 280
Insurance	2 824	1 915
Management fee	4 380	4 020
Other operating costs	9 127	5 643
Total operating expenses	**27 923**	**24 459**

Specification auditor's fee	**2021**	**2020**
Audit fees	1 490	1 837
Other non-audit services	52	443
Tax advisory services	12	123
Total	**1 554**	**2 402**

NOTE 7. INTANGIBLE ASSETS

Goodwill

All amounts in NOK thousand

	2021	2020
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 monitors the goodwill at the operating segment level. The recoverable amount from the CGU is calculated by taking the historical cash flows for the CGU, taking into accounts 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 2022, 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 12.2 percent after tax. This is based on a risk free interest rate of 1.5 %, plus a risk premium of 7.4 %. 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 2021 and was addressed by the company's Board. No impairment requirement was indicated.

A change in the discount rate to 27 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 and a webpage.

All amounts in NOK thousand

	2021	**2020**
Carrying amount at 1 January	333	666
Additions	127	-
Amortisation	-333	-333
Carrying value 31 of December	**127**	**333**
Per 31 december		
Acquisition cost	1 126	1 000
Accumulated amortisation	-999	-667
Accumulated cost 31 of December	**127**	**333**
Lower of remaining lease term or economic life	3-5 years	3 years
Depreciation method	Linear	Linear

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

All amounts in NOK thousand	Buildings and land	Machinery and equipment	Total
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**
Carrying amount 01.01	**6 492**	**14 397**	**8 399**
Additions	-	1 897	**1 897**
Disposals	-	-552	**-552**
Depreciations	-544	-1 515	**-2 059**
Accumulated depreciation on disposals for the year	-	552	**552**
Carrying value 31 of December 2021	**5 948**	**14 779**	**8 237**
Per 31. December 2021			
Acquisition cost	6 492	15 742	22 234
Accumulated depreciation and write downs	-2 694	-11 303	-13 997
Carrying value	**3 798**	**4 439**	**8 237**
Lower of remaining lease term or economic life	20 years	3-7 years	
Depreciation method	Linear	Linear	

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	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2020	**19 751**	**63**	**14 135**	**33 949**
Addition of right-of-use assets	2 705	63	1 263	**4 030**
Transfers and reclassifications	-1 146	-63	-1 188	**-2 397**
Acquisition cost 31 December 2020	**21 310**	**63**	**14 210**	**35 583**
Accumulated depreciation and impairment 1 January 2020	**-6 717**	**-61**	**-8 192**	**-14 970**
Depreciation	-3 227	-7	-2 175	**-5 409**
Transfers and reclassifications	344	63	1 078	**1 485**
Accumulated depreciation and impairment 31 December 2020	**-9 600**	**-5**	**-9 289**	**-18 894**
Carrying amount of right-of-use assets 31 December 2020	**11 709**	**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	

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2021	**21 310**	**63**	**14 210**	**35 583**
Addition of right-of-use assets	683	1	1 157	**1 841**
Transfers and reclassifications	-591	-	-1 040	**-1 631**
Acquisition cost 31 December 2021	**21 402**	**64**	**14 327**	**35 793**
Accumulated depreciation and impairment 1 January 2021	**-9 600**	**-5**	**-9 289**	**-18 894**
Depreciation	-3 417	-22	-2 193	**-5 632**
Transfers and reclassifications	268	-	1 044	**1 312**
Accumulated depreciation and impairment 31 December 2021	**-12 749**	**-27**	**-10 438**	**-23 214**
Carrying amount of right-of-use assets 2021	**8 652**	**37**	**3 888**	**12 576**
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 to low value assets, or short-term assets.

The lease costs to these assets were as follows:

Lease liabilities

Summary of other lease expenses recognised in profit or loss	2021	2020
Operating expenses related to short-term leases (including short-term low value assets)	1 685	1 755
Total lease expenses included in other operating expenses	1 685	1 755

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 include 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

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

Summary of the lease liabilities in the financial statements	Statement of:	Total
At 01.01.2021		16 334
New lease liabilities recognised in the year		1 510
Cash payments for the principal portion of the lease liability	Cash flows	-5 644
Cash payments for the interest portion of the lease liability	Cash flows	-556
Interest expense on lease liabilities	Profit and loss	556
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 2021		**12 200**
Current lease liabilities	Financial position	5 215
Non-current lease liabilities	Financial position	6 985
Total cash outflows for leases	Cash flows	-5 644

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	5 215
1-2 years	4 528
2-5 years	2 457
More than 5 years	-
Total undiscounted lease liabilities at 31 December 2021	**12 200**

NOTE 10. 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 Frigaard 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 was reflected in the Other operating revenue line in the income statement for 2020. 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, in Tranås, Sweden. The building was delivered on the first of March 2022. As a part of the agreement Frigaard Bolig AS had to finance the part of the building cost that wasn't covered by the construction loan. At year end Frigaard Bolig AS have an interest-bearing receivable of total of MNOK 27.5 (MNOK 9.3), towards Höganloft Fastigheter AB. The receivable is due together with the settlement in 2022.

Höganloft Fastigheter has further signed a lease agreement with Sono Sweop AB. Sono Sweop AB started the lease of the building on the first of March 2022.

Frigaard Bolig AS sold the shares with immediate effect from first cash consideration of MSEK 25 was available for Frigaard Bolig AS 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 11. DEVELOPMENT PROPERTIES

	2021	2020
Sites under development		
Projects under construction	308 422	322 299
Unsold completed residential units	25 462	4 577
Total development properties	**333 884**	**326 876**
Non residential projects	875	818
As at 31 December	**334 759**	**327 694**

Units under construction	31	69
Unsold, or sold but not handed over at year end, completed units	6	1

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 2021 MNOK 9.5 have been capitalized, MNOK 6.4 in 2020.

MNOK 46 booked as other non-current liabilities, is related to the purchase price of the two acquisitions in 2019. The liabilities are a credit is given by the sellers of the net assets. The remaining amount of MSEK 36.1 will be paid within 31.12.2023, given that some specific milestones are met.

During 2021 the following sites have been purchased:

Project	Ownership	Purchase price NOK mill.	No. of units
Dronningens gate Atrium AS	100 %	19 000	16
Høgli Eiendom AS	100 %	4 500	

The acquisitions are regarded as acquisitions of net assets, and not business acquisitions. The total purchase price is MNOK 23.5. Number of units in the table above refers to the expected number of apartments to be built. Usage of Høgli Eiendom is under consideration. MNOK 3.8 booked as current liabilities, is related to the purchase price of Høgli Eiendom.

NOTE 12. TRADE RECEIVABLES AND CONTRACT BALANCES

All amounts in NOK thousand

	31.12.2021	31.12.2020
Trade receivables		
Receivables related to revenue from contracts with customers - external	113 538	117 784
Provision for bad debts		-742
Total trade receivables	**113 538**	**117 042**

Provision for bad debts at 1 of January	-742	-1 233
+ new bad debts provisions	-	-742
- reversed bad debts provisions	-742	-1 233
Bad debt provision at 31 of December	**-**	**-742**

Trade receivables are non-interest bearing and are measured at amortized cost, see note 18 for details.

Maturity structure of invoiced trade receivables at 31 of December:

	31.12.2021	31.12.2020
Receivables not due for payment	50 791	89 843
Less that 30 days since due date	54 272	18 658
30-60 days since due date	223	-
60-180 days since due date	3 771	1 074
More than 180 days since due date	4 481	7 467
Total	**113 538**	**117 042**

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.

	31.12.2021	31.12.2020
Contract assets		
As of 1 January	66 007	54 071
Work done, but not invoiced	63 781	66 007
Reclassifications to accounts recievables	-66 007	-54 071
Total contract assets	**63 781**	**66 007**

Contract liabilities

For construction projects fixed payment plans are generally used, 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 amounts to 10 % of the sale price of the apartment. At year end there was sold and received advance payment for 0 units (45), MNOK 0 (MNOK 15.5). The advanced payment is secured by a warranty, according to Bustadsoppføringslova §47.

	31.12.2021	31.12.2020
Contract liabilities		
As of 1 January	64 202	15 514
Advances received	117 326	64 202
Recognised as income during the year	-64 202	-15 514
Total contract liabilities	**117 326**	**64 202**

NOTE 13. CASH AND CASH EQUIVALENTS

All amounts in NOK thousand

	31.12.2021	31.12.2020
Cash and bank deposits	195 654	246 905
Restricted funds	13 514	11 851
Total cash and cash equivalents	**209 168**	**258 756**

	31.12.2021	31.12.2020
Cash at banks and on hand	209 168	258 756
Overdraft facility	10 000	10 000

The Group had unused credit facilities of MNOK 10 as of 31 December 2021 (2020: MNOK 10). There are no restrictions on the use of the credit facility.

Property plant and equipment, receivables and inventory in Frigaard Property Group AS and subsidiaries Metacon AS, Alento AS and Frigaard Bolig AS are also used as collateral for the inhouse-cash facility as of 31.12.2021.

NOTE 14. NUMBER OF SHARES, SHAREHOLDERS ETC.

The shareholders at 31.12.21 are:

	Number of shares:	Owned by	Ownership interest:
FPG Invest AS	197 826	Trond Frigaard	84.76%
Heti Holding AS	18 348	Kristian Lindland, CEO Alento AS	7.86%
Metacon Holding AS	8 260		3.54%
Elo AS	5 128	Simon Martinsen, CEO Frigaard Property Group AS	2.20%
Longfarm AS	3 077		1.32%
OVRE INVEST AS	769	Tony Øvrevik, CEO Metacon AS	0.33%
Total	**233 408**		**100.00%**

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

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

NOTE 15. INCOME TAX EXPENSE AND DEFERRED TAX

All amounts in NOK thousand

Income tax expense:	**2021**	**2020**
Current tax:		
Tax payable	-	-
Deferred tax		
Total change in deferred tax	-158	6 316
Total deferred tax	**-158**	**6 316**
Acquisition of Alento / other	-40	31
Tax expense	**-197**	**6 346**

	2021	**2020**
Income taxes calculated at 22%	-1 173	14 217
Changes in unrecognised deferred tax asset	-222	-
Non deductible expenses	1 431	897
Non-taxable income	-	-10 276
Other	-233	1 508
Tax expense	**-197**	**6 346**

Deferred tax and deferred tax assets:

Deferred tax assets	**2021**	**2020**
Property, plant and equipment	-71	66
Investment property	-	-
Right-of-use-assets	373	336
Non-completed construction contracts	122 869	144 429
Current items	-6 010	-8 279
Tax losses carried forward	-15 635	-34 310
Deferred tax liabilities - gross	**101 526**	**102 242**
Net recognised deferred tax liabilities (asset if negativ amount)	**22 336**	**22 493**

NOTE 16. NON CURRENT LIABILITIES

All amounts in NOK thousand

	2021	2020
Bonds	**296 256**	-
Construction loans (development projects)	**4 889**	62 857
Loans from credit institutions	**38 944**	25 059
	340 089	**87 916**

In February 2021 FPG AS refinanced bonds at face value MNOK 300. Transactions cost related to the bonds amounted to MNOK 5.4 and are included in amortized cost calculations. The existing bonds mature in February 2024. Fair value of the bonds as of 31.12.21 are estimated to be MNOK 295.5. 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.

Repayment profile of loans from credit institutions	**Bonds**	**Construction loans**	**Loans from credit institutions**	**Total contractual cashflow**
Less than 1 year	25 204	1 805	2 686	**29 695**
Year 2 -4	331 862	6 673	39 619	**378 154**
More than 5 years			-	**-**
Total	**357 066**	**8 478**	**42 305**	**407 849**

The table above include repayment of interest.

Construction loans mature as projects are completed and delivered. The interest on the construction loans and loans from credit institutions have floating interest rates. The current range is from 2.9% on the construction loans, to a rate of 7% on the issued bonds.

Secured debts

Debt secured by collateral

	2021	2020
Bonds (current 2020)	**296 256**	298 565
Construction loans (development projects) - current	**4 889**	62 857
Loans from credit institutions - non-current and current	**38 944**	25 059
	340 089	**386 481**

Booked value of assets used as collateral

	2021	2020
Development properties	**333 884**	**326 876**

Shares in Frigaard Property Group and subsidiaries Metacon AS, Alento AS and Frigaard Bolig AS are also used as collateral per 31.12.2021.

Reconciliation of liabilities arising from financing activities

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 settelments	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

Liabilities 01.01.2021	**298 565**	**25 059**	**62 857**	**16 334**	**402 815**
					-
Proceeds from construction loans			103 523		103 523
Repayment of construction loans			-161 491		-161 491
Proceeds from the issuance of bonds	300 000				300 000
Payment of bonds	-300 000				-300 000
Issue cost paid	-5 465				-5 465
Proceeds from loans		14 000			14 000
Repayment of loans		-115			-115
Repayment of lease liabilities				-5 644	-5 644
Total transactions with cash settlements:	**-5 465**	**13 885**	**-57 968**	**-5 644**	**-55 192**
Other transactions without cash settelments	3 156			1 510	4 666
Total transactions without cash settlement	**3 156**	-	-	**1 510**	**4 666**
Liabilities 31.12.2021	**296 256**	**38 944**	**4 889**	**12 200**	**352 289**
Interest bearing liabilities - non current	296 256	38 944	4 889	6 985	347 074
Interest bearing liabilities -current				5 215	5 215

Other transaction without cash settlements in the table above is in 2021 related to accrual of borrowing cost of the bond loan from 2021, and new lease liabilities according to IFRS 16 recognized in 2021, 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 was expensed in 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. The dividend of MNOK 30 was paid to the shareholders in December 2021. 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 21 for further information. The refinancing resulted in a net cash flow effect of MNOK 8.5 following repayment of existing bond loan and transactions expenses.

NOTE 17. OTHER SHORT-TERM LIABILITIES

All amounts in NOK thousand

	2021	2020
Accrued salaries incl. holiday pay and social security	13 665	25 422
Interest expenses	3 389	970
Warrenty provision	8 396	8 136
Accrued expenses, property development operations	29 092	-
Accrued expenses, construction contracts	31 505	43 281
Accrued expenses, other	2 009	-
Total	**88 056**	**77 809**

See note 19 for more information on the warranty provisions.

NOTE 18. 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	
	2021	**2020**
Current		
Trade receivables and other receivables	192 858	151 007
Contract assets	63 781	66 007
Cash and cash equivalents	209 168	258 756
Total financial assets	**465 807**	**475 770**

	Liabilities measured at amortized cost	
	2021	**2020**
Non-Current		
Bonds	296 256	-
Liabilitites to financial institutions	38 944	25 059
Construction loan	4 889	62 857
Current		
Bond loan current	-	298 565
Trade account payables	222 243	136 989
Contract liabilities	117 326	64 202
Total financial liabilities	**679 658**	**587 672**

Financial instruments

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 are 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 19. WARRANTY PROVISIONS

All amounts in NOK thousand

	2021	2020
Warranty provision at 1 of January	8 136	9 199
+ new warranty provisions (additions)	6 619	5 892
- reversed warranty provisions (disposals)	3 759	3 794
- actual claims expenses (consumption)	2 600	3 161
Warranty provision at 31 of December	**8 396**	**8 136**

Provision is made for guarantee work under the item other short-term liabilities in the balance sheet. The provisions are to 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 20. RELATED PARTY TRANSACTION

All amounts in NOK thousand	2021	2020
Capital reduction (partial liquidation) to shareholders in FPG	-39 828	-

Frigaard Property Group AS's transactions with Soland Invest group companies	2021	2020
Managment fee - Soland Invest AS group	4 593	4 148
Income management services	849	810
Rental cost	593	599

Soland Invest AS has an ownership of 84.76% in Frigaard Property Group AS through its ownership in FPG Invest AS.

Transactions 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.

In 2020 a guarantee commission of MNOK 9.4 to Frigaard AS was signed and paid. The commission is related to Frigaard AS responsibilities as a guarantor in the share purchase agreement for Höganloftet AB, see note 10 for further information.

On the Annual Meeting in February 2021 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. The capital reduction in 2021 was related to previous shareholders in Alento AS.

At the extraordinary general meeting held on the 19 of November 2021, Frigaard Property Group's shareholders approved the distribution of an additional dividend of NOK 128.53 per share. The additional dividend of MNOK 30 was paid out to the entitled shareholders on 21 of December 2021.

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 the board member has a 25% ownership in Mistel Park AS.

The chairman of the board of Frigaard property Group AS is also partner in the law firm BAHR, thus BAHR is considered a related party. During 2021, Frigaard Property Group AS purchased legal services from BAHR in connection with mainly potential acquisitions and equity transactions for TNOK 670.

NOTE 21. 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 war in Ukraine, and the consequences will depend on the scope and duration of the war.

INCOME STATEMENT FRIGAARD PROPERTY GROUP AS (PARENT)

All amounts in NOK thousand	Note	2021	2020
Other operating revenue	8	1 074	1 031
Personnel expenses	6	6 795	11 024
Depreciation of fixed assets	13	796	704
Other operating expenses	6	8 653	9 894
Total operating expenses		16 244	21 622
Operating profit		-15 170	-20 591
Income from investments in subsidiaries	2	54 038	40 829
Interest income from group companies	8,9	10 974	8 003
Other interest income	9	5	58
Interest expense to group companies	8,9	-4 254	-209
Other interest expense	9	-23 396	-22 932
Other financial expenses	9	-6 434	-2 961
Profit before income tax		15 763	2 197
Income taxes	7	4 819	-3 602
Net profit (-loss) for the year		10 944	5 799
Allocation of profit			
Dividend from retained earnings		30 000	
From retained earnings		-19 056	5 799
Total		10 944	5 799

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2021	2020
ASSETS			
Intangible assets			
Intangible assets	14	127	-
Deferred tax assets	7	2 348	7 167
Total intangible assets		**2 475**	**7 167**
Tangible assets			
Equipment, fixtures and fittings	13	3 546	3 990
Machinery	13	34	48
Office equipment and similiar	13	1 028	1 347
Total tangible assets		**4 608**	**5 385**
Long term financial assets			
Investments in subsidiaries	1, 11, 12	351 990	326 990
Loan to group companies	2	201 784	126 829
Total financial fixed assets		**553 774**	**453 819**
Total fixed assets		**560 857**	**466 372**
Current assets			
Accounts receivables	2	907	146
Other short-term receivables		885	969
Dividend from subsidiaries	2	-	36 000
Group contribution receivables	2.7	5 843	4 829
Total receivables		**7 635**	**41 944**
Cash and cash equivalents	10	**166 477**	**5 710**
Total current assets		**174 112**	**47 654**
TOTAL ASSETS		**734 969**	**514 026**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2021	2020
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	4	467	543
Share premium reserve		122 583	192 335
Retained earnings		16 744	5 799
Total equity	5	**139 793**	**198 677**
LIABILITIES			
Bonds	3	296 256	-
Loan from group companies	2	292 201	10 209
Total of other long term liabilities		**588 457**	**10 209**
Current debt			
Bonds	3	-	298 565
Trade account payable	2	1 445	916
Public duties payable		407	800
Other short-term liabilities		4 867	4 859
Total current liabilities		**6 719**	**305 140**
Total liabilities		**595 176**	**315 349**
TOTAL EQUITY AND LIABILITIES		**734 969**	**514 026**

STATEMENT OF CASH FLOWS FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	2021	2020
Cash flow from operations		
Profit before income taxes	15 763	2 197
Depreciation	796	704
Change in accounts receivable	-761	-52
Change in accounts payable	529	-3 680
Change in other provisions	4 449	-34 829
Net cash flow from operations	**20 776**	**-35 660**
Cash flow from investments		
Purchase of fixed assets	-19	-238
Purchase of intangible assets	-127	-
Proceeds from loan to group companies	-	10 632
Repayment of loans to group companies	- 75 581	-
Dividend from subsidiaries	36 000	
Adjustment purchase price shares in subsidiaries	- 25 000	5 578
Net cash flow from investments	**- 64 727**	**15 972**
Cash flow from financing		
Proceeds from the issuance of bonds	300 000	-
Payment related to bonds	- 308 465	-
Proceeds from liabilitites to group companies	278 181	10 209
Group contribution received	4 829	4 005
Repayment from capital reduction	- 39 828	-
Payment of dividend	- 30 000	-
Net cash flow from financing	**204 717**	**14 214**
Net change in cash and cash equivalents	**160 766**	**-5 474**
Cash and cash equivalents at the beginning of the period	5 710	11 184
Cash and cash equivalents at the end of the period	**166 477**	**5 710**
Which consists of:		
Cash	**166 477**	**5 710**

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. Revenue from sales of service is recognised over time 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, in house cash and 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 31.12.2021
Frigaard Bolig AS	Sarpsborg	100 %	65 428	-14 134	100
Metacon AS	Sarpsborg	100 %	30 534	-32 647	70 189
Alento AS	Drammen	100 %	70 317	62 149	281 701
Book value					**351 990**

MNOK 25 has been given from Frigaard Property Group AS to Metacon as a Group Contribution without tax effect. 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		Accounts receivables		Other short-term receivables	
	2021	2020	2021	2020	2021	2020
Companies in the same group	201 784	126 829	907	115	5 843	40 829
Sum	**201 784**	**126 829**	**907**	**115**	**5 843**	**40 829**

	Accounts payable		Long-term liabilities	
	2021	2020	2021	2020
Companies in the same group	600	734	292 201	10 209
Sum	**600**	**734**	**292 201**	**10 209**

NOTE 3 LIABILITIES

All amounts in NOK thousand

All amounts in NOK thousand

	2021	2020
Long-term debt with maturity in excess of 5 years	-	-

	2021	2020
Bond debt, face value	300 000	300 000
Initial bond costs	-3 744	-1 435
Total	**296 256**	**298 565**

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.

NOTE 4 TOTAL SHARES, SHAREHOLDERS ETC.

The share capital of NOK 466 816 consists of 233 408 shares with a face value of NOK 2. All shares have the same rights.

Overview of the largest shareholders at 31.12.2021

Overview of the shareholders at 31.12.2021

	Number of shares	Owned by	Ownership interest
FPG Invest AS	197 826	Trond Frigaard	84.76 %
Heti Holding AS	18 348	Kristian Lindland, CEO Alento AS	7.86 %
Elo AS	5 128	Simon Martinsen, CEO Frigaard	2.20 %
Longfarm AS	3 077		1.32 %
OVRE INVEST AS	769	Tony Øvrevik, CEO Metacon AS	0.33 %
Metacon Holding AS	8 260		3.54 %
Total	**233 408**		**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 Sandesundsveien 2, 1724 Sarpsborg, Norway.

NOTE 5 EQUITY

All amounts in NOK thousand

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.2021	543	192 335	5 799	198 677
Capital reduction (partial liquidation)	-76	-39 752	-	-39 828
Dividend	-	-30 000	-	-30 000
Profit for the period	-	-	10 944	10 944
Equity as at 31.12.2021	**467**	**122 583**	**16 744**	**139 793**

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 2021.
No loans or guarantees have been given to any board members or other related parties.

All amounts in NOK thousand

	2021	2020
Salaries and holiday pay	5 477	7 720
Social security	974	858
Pension costs defined contribution plans	136	149
Other personell costs	208	2 296
Total salaries and personnel expense	**6 795**	**11 024**
Number of average man labour	3	6

Management remuneration

Salaries and holiday pay	2 846
Social security	401
Pension costs defined contribution plans	48
Other personell costs	96

Expensed remuneration to the auditor	2021	2020
Audit fees	787	1 156
Tax advisory services	-	14
Other non-audit services	23	430
Total	**809**	**1 600**

VAT is included in the fees specified above.

NOTE 7 TAX

Calculation of deferred tax:

All amounts in NOK thousand

Timing differences:	**2021**	**2020**	**Change**
Fixed assets	209	299	90
Other differences	3 744	1 435	-2 309
Net timing differences	3 953	1 734	-2 220
Accumulated tax losses carried forward	-14 626	-34 310	19 685
Basis for calulation of deferred tax	**-10 672**	**-32 577**	**-8 100**
Deferred tax (22 %)	-2 348	-7 167	-4 819
Deferred tax liability (-asset)	**-2 348**	**-7 167**	**-4 819**

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

Taxable income:	**2021**	**2020**
Profit before taxes	15 763	2 197
Permanent differences	180	306
Change in timing differences	-2 220	2 848
Group contribution received - taxable	29 156	17 123
Received dividend	-23 195	-36 000
Dividend	-	-
Change of tax losses carried forward	-19 685	13 626
Taxable income	-	-

Income tax expense:	**2021**	**2020**
Tax payable	-	-
Total tax payable	-	-
Changes in deferred tax assets	4 819	-3 602
Tax expense	**4 819**	**-3 602**
Reconciliation of tax expense:		
Profit before taxes	15 763	2 197
Income taxes calculated at 22%	3 468	483
Tax expense in the income statement	4 819	-3 602
Difference	**-1 351**	**4 086**
Tax effect of permanent differences	-40	-67
Tax on group contributions	-6 414	-3 767
Dividend	5 103	7 920
Explained difference	**-1 351**	**4 086**

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:	**2021**	**2020**
All amounts in NOK thousand		
a) Interest income		
- Companies in the same group	10 974	8 003
b) Interest expense		
- Companies in the same group	4 254	209
c) Income management services		
- Companies in the same group	1 074	1 002
c) Management/IT overhead costs		
- Companies in the same group	5 283	4 020

NOTE 9 FINANCE INCOME AND EXPENSES

All amounts in NOK thousand

Finance income	**2021**	**2020**
Interest income from group companies	10 974	8 003
Other interest income	5	58
Total finance income	**10 979**	**8 061**

Finance expenses	**2021**	**2020**
Interest expenses from group companies	-4 254	-209
Interest expenses bond	-23 396	-22 932
Other financial expenses	-6 434	-2 961
Total finance expenses	**-34 084**	**-26 102**

NOTE 10 RESTRICTED FUNDS

All amounts in NOK thousand

	2021	**2020**
Restricted payroll tax obligations	282	138
Restricted bank depostits	0	202
Total	**283**	**340**

NOTE 11 SECURED DEBTS

All amounts in NOK thousand

Debt secured by collateral	2021	2020
Bond	300 000	300 000
Total	**300 000**	**300 000**

Booked value of asset used as collateral	2021	2020
Shares in subsidiaries	351 990	326 990
Total	**351 990**	**326 990**

NOTE 12 GUARANTEES

At December 2021 Frigaard Property Group AS has provided guarantees for its subsidiaries totaling approximately MNOK 307 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 similiar**
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
Carrying amount 01.01	3 990	48	1 347
Additions	-	-	19
Depreciations	-444	-14	-338
Carrying value 31 of December 2021	**3 546**	**34**	**1 028**
Lower of remaining lease term or economic life	3-5 years	5 years	

NOTE 14 INTANGIBLE ASSETS

All amounts in NOK thousand	2021	2020
Carrying amount 01.01	-	-
Additions	127	-
Carrying value 31 of December	**127**	-
Lower of remaining lease term or economic life	5 years	

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 statement of financial position as at 31 December 2021, 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 statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in pwc

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 12 years from the election by the general meeting of the shareholders on 21 September 2010 for the accounting year 2010.

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 goodwill* have the same characteristics and risks this year as the previous year and consequently have been an area of focus also for the 2021 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of income from construction contracts	
Revenue from construction contracts amounts to NOK 1 339 452 thousand in 2021. 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. 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	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. 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 two on-site visits we assessed consistency between incurred costs and actual delivered materials and services. We concluded that management's use of judgements was reasonable. 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

statement line items, such as revenue from contracts, materials, subcontractors and consumables, trade receivables, other short-term liabilities and taxes.

We refer to notes 2 and 4 for more information about constructions contracts and how management assess contract completion.

sample basis, if accounting for incurred contract revenues and related contract assets were based on calculated contract completion.

Further, we performed substantive procedures to obtain supporting evidence for costs incurred and allocation to the individual construction contracts. For a sample of construction contracts, we also tested if only hours and costs pertaining to those projects were allocated to the projects.

Furthermore, we performed procedures to test if 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 NOK 284 019 thousand as of 31 December 2021 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's use of assumptions, including estimation of future revenue and cost is judgmental.

We refer to note 2 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.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

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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 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Audit Committee 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.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "254900PADEO0LU7JL270-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger.

Oslo, 25 April 2022
PricewaterhouseCoopers AS

Sjur Holseter
State Authorised Public Accountant

SUSTAINABILITY IN FRIGAARD PROPERTY GROUP

The biggest change of our time is the transition to a more sustainable society.

Frigaard Property Group will be a pioneering player that actively contributes to the sustainable development of society - and to making a difference through our core business.

The companies in the group are in the driver's seat of a large value chain with investments, project development and construction for various types of projects and customers. We recognize sustainability as a highly interdisciplinary field, with the opportunities and challenges that result from triple gains for the environment, social conditions and the economy.

Sustainability is high on the agenda in the group's strategic development, and the companies work continuously with a focus on improving sustainability throughout the value chain. We must ensure that what we influence and carry out is in line with our ambition within sustainability, and that our activities are positive for present and future generations. Through our agenda, we will create long-term and lasting values for both society and the group.

Our priorities - which make a difference:

- **Management** ensures that sustainability is a priority area - in both short and long term.
- **Sustainability action plan** for all companies as well as a joint working group to ensure synergies across property developer and construction activities.
- **Environmental lighthouse certification** for our Construction companies and Property development company in the group - and show continuous improvement of established criteria and KPI that follow from the certification.
- **Environmental ambition** for all new projects. Including a project-specific environmental plan with an indication of the minimum standard and opportunities, which are linked to the individual project's life cycle. Especially for self-developed projects, the impact is great from the early phase.
- **HSE** in the driver's seat from early planning and all the way to all our construction sites in operation. We will take care of safety, working environment and health for all our employees and partners. Our target is, zero injuries, and that everyone shall get home safe.
- **Social** values are created for society, by safeguarding human rights and complying with our ethical guidelines. We must also ensure targeted area development and area utilization, adapted to the individual local market. High end customer satisfaction.
- **Attractive partner and workplace**, which promotes interaction and challenges on alternative assessments from concept-to-material. We will influence our decision-makers, partners, customers and colleagues to make fact-based and sustainable choices.
- **Economic growth** that provides security for both people and society. We will be hands-on and ensure the best possible return with efficient resource utilization in all our projects.
- **Innovation** and presence through participation in industry-related gatherings, networks and societies. We must be open and transparent for exchanges of experience and cooperation, which can contribute to more sustainable developments. Membership in industry networks and that all companies have signed the Guide Against Greenwashing.

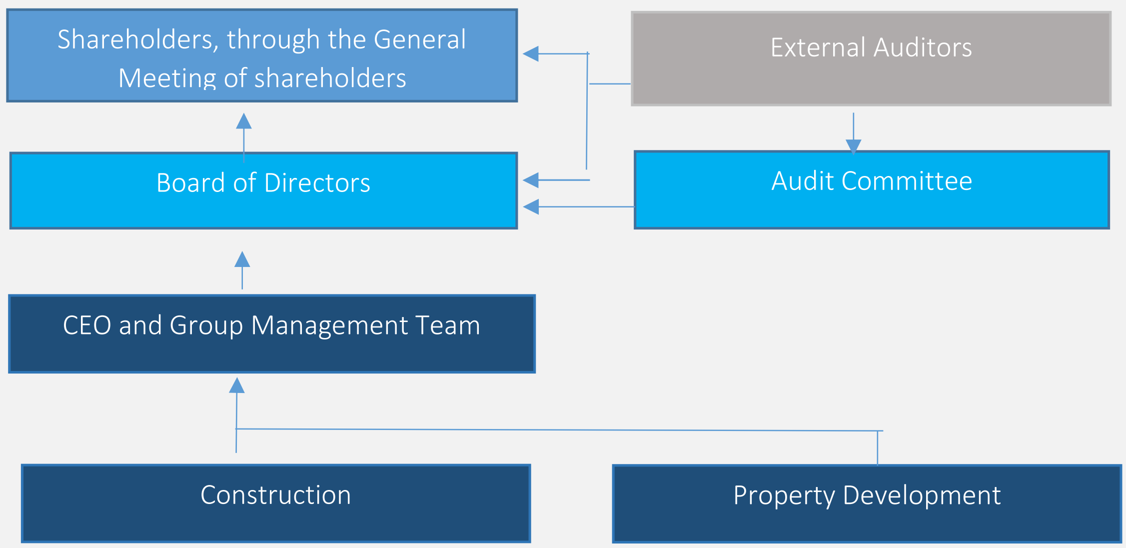
The UN's 17 sustainability goals are a global work plan to eradicate poverty, fight inequality and stop climate change by 2030. We have identified the following goals that reflect where we have the greatest impact through the group's activities.

- Decent work and economic growth
- Sustainable cities and communities
- Responsible consumption and production
- Stop climate change

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 affects its corporate governance.

Governance structure



Shares and shareholders

The share capital at the end of 2021 amounted to 466.816 NOK consisting of a total 233.408 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 84.76% 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 3 members elected by the General Meeting.

The work of the Board in 2021

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 2021 the Board held 11 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.

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. The external auditor has attended 3 Board's Audit Committee meetings to report on the auditing process of PwC for FPG, and to provide the members of the Board's Audit Committee with an opportunity to ask questions.

The external auditor is independent of Frigaard Property Group and issues an annual written confirmation to the board of directors that stipulated independence requirements are met. Frigaard Property Group has guidelines in place on the scope and types of additional services provided by the auditor. The external auditor’s remuneration is specified in Note 6.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the board of directors and the chief executive officer reviewed and approved the board of directors' report and the consolidated and separate annual financial statements of Frigaard Property Group AS, consolidated and parent company for the year ending and as of 31 December 2021.

Frigaard Property Group AS's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act and as such are to be applied per 31 December 2021. The separate financial statements of Frigaard Property Group AS and the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as at 31 December 2021. The board of directors' report for the group and the parent company satisfy with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as at 31 December 2021.

To the best of our knowledge:

The consolidated and separate annual financial statements for 2021 have been prepared in accordance with applicable accounting standards.

The consolidated and separate annual financial statements give a true and fair overall view of the assets, liabilities, financial position and profit/loss of the group and for the parent company as of 31 December 2021.

The board of directors' report provides a true and fair review of the

- development and performance of the business and the position of the group and the parent company,
- the principal risks and uncertainties the group and the parent company may face.

Sarpsborg, 25 April 2022

The Board of Directors

Helge Stemshaug
Chairman

Trond Olav Frigaard
Board Member

Kristian Lindland
Board Member

Simon Nyquist Martinsen
CEO

Frigaard Property Group AS - Private Limited Company

Domicile in Sarpsborg, Viken county, Norway

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