

Q1
2022

First quarter 2022

Frigaard Property Group AS



CEO STATEMENT

The Construction Segment

Our construction business had strong order intake in the quarter, 489 MNOK compared to 286 MNOK last year. Resulting in a orderbook at its highest ever at total of 1 629 MNOK. For our Construction segment Metacon / Frigaard Entreprenør is developing gradually from a weak Q4 2021, following a set of improvement measures. While Alento is performing very well with revenues of 282 MNOK and 7,7% EBITDA margin in the quarter.

The ongoing situation in Ukraine has implications for our industry; availability, lead times and prices for raw materials are developing in a challenging way. Despite this, we continue to sign new orders, and find ways to co-operate with suppliers and customers to secure activity levels and margins.

Partially during the quarter, and finally in April, Alento delivered our largest ever order to BAMA – a combined production and office building of more than 30k sqm in Tranby Norway. And as of this date, Metacon has signed the largest ever steel construction order, for a logistic center in Vestby, to be occupied by IKEA.

The separation of Metacon AS into a steel construction and total contractor (Frigaard Entreprenør) has been well received in the market, and we are planning the next steps, which means a full legal separation. This will further focus these two businesses and make them stronger in each of their segments.

The property development segment

We launched the project Dronningen in Sarpsborg and the third and final phase of the project Tribunen in Moss, in Q1. Sales in both projects has been strong and as of this date 38 out of 50 units are sold at Tribunen phase three and 13 of 16 units are sold at Dronningen. Altogether we sold 57 units in Q1, up from 2 units in Q1 last year.

As of Q1 we have 102 units in production, and construction of the Høglia project will commence in May, with further 30 units and 9 land plots.

Match 1st, on time, we delivered a 20k+ sqm logistics building in Tranås Sweden, to Relog. The project was sold on a forward contract in 2020, and final payment of 60 MNOK was received April 1st.

On an ongoing basis we screen and evaluate new projects, this has led to us entering into agreements for an estimated development potential of more than 10k BRAS in the center of Ski, Norway. The regulation process for the area is estimated to start in Q1 2023. The transaction has limited cash need until finalization of regulation.

Balance Sheet and cash flow

Cash positions continue to be on a high level, at 206 MNOK at the end of the quarter, despite redemption of shares and dividend paid in 2021 of 70 MNOK. We are exposed to working capital fluctuations in the Construction segment, which are monitored and followed up closely. Within the property development segment we are in progress of allocating equity needed before taking on construction loans for the Høglia, Dronningen and the third phase of the Tribunen project. This financing is covered by our own cash balances.

60 MNOK was received as payment for the delivery of the logistic building in Tranås Sweden 1st of April.

Going forward

The ongoing situation in Ukraine has led to a challenging business environment, more specifically raw material prices are increasing, and lead times are longer. Further the macro environment and increasing inflation may influence new builds of both residential and other types of properties. Within our order backlog a large degree of prices are secured, and our experience so far is that customers are still taking investment decisions, although a larger degree of co-operation and work to optimize costs and functionality, are required within the value chain.

Alento is very well driven and solid profits are expected going forward. Metacon is on the right track of restoring profitability after a weak 2021, and after implementing several improvement initiatives. Our property development division has experienced very strong sales, our property development projects have good locations and construction are commencing well.

With a solid backlog, cash position and balance sheet we are well equipped to tackle the challenges going forward and continue to grow the topline and profit.



Simon Martinsen, CEO, Sarpsborg, 12th of May 2022

HIGHLIGHTS

First quarter 2022

- ✓ Revenue increased with 10.3% to MNOK 377.6 (MNOK 342.4)
- ✓ Operational cashflow of MNOK -28.3 (MNOK -42.3).
- ✓ Order intake of MNOK 488.7 (MNOK 286.1).
- ✓ Order backlog of MNOK 1628.5 (MNOK 950.2) whereof MNOK 404.8 is towards Frigaard Bolig (MNOK 50.5)
- ✓ EBITDA of MNOK 14.9 (MNOK 16.0)

Outlook 2022

- ✓ Strong backlog and pipeline in the construction segment
- ✓ High sales of residential properties
- ✓ Secured further development area
- ✓ Monitoring and implementing measures to mitigate the situation following the situation in Ukraine
- ✓ Strong cash position and balance sheet
- ✓ Received 60 MNOK in April after hand over of the logistic building in Tranås Sweden
- ✓ Signed the largest ever steel construction project in May, a distribution center to be occupied by IKEA

SUMMARY OF 1st QUARTER 2022

Key figures (NOK million)	1Q 22	1Q 21	31.12.2021
Revenues Property development	15.4	0.3	242.9
Revenues Construction	361.9	341.9	1 499.6
Revenues Other	0.2	0.2	0.8
Elimination of internal income	-	-	-160.1
Total revenues and other income	377.6	342.4	1 583.4
EBITDA Property development	-1.2	-1.0	-5.8
EBITDA Construction	19.6	20.0	41.1
EBITDA Other	-3.6	-3.1	-14.1
Total EBITDA	14.9	16.0	21.2
Earnings before financial items and tax (EBIT)	12.9	13.8	13.2
Earnings before tax (EBT)	9.9	5.9	-5.3
EBITDA margin	3.9 %	4.7 %	1.3 %
Operating profit margin	3.4 %	4.0 %	0.8 %
Profit margin	2.6 %	1.7 %	-0.3 %
Cash flow from operating activities	-28.3	-42.3	118.5
Net interest-bearing debt (NIBD)	170.0	209.9	115.6
Net interest-bearing debt excluding construction loan	114.9	195.2	110.7
Equity ratio	22.5 %	27.3 %	22.3 %
Order backlog	1 628.5	950.2	1 519.6
of which toward Frigaard Bolig	404.8	50.5	215.7
Order input	488.7	286.1	1 970.6



BAMA – Tranby - Alento

FINANCIAL REVIEW

Income statement and order intake

Frigaard Property Group reported revenues of MNOK 377.6 (MNOK 342.4) and EBITDA of MNOK 14.9 (MNOK 16) for the quarter.

Total order intake in the first quarter was MNOK 488.7 (MNOK 286.1). Order backlog at the end of the quarter is MNOK 1 628.5 (MNOK 950.2).

Cash flow

Cash flow from operations amounted to MNOK -28.3 (MNOK -42.3). The Cash and cash equivalents as of 31st of March 2022 amounts to MNOK 205.6 (MNOK 234.6). The liquidity situation of the Group is solid.

Balance sheet

The Group had an equity of MNOK 254.8 (MNOK 326.7) per 31st of March 2022, corresponding to an equity ratio of 22.5 percent.

Net interest-bearing debt was MNOK 170.0 (MNOK 209.9). Net interest-bearing debt after adjustment for leasing liability, were MNOK 157.5 (MNOK 195.2). Net interest-bearing debt after adjustment for construction loan was MNOK 114.9 (MNOK 100.4).

Segments

Frigaard Property Group consists of two segments, Construction and Property development.

Construction reported revenues of MNOK 361.9 (MNOK 341.9) and EBITDA of MNOK 19.6 (MNOK 20.0) in the quarter. Property development reported revenues of MNOK 15.4 (MNOK 0.3) and EBITDA of MNOK -1.2 (MNOK -1.0).

BUSINESS AREAS

Construction

NOK million	1Q 22	1Q 21	31.12.2021
Revenues and other income	361.9	341.9	1 499.6
EBITDA	19.6	20.0	41.1
EBIT	17.9	18.4	34.5
EBITDA margin	5.4 %	5.85 %	2.7%
Operating profit margin	4.9 %	5.38 %	2.3%
Order backlog	1 628.5	950.2	1 519.6
<i>of which toward Frigaard Bolig</i>	404.8	50.5	215.7

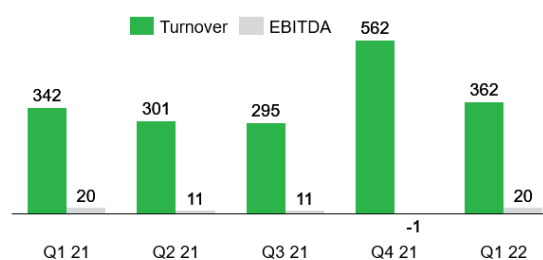
The business area construction consists of two business units, Alento AS and Metacon AS. Metacon AS consist of two divisions, Frigaard Entreprenør and Metacon. Alento AS and Frigaard Entreprenør are turn-key contractors that execute the development and construction of commercial buildings and residential properties. Metacon is a supplier of structural steel and steel buildings.

Reported revenues were MNOK 361.9 (MNOK 341.9) for the first quarter. This corresponds to an increase of 5.8 percent compared to the same quarter last year. Revenue from sale of development property is recognized when control over the property has been transferred to the customer.

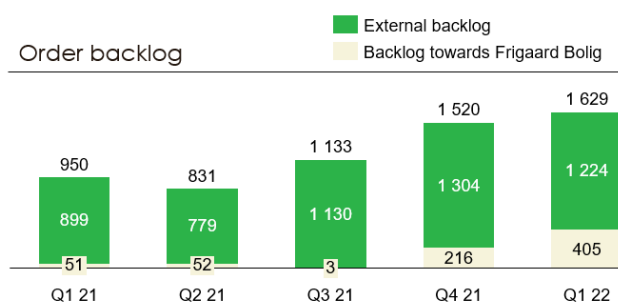
The construction segment delivers a strong result this quarter, where Alento once again have increased revenues year on year and good profitability, and the highest backlog ever. EBIT for the construction segment was MNOK 17.9 (MNOK 18.4), and in total profitability have this quarter been solid despite challenges related to the supplier market following the ongoing war in Ukraine.

During the quarter we added new contracts of MNOK 488.7 (MNOK 286.1). And the backlog is all time high, and the backlog represents and secure good utilization of our organization for 2022. Internal order backlog represents Metacon's backlog on internal projects within the Property Development segment where construction has commenced based on sales and regulatory processes. See separate section for the Property Development segment for further details.

Revenues and EBITDA



Order backlog



Property development

NOK million	1Q 22	1Q 21	31.12.2021
Revenues and other income	15.4	0.3	242.9
EBITDA	-1.2	-1.0	-5.8
EBIT	-1.2	-1.3	-6.1
EBITDA margin	-7.7 %	n.a	-2.4%
Operating profit margin	-7.9 %	n.a	-2.5%
No. of units under construction	102	69	31
No. of units sold	57	2	84
No. of units in land bank	270	342	270

The business area Property development develops residential units and commercial buildings within the inter-city triangle. The Group, recognises revenue when the control of the property has been transferred to the customer.

Revenues in the quarter amounted to MNOK 15.4, compared to MNOK 0.3 in the same period last year. EBIT amounted to MNOK -1.2 (MNOK -1.0). The revenues stems from the hand over of units from the first phase of Tribunen, located in Moss.

Projects are in the start up for both sale and building in 2022, the planning of these, dependent upon market situation, regulatory processes and construction progress is illustrated in the table below. Plots in Mysen is expected to be finalized during 2022.

Projects	Scheduled sale start	Scheduled start of building	Ready for hand over	No. of units	BRAs*
Tribunen phase 1, Moss	Q2 2019	Q2 2020	Q4 2021	69	4 713
Tribunen phase 2, Moss	Q4 2021	Q2 2022	Q2 2023	55	4 374
Tribunen phase 3, Moss	Q1 2022	Q3 2022	Q4 2023	50	3 665
Fagerlia phase 1, Fredrikstad	Q2 2021	Q4 2021	Q2 2023	31	2 966
Fagerlia phase 2, Fredrikstad	Q2 2022	Q4 2022	Q4 2023	30	2 797
Fagerlia phase 3, Fredrikstad	Q3 2021	Q3 2022	Q4 2023	8	1 400
Høgliveien, Mysen	Q4 2021	Q3 2022	Q4 2023	30	2 438
Høgliveien plots, Mysen	Q4 2021	Q2 2022	Q4 2022	9	7 424
Dronningensgate Atrium, Sarpsborg	Q1 2022	Q2 2022	Q2 2023	16	1 111
Solbyen, Sarpsborg	Q4 2022	Q3 2023	Q1 2025	50	2 900

*BRAs is the usable area in a home.

The majority of the portfolio is scheduled to be delivered in 2023, which will lead to improved profit and cash flow in that year. Work to increase the portfolio has been significantly stepped up.

We have experienced a very good sales start of Dronningen and Tribunen phase 3 in Q1. During the quarter a total of 57 apartments were sold, compared to 2 units in Q1 2021. Sales will naturally fluctuate quarter over quarter depending on the maturity of the projects.

Other information

HSE

Health, Safety and Environment is a core focus area for Frigaard Property Group. Our ambition is zero injuries. The group is constantly working to make sure everybody that works for- and with us gets home safely to their families everyday. During first quarter 2022 we are happy to once again report that we had no injuries to our workers, which is on the same level as Q1 last year.

Outlook

After a weak and challenging fourth quarter for Metacon, the company have strengthened its staff and implemented a various set of improvement actions. The pipeline is strong, and the steel construction department has signed its largest contract (in May) ever for a distribution center in Vestby, Norway in May 2022. Metacon is a sub supplier and the center is to be occupied by IKEA.

Alento has a very high and healthy backlog as well as pipeline and continue to deliver best in class margins.

Large contracts have been handed over in March and April and have proven our ability to compete with larger national contractors.

Residential projects have been launched in the market, sales have been very strong, and further development area has been secured for the future.

Within the value chain the property development and construction business find way to mitigate the challenging situation in the supplier market following the situation in Ukraine, and new contracts are continued to be signed.

On the back of the above, we are in a good position to continue to develop the business and generate growth and profits. At the same time, we have a healthy balance sheet and solid cash position enabling us to meet the potential challenges from the macro environment.



Tribunen, Moss, Frigaard Bolig and Metacon

INCOME STATEMENT

All amounts in NOK thousand	Note	1Q 2022	1Q 2021	31.12.2021
Revenue from contracts with customers	5	377 355	342 086	1 582 319
Other operating revenue		211	347	952
Total operating revenue	6	377 566	342 433	1 583 271
		-		
Materials, subcontractors and consumables		319 133	285 308	1 400 545
Salaries and personnel expense		36 217	33 032	133 558
Other operating expense		7 351	8 108	27 923
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	5	14 865	15 985	21 245
		-		
Depreciation and amortisation expense		2 009	2 222	8 022
Operating profit (EBIT)	5	12 856	13 763	13 223
		-		
Net financial costs		2 934	7 814	18 555
		-		
Profit before income tax		9 922	5 949	-5 332
		-		
Income taxes		2 167	1 309	-197
		-		
Net profit (loss) for the period		7 755	4 640	-5 135

STATEMENT OF COMPREHENSIVE INCOME

	1Q 2022	1Q 2021	31.12.2021
Other comprehensive income			
<i>Items which may be reclassified to profit and loss in subsequent periods</i>			
Exchange differences on translation of foreign subsidiaries	-	-	-
Total comprehensive income for the year	7 755	4 640	-5 135

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.03.2022	31.03.2021	31.12.2021
All amounts in NOK thousand				
Non-current assets				
Other intangible assets		121	90	127
Goodwill		284 019	284 019	284 019
Buildings and land		3 662	4 203	3 798
Machinery and equipment		4 384	4 151	4 439
Right-of-use assets		12 825	15 264	12 576
Investment property		-	-	-
Other long term receivables		-	27 497	-
TOTAL NON-CURRENT ASSETS		305 011	335 224	304 959
Current assets				
Inventories and development properties		360 184	382 609	334 759
Trade receivables		77 450	155 867	113 538
Contract assets		72 039	83 485	63 781
Other short-term receivables		110 373	6 187	79 320
Cash and cash equivalents		205 614	234 570	209 168
TOTAL CURRENT ASSETS		825 660	862 718	800 566
TOTAL ASSETS		1 130 671	1 197 942	1 105 525

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31.03.2022	31.03.2021	31.12.2021
All amounts in NOK thousand				
Equity				
Share capital		467	543	467
Share premium reserve	8	167 396	216 389	167 396
Total paid-in capital		167 863	216 932	167 863
Retained earnings	8	86 940	109 721	79 187
Total retained earnings		86 940	109 721	79 187
TOTAL EQUITY		254 803	326 653	247 050
Non-current liabilities				
Deferred tax		24 501	23 810	22 336
Bond loan		296 724	295 195	296 256
Liabilities to financial institutions		38 915	25 030	38 944
Construction loan		55 135	-	4 889
Leasing liabilities		6 806	10 234	6 985
Other non-current liabilities		45 955	72 719	45 955
TOTAL NON-CURRENT LIABILITIES		468 036	426 988	415 365
Current liabilities				
Short term construction loan		-	109 553	-
Lease liabilities		5 714	4 474	5 215
Trade account payables		151 733	139 427	222 243
Public duties payable		29 648	32 148	10 270
Contract liabilities		145 186	68 287	117 326
Other short-term liabilities		75 551	90 412	88 056
TOTAL CURRENT LIABILITIES		407 832	444 301	443 110
TOTAL LIABILITIES		875 868	871 289	858 475
TOTAL EQUITY AND LIABILITIES		1 130 671	1 197 942	1 105 525

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
	Share capital		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
Comprehensive income					
Profit for the period			4 640	4 640	4 640
Other comprehensive income			-	-	-
Equity at 31.03.2021	543	216 389	109 720	109 720	326 653
Transaction with owners					
Capital decrease	-76	-39 752			-39 828
Dividends		-9 241	-20 759	-20 759	-30 000
Profit for the period Q2-Q4 2021			-9 775	-9 775	-9 775
Other comprehensive income			-	-	-
Equity as at 31.12 2021	467	167 396	79 187	79 187	247 050
Equity as at 01.01 2022	467	167 396	79 187	79 187	247 050
Comprehensive income					
Profit for the period			7 755	7 755	7 755
Other comprehensive income			-	-	-
Equity as at 31.03 2022	467	167 396	86 940	86 940	254 803

STATEMENT OF CASHFLOW

All amounts in NOK thousand	Note	1Q 2022	1Q 2021	31.12.2021
Cash flow from operations				
Profit before income taxes		9 922	5 949	-5 332
Depreciation		2 009	2 222	8 022
Impairment of fixed assets		-42	321	322
Change in inventory		-25 423	-54 915	16 452
Change in trade receivables		47 104	-22 240	72 230
Change in trade account payables		-70 510	2 438	85 209
Change in other provisions		8 652	23 954	-58 359
Net cash flow from operations		-28 288	-42 271	118 544
Cash flow from investments				
Purchase of fixed assets and other intangible assets		-351	-548	-2 024
Purchase of subsidiaries (net of cash)		-	-	-5 857
Other investment		-96	-18 173	-18 231
Net cash flow from investments		-447	-18 721	-26 112
Cash flow from financing				
Proceeds from the issuance of bonds	9	-	300 000	300 000
Payment of bonds	9	-	-303 000	-303 000
Issue costs paid	9	-	-4 948	-5 465
Repayment of long term loans		-29	-29	-115
Proceeds from construction loans		50 246	46 696	103 523
Repayment of construction loans		-23 646	-	-161 491
Repayment of lease liabilities		-1 390	-1 913	-5 644
Capital reduction	8	-	-	-39 828
Payment of dividend		-	-	-30 000
Net cash flow from financing		25 181	36 806	-142 020
Net change in cash and cash equivalents		-3 554	-24 186	-49 588
Cash and cash equivalents at the beginning of the period		209 168	258 756	258 756
Cash and cash equivalents at the end of the period		205 614	234 570	209 168

NOTES

NOTE 1. GENERAL INFORMATION

Frigaard Property Group AS is a Norwegian building- and construction group with its main office located in Sarpsborg. The Group is operating in Norway.

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

This summary of financial information for first quarter of 2022 has not been audited.

NOTE 2. BASIS OF PREPERATION

Frigaard Property Group AS' consolidated financial statements are prepared in accordance with IAS 34 Interim accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with annual report for 2021, which have been prepared in accordance with the international Financial Reporting Standards (IFRS).

NOTE 3. CHANGES IN GROUP STRUCTURE

Subsidiaries

Group Companies	Location	Ownership
Frigaard Property Group AS (parent company)	Sarpsborg	100%
Metacon AS	Sarpsborg	100%
Alento AS	Drammen	100%
Sub-group Frigaard Bolig:		
Frigaard Bolig AS (parent company in sub-group)	Sarpsborg	100%
Høgliveien 30 AS	Sarpsborg	100%
Fagerliveien Utvikling AS	Sarpsborg	100%
Ryggeveien 33 AS	Sarpsborg	100%
Solbyen Utvikling AS	Sarpsborg	100%
Dronningensgate Atrium AS	Sarpsborg	100%

Høgliveien Eiendom AS was merged with Høgliveien 30 AS during the first quarter.

NOTE 4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2021.

New and amended accounting standards

Frigaard Property Group AS has not implemented new or changed standards in 2022 with material effect on the Group's financial position and results.

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.

NOTE 5. 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	1Q		Year
	2022	2021	2021
Income statement			
Property development	15 418	275	242 867
Construction	361 937	341 946	1 499 615
Other	211	212	849
Eliminations	-	-	-160 060
Total operating revenue	377 566	342 433	1 583 271
Property development	-1 180	-952	-5 799
Construction	19 598	20 003	41 147
Other	-3 553	-3 066	-14 103
EBITDA	14 865	15 985	21 245
Property development	-1 211	-1 285	-6 132
Construction	17 907	18 382	34 518
Other	-3 840	-3 334	-15 163
EBIT	12 856	13 763	13 223

Segment information is presented in the accordance with Frigaard Property Group's accounting policies in accordance with IFRS. Revenue from Property development from project for own account is recognised upon handover as regulated in IFRS 15. 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.

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

The group "other" consists of rental income and other operating expense and the holding company Frigaard property Group AS. Eliminations is intra group sales, where Property development is the contracting customer and Construction is the builder.

NOTE 6. INCOME

All amounts in NOK thousand	Segment	1Q		Year
		2022	2021	2021
<i>Revenue from contracts with customers</i>				
Contract revenues from Construction	Construction	361 937	341 811	1 499 512
Sale of development property	Development property	15 418	-	242 017
Rental income from Property development	Development property	-	275	850
<i>Eliminations</i>				
Total revenue from contracts with customers		377 355	342 086	1 582 319
<i>Other operating income</i>				
Gain from sale of fixed assets	Construction	-	135	103
Other income from Other	Other	211	212	849
Total other operating income		211	347	952
Total operating revenue		377 566	342 433	1 583 271

NOTE 7. FINANCIAL INSTRUMENTS

There were no significant changes during the period related to financial risk and the group's use of financial instruments.

NOTE 8. RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out in accordance with the arm's length principle. Transaction between subsidiaries are eliminated in the consolidated financial statements and do not represent related parties.

NOTE 9. 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.

FINANCIAL CALENDAR

2022 H1 report: 26th of August 2022

2022 Q3 report: 11th of November 2022

ADDITIONAL INFORMATION

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