ANNUAL REPORT

2022

FRIGAARD
Property Group

HIGHLIGHTS

2022

Amounts in NOK million. Figures in brackets are comparative figures for 2021.

NET OPERATING REVENUES **1 500** -5.2% Y-O-Y (1 583)	EBITDA **62** 40.9% Y-O-Y (21)
BACKLOG **1 529** 0.6% Y-O-Y (1 520)	ORDER INTAKE **1 688** -14.3% Y-O-Y (1 971)
NET PROFIT **28** 33.3% Y-O-Y (-5)	

BOARD OF DIRECTORS' REPORT

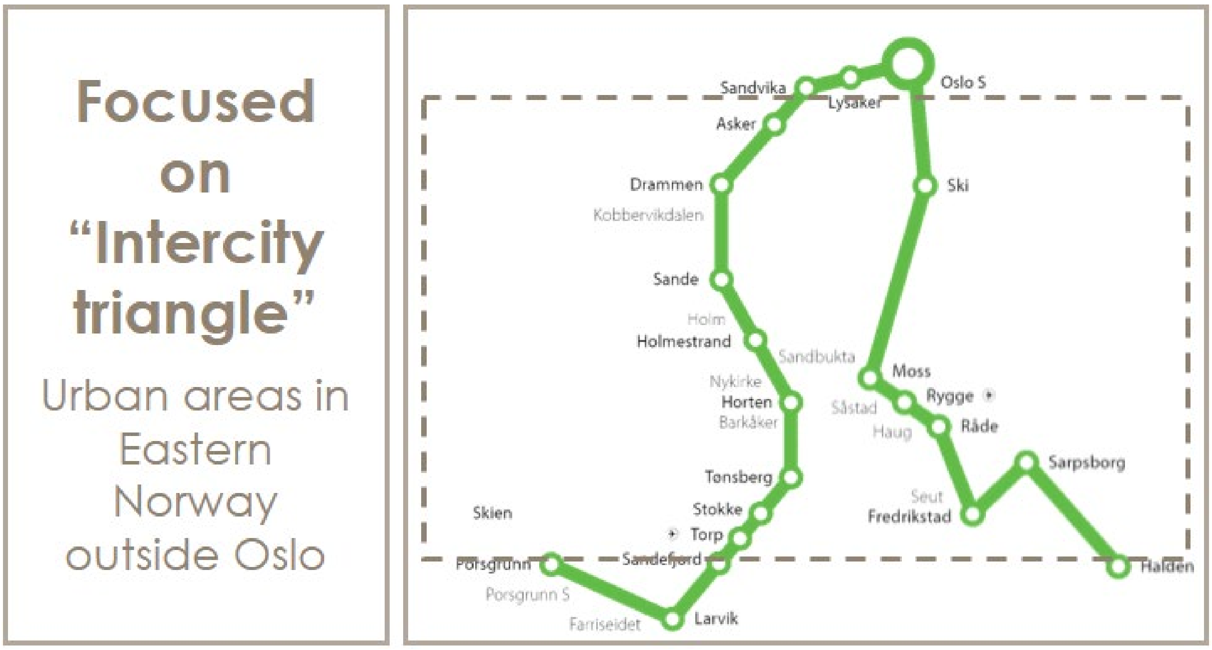
Operations and locations

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 Entreprenør AS
- Frigaard Bolig AS
    - Høgliveien 30 AS
    - Høgli Næring AS
    - Fagerliveien Utvikling AS
    - Ryggeveien 33 AS
    - Solbyen Utvikling AS
    - Dronningensgate Atrium AS
    - Åsenveien Park AS

Høgliveien Eiendom AS were merged with Høgliveien 30 AS during 2022. Høgli Næring AS arose from the demerger of asset from Høgliveien 30 AS.

Comments related to the financial statements

The Group's revenues decreased from MNOK 1 583.3 last year to MNOK 1 500.7 in 2022. The level of activity in Frigaard Property Group has been high during 2022. New orders signed during the year, and revenue from the construction segment has been stable and solid. Order back-log have all risen to all-time high levels. Macro environment with high inflation and increasing interest and energy prices affects our final margins.

During 2022 89 development properties were sold, compared to 80 units last year. At year end 190 development properties are under construction.

Total cash flow from operating activities was MNOK - 284 in 2022, and the operating profit is MNOK 53.7. The difference between cash flow and operating profit mainly concerns timing differences in the payment plan in the construction projects compared to 2022, and production of residential homes in production. The production of residential homes is fully financed by construction loans, shown as financing activities in the Group's cash flow. The Group's cash flow from investments during 2022 amounted to MNOK 60. This is mainly from the financing of a combined logistic and office building in Tranås and the final settlement from the sale of the shares in Höganloft Fastigheter AB in 2020. The building was delivered on the first of March 2022. As a part of the final share purchase agreement from the sale of shares in Höganloft Fastigheter AB, Frigaard Bolig had to finance part of the building cost that wasn't covered by the construction loan.

The Group's liquidity reserve as of 31.12.2022 amounted to MNOK 237.8.

The Group's short-term debt as of 31.12.2022 constituted 70 % of the Group's total debt, compared to 52 % as of 31.12.2021. This increase is mainly attributable to a short-term construction loan which is related to property development projects which will be finalized and ready for handover during 2022. The Group's financial position is sound and adequate.

Total assets at year-end amounted to MNOK 1 439, compared to MNOK 1 105 last year. The equity ratio was 19.1 % as of 31.12.2022, compared to 22.3 % the year before.

Market outlook

The order intake of the Construction segment has been very strong during 2022. Consequently, the order backlog is high, and a large part of work for 2023 is already secured. At the same time, we have had record high sales of residential properties during 2022 which have secured a sales rate of 78% of property development projects in the progress of construction. These elements provide a sound basis for a profitable group going forward.

However, our market view is still positive, but nevertheless affected by the changes to the macro-economic environment with higher inflation, energy prices and interest rates to construction overall, as well as for the housing market. The effect results in delays in decisions and start up for new projects. This situation has been characteristic for the housing market, but much less for the commercial market as warehouses and other logistic buildings.

We are monitoring the situation and are adapting our risk assessments on an 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 Group's 300 MNOK listed bond is due February 10, 2024, less than 12 months from the issuance of this report. The secured order backlog for delivery in 2023 is MNOK 1 352 (90% of 2022 revenue), residential properties for finalization in 2023 have a sales value of MNOK 984 (whereof MNOK 728/74% is sold) and cash reserves as of 31.12.22 were 238 MNOK. Based on this the available refinancing options is viewed to be good. Further sales of the unsold residential properties represents a significant upside potential on cash reserves. In a scenario with low or no further sales of residential properties, these will still be to the benefit in a refinancing, as collateral.

Based on this the available refinancing options are viewed to be good, including the option to repay the bond fully or predominantly utilizing reserves available to the Group. As such management has concluded that the matter does not represent a material uncertainty about the Group's ability to continue as a going concern.

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 7 298 hours in 2022 (13 747 hours in 2021), which equals approximately 2.7 % (6.0 % in 2021) of the total working hours in the Group. The decrease from last year's 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.

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 152 employees, of which eighteen 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. Several measures were implemented in 2022, in accordance with gender distribution. Including around recruitment where there is a conscious focus on recruiting more women, and where it is signaled in job adverts that we want more female applicants.

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. The company's personnel policy is considered to be gender neutral in all areas, and no feedback has been received that anyone perceives the company's personnel policy to be gender discriminatory.

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.

Climate risk

The construction and operation of buildings accounts for 40% of the global carbon emission in 2022, according to SINTEF Byggforsk. Since the industry we are in has such an effect on the emission, Frigaard Bolig, as a construction client, is responsible for minimizing emission in its property development projects and setting an individual environmental plan for all new projects. Frigaard Bolig focus in new property development project will effect the selection and follow up of conctractors. Contracts set clear requirements for contractors to operate in accordance with the laws and regulations in force at any given time, and in accordance with Frigaard Bolig's guidelines. No breaches were discovered during 2022.

A significant part of the global carbon emission comes from the production of building materials such as concrete and steel, for further information on climate risk for concrete and steel see note 21.

Frigaard Property Group AS is exposed to both transition risk and physical risks associated with climate change. The physical risks associated with climate change may directly affect operations through increased occurrence of extreme weather conditions, conflict, pandemic, etc. Natural disasters and conflicts may affect the production and supply of goods, as well as buildings under construction. Frigaard Property Group AS has many suppliers, who are located in different geographic regions. The probability that the entire value chain will be affected is therefore low. The group can adapt where goods is purchased from based of available goods.

A pandemic might impact our business, not only as a physical climate risk, but also as a transition risk as a result of imposed regulatory restrictions and changes in customer behavior.

The group is working on setting reliable goals that are in line with our ambition to decrease the climate impact of our technologies in use, and our operational emissions. As part of this process, we are working on developing roadmaps to be able to reach these targets. The insights we gain as we work to achieve these goals will be taken into account when we make decisions related to the group's strategic development, and as we continuously work with improving our sustainability throughout the value chain.

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.

BREAM-NOR

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.

Alento AS handed over the largest construction project ever in Frigaard Property Group history to BAMA in April 2022. The Bama building was built in accordance with the strict environmental requirements and was certified according to the BREEAM Very Good standard.

In April 2022 a 20000 m^2 logistic center in Tranäs (Höganloft) where handed over to the final owner, where Frigaard Bolig had the project leader responsibility on behalf of the construction client. The building was certified according to the BREEAM Very Good standard.

Our Construction segment also delivers fossil-free construction sites when requested from our external customer.

EDP

Frigaard Property Group AS is in possession of a steel factory, through its ownership in the subsidiary Metacon AS. 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 2000 EPDs from over 250 companies are now published and freely available at EPD-Norway (www.edp-norge.no).

FRIGAARD BOLIG SETS REQUIREMENTS FOR CONTRACTORS

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. This includes among other things solution for energy efficient buildings, choice of materials and re-use of materials or ground to reduce waste handling and interaction with the surroundings.

For the property development project Høgli (www.boihøgli.no) material was cleaned and recycled back to the project. Material that would previously have ended up in landfill sites. For the property development project Fagerlia (www.boifagerlia.no) we had “open houses” where we gave away old material and vegetation to try and increase the reuse of material and vegetations, before we started the demolition of older houses and removal of masses on the plot.

ENVIRONMENTAL LIGHTHOUSE

As a part of our environmental work, our Construction companies have a certification as Miljøfyrtårn (Environmental lighthouse) in place, while our Property Development company is in the progress of getting the certification in place. The certification guides our companies to continuously show improvement of established criteria and KPI that follow from the certification.

WASTE MANAGEMENT

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.

In Norway, the requirement from the authorities (Building Technical Regulations, TEK17) is that a minimum of 60 per cent of construction waste (measured by weight) must be sorted at source. For both Alento AS and Metacon this figure was 90% for 2022. For the Steel production this figure was 97%.

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 11.8% in 2022 compared to 9.5% in 2021.

Frigaard Property Group works hard to protect labor 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 2022, see page 78, to form a separate part of its annual reporting. That work continues in 2023, and the company will establish further specific goals and measures during 2023.

The transparency act

Frigaard property Group is subject to the rules in the Act on the transparency of businesses, and work

with basic human rights and decent working conditions, also called the Transparency Act. This law aims to ensure companies' respect for basic human rights and decent working conditions and will give the general public access to the information.

The law requires the company to make a statement of the due diligence assessments carried out regarding this act.

This must be made public, and Frigaard Property Group will publish this at www.fpg.no within the statutory deadline of 30 June 2023.

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 79.

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.

The demerger of assets between Metacon AS and Frigaard Entreprenør AS was completed on the 28 of March 2023.

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 2022. 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 3.7 (MNOK 10.9). The parent company's equity amounted to MNOK 143.4 (139.8) 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 2023 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

Sarpsborg, 25 April 2023

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

All amounts in NOK thousand	Note	2022	2021
Revenue from contracts with customers	3,4	1 495 828	1 582 319
Other operating revenue	4,10	4 916	952
Total operating revenue		**1 500 744**	**1 583 271**
Materials, subcontractors and consumables		1 571 670	1 562 704
Change in inventories and development properties		-332 690	-162 159
Salaries and personnel expense	5	155 425	133 558
Other operating expense	6,9,20	44 208	27 923
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)		**62 131**	**21 245**
Depreciation and amortisation expense	7,8,9	8 462	8 022
Operating profit (EBIT)		**53 669**	**13 223**
Interest income		763	3 524
Interest expense		17 265	22 079
Net financial costs		**16 502**	**18 555**
Profit before income tax		**37 167**	**-5 332**
Income taxes	15	8 999	-197
Net profit (loss) for the period		**28 168**	**-5 135**
Profit/(loss) is attributable to:			
Majority share of profit/(loss)		28 168	-5 135
Minority share of profit/(loss)		-	-
Total		**28 168**	**-5 135**

*The Group has decided to present "changes in inventories and development properties" separately from "materials, subcontractors and consumables", restating the information presented in the 2021 financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	2 022	2 021
Net profit (loss) for the period	**28 168**	**-5 135**
Other comprehensive income		
Items which may be reclassified to profit and loss in subsequent periods		
Exchange differences on translation of foreign subsidairies	-	-
Total comprehensive income for the year	**28 168**	**-5 135**
Profit for the year attributable to:		
Equity holders of the parent company	**28 168**	**-5 135**
	28 168	**-5 135**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

ASSETS	Note	31.12.2022	31.12.2021
All amounts in NOK thousand			
Non-current assets			
Other intangible assets	7	244	127
Goodwill	7	284 019	284 019
Buildings and land	8	3 275	3 798
Machinery and equipment	8	4 713	4 439
Right-of-use assets	9	9 776	12 576
Investment in associated companies and joint ventures		3 750	-
TOTAL NON-CURRENT ASSETS		**305 777**	**304 959**
Current assets			
Inventories and development properties	11	661 653	334 759
Trade receivables	12,18	172 917	113 538
Contract assets	12,18	59 977	63 781
Other short-term receivables	10	1 403	79 320
Cash and cash equivalents	13,18	237 750	209 168
TOTAL CURRENT ASSETS		**1 133 700**	**800 566**
TOTAL ASSETS		**1 439 477**	**1 105 525**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

EQUITY AND LIABILITIES	**Note**	**31.12.2022**	**31.12.2021**
All amounts in NOK thousand			
Equity			
Share capital	14	467	467
Share premium reserve		167 396	167 396
Total paid-in capital		**167 863**	**167 863**
Retained earnings		107 353	79 187
Total retained earnings		**107 353**	**79 187**
TOTAL EQUITY		**275 216**	**247 050**
Non-current liabilities			
Deferred tax	15	31 319	22 336
Bond loan	16,18	298 129	296 256
Liabilitites to financial institutions	16,18	12 600	38 944
Construction loan	16	-	4 889
Leasing liabilities	9	3 898	6 985
Other non-current liabilities	11	3 750	45 955
TOTAL NON-CURRENT LIABILITIES		**349 696**	**415 365**
Current liabilities			
Short term financial liabilities	16,18	38 830	-
Short term construction loan	16,18	278 448	-
Lease liabilities	9	6 140	5 215
Trade account payables	18	197 989	222 243
Public duties payable		30 854	10 270
Contract liabilities	4,12,18	116 867	117 326
Other short-term liabilities	17,19	145 437	88 056
TOTAL CURRENT LIABILITIES		**814 565**	**443 110**
TOTAL LIABILITIES		**1 164 261**	**858 475**
TOTAL EQUITY AND LIABILITIES		**1 439 477**	**1 105 525**

Sarpsborg, 25 April 2023

The Board of Directors

Helge Stemshaug
Chairman

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Board Member

Kristian Lindland
Board Member

Simon Nyquist Martinsen
CEO

STATEMENT OF CHANGES IN EQUITY FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Attributable to equity holders of the parent company			Total equity
			Other Equity	
	Share capital	Share premium reserve	Retained earnings	
Equity as at 01.01 2021	**543**	**216 389**	**105 080**	**322 013**
Transaction with owners				
Capital decrease	-76	-39 752		**-39 828**
Dividends		-9 241	-20 759	**-30 000**
Comprehensive income				
Profit (loss) for the period	-	-	-5 135	**-5 135**
Equity as at 31.12 2021	**467**	**167 396**	**79 186**	**247 050**

	Attributable to equity holders of the parent company			Total equity
			Other Equity	
	Share capital	Share premium	Retained earnings	
Equity as at 01.01 2022	**467**	**167 396**	**79 186**	**247 050**
Profit (loss) for the period	-	-	28 168	**28 168**
Other comprehensive income	-	-	-	**-**
Equity as at 31.12 2022	**467**	**167 396**	**107 354**	**275 216**

STATEMENT OF CASHFLOW FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2022	2021
Cash flow from operations			
Profit before income taxes		37 167	-5 332
Taxes paid in the period	15	-	-
Gain/loss from sale of fixed assets	8	-1 408	-
Adjustment for gains on disposal of shares in subsidiaries	10	-2 817	-
Depreciation and impairment of fixed assets	8,9	8 462	8 344
Change in inventory and development properties	11	-326 894	16 452
Change in trade receivables and construction contract balances	12	-108 455	72 230
Change in trade account payables		-24 254	85 209
Change in contract liabilities from advanced payment from customers, property development		56 171	-
Change in other provisions		77 949	-58 359
Net cash flow from operations		**-284 079**	**118 544**
Cash flow from investments			
Proceeds from sale of fixed assets	8	2 000	-
Purchase of fixed assets	8,9	-2 048	-2 024
Purchase of subsidiaries (net of cash)		-	-5 857
Proceeds from sale of other investments and sale of subsidiaries	10	33 551	-
Purchase of other investment	10	26 645	-18 231
Net cash flow from investments		**60 148**	**-26 112**
Cash flow from financing			
Proceeds from the issuance of bonds	16	-	300 000
Payment of bonds	16	-	-303 000
Issue costs paid		-	-5 465
Proceeds from long term loans	17	12 600	-
Repayment of long term loans	16	-114	-115
Proceeds from construction loans	16	273 559	103 523
Repayment of construction loans		-	-161 491
Repayment of short term loans		-27 396	-
Repayment of financial lease liabilities	9	-6 136	-5 644
Capital reduction		-	-39 828
Payment of dividend	16	-	-30 000
Net cash flow from financing		**252 513**	**-142 020**
Net change in cash and cash equivalents		28 582	-49 588
Cash and cash equivalents at the beginning of the period		209 168	258 756
Cash and cash equivalents at the end of the period		**237 750**	**209 168**

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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 2023. 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 two statements, one consolidated statement, and a consolidated statement of comprehensive income.
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 2022 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 31.12.2022, interpretations by the IFRS interpretations Committee and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31.12.2022.

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.

See note 2.20 for disclosure in relation to liquidity risk.

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 %
Frigaard Entreprenør AS	Sarspborg	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 %
Høgliveien 30 AS	Sarpsborg	100 %
Høgliveien Næring AS	Sarpsborg	100 %
Åsenveien Park AS	Sarpsborg	100 %
Tindlund Terasse	Sarpsborg	50 %

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. Unrealized 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 recognized 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 recognized 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 recognized 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 recognized 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. Even though a significant proportion of the costs in the projects are locked in an early stage in the project, there will be some uncertainty linked to the total estimate of construction costs in the project.

The cost of land for development are capitalized together with the cost of the plot as inventory. Subsequent costs associated with developing and constructing a project are usually first capitalized 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.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. In determining the net realizable value, management assesses important factors relevant for the valuation, including macroeconomic factors such as expected yields, approvals from the authorities, construction costs and project progression. If net realizable value is considered to be lower than cost price, write-downs are made at net realizable 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 recognizes 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 recognizes 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 recognizes 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. Capitalized 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 recognized 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 recognized 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 recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized 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:

Amortized 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 amortized 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 recognized 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized 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 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 receivables 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 recognizes a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognized 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 amortized cost, unless the Group opted to measure a liability at FVPL. A financial liability is derecognized 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 amortized cost using the effective interest method.

Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized 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 amortized 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 recognized in profit or loss and reduces the fair value loss otherwise recognized 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 based on 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 based on 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 realized, 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 utilize 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 realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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 recognized 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 recognized 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 recognized 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 is 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 capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Frigaard Property Group capitalizes 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.

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 – Revenue is based on contract price, including agreed modifications to scope and prices in the contract. Variable consideration is included in the transaction price to the extent it is highly probable that a significant reversal will not occur.
- Project cost – Project costs are cost attributable to the construction contract based on actual costs incurred in order to transfer control over the goods and services agreed in the construction contract.
- Completion rate: The percentage of completion applied to recognized revenue is estimated on the basis of the percentage of costs incurred with respect to the total estimated costs in the project.

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.

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.

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 recognized 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 is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. The group recognizes revenue from sale of services when the service is performed.

2.18 Interest income and expense

Interest income and expense are recognized 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 capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

2.19 New standards and interpretations not yet adopted.

New and amended IFRS Standards adopted by the Group

FPG Group has not implemented any new accounting standards or otherwise made any significant changes to accounting policies during 2022.

Other standards and interpretations not yet adopted

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

2.20 Financial risk management

2.20.1. Financial risk factors

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

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

Risk management is carried out by Group management.

Market risk

Market risk can be defined as the risk that the group's income and expenses, future cash flows or fair value of financial instruments will vary because 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 2.21 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 have been entered into.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date, and the stipulated change taking place for the entire period during which the construction loan is drawn down for the annual year 2022 and 2023.

Sensitivity of interest expense to interest movements	**Impact on interest expense**	
Interest expense		
Increase 1%		4 741
Increase 3%		14 224
Increase 5%		23 706
Decrease 1%	-	4 741
Decrease 3%	-	14 224

Customer credit risk - risk in trade accounts receivable

Credit risk refers to the risk that a counterparty 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. Contract assets is included in the assessment together with the accounts receivable. 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. See note 12 for further information on the maturity structure of invoiced trade receivable.

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. And management, measurement and control of liquidity are carried out from the project level and on through all the levels of the organization. The group’s cash reserve is currently assessed as sufficient. Surplus liquidity is, if possible, is primarily used to repay the principal on loan liabilities and redemption right regarding issued bonds.

Liquidity risk management is included in the objective of financial flexibility and has high priority.

The Group aims to secure a long-term funding base which supports the Group's strategies. As the Group's 300 MNOK listed bond is due February 10, 2024, this will require a refinancing whereas management is considering available options and timing. In order to manage liquidity and financing risks, management considers both base case and worst case scenarios in order to secure commercially beneficial financing arrangements and sufficient funding to support short-term and long-term needs.

Management considers the available refinancing options to be good, including the option to repay the bond fully or predominantly utilizing reserves estimated to be available to the Group. As such management has concluded that the liquidity and refinancing risks does not represent a material uncertainty about the Group's ability to continue as a going concern.

Funding

The Group's principal financial liabilities, besides derivative financial liabilities, comprise of 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 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. 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. See note 16 for further information on the repayment profile of loans from credit institutions.

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 development 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, considered 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

	2022	2021
Income statement		
Property development	23 033	242 867
Construction	1 476 829	1 499 615
Other	882	849
Intersegment Eliminations	-	- 160 060
Total operating revenue	**1 500 744**	**1 583 271**
Property development	- 2 035	- 5 799
Construction	87 219	41 147
Other	- 23 053	- 14 103
EBITDA	**62 131**	**21 245**
Property development	- 2 187	- 6 132
Construction	80 143	34 518
Other	- 24 287	- 15 163
EBIT	**53 669**	**13 223**

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 REVENUE

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 recognized when control over the property has been transferred to the customer.

All amounts in NOK thousand

	Segment	2022	2021
Revenue from contracts with customers			
Contract revenues from Construction	Construction	1 475 612	1 339 452
Sale of development property	Development property	19 305	242 017
Rental income from Property development	Development property	911	850
Rental income from Other	Other	-	-
Total revenue from contracts with customers		**1 495 828**	**1 582 319**
Investment property - change fair value	Other	**-**	**-**
Other operating income			
Gain from sale of fixed assets	Construction	1 217	103
Other income from Other	Other	882	849
Sale of shares Property development	Development property	2 817	-
Total other operating income		**4 916**	**952**
Totalt operating revenue		**1 500 744**	**1 583 271**

For property development, the group has entered into contracts with customers totaling MNOK 775.1 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 31.12.2022 transaction price allocated to partly or fully unsatisfied performance obligations on contracts with an original duration of more than 12 months was MNOK 1 180.2.

As of 31.12.2022 and the date of issuance of this report, trade receivables amounting to MNOK 48.9 is overdue by more than 180 days, see note 12. This is due to disagreements on the scope and pricing of certain construction contracts. After considering all facts and circumstances, including experience with contracts of a similar nature, management has concluded that the Group has fulfilled the relevant performance obligations relating to the disputed matters and has enforceable right to the amounts. The parties continue to have discussions which may require legal enforcement in order to obtain settlements. Considering all facts and circumstances, which included quantitative and qualitative factors, management concludes it is highly likely that a significant reversal in the cumulative revenue will not occur. Management determined variable consideration based on expected value, and considering variable consideration recognition and measurement principles under IFRS.

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 5 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

	2022	2021
Rental income this year	**911**	850
Rental income next year	**1 650**	525
Total rental income next 2-5 years	**1 800**	600

NOTE 5. PERSONNEL EXPENSES

All amounts in NOK thousand

	2022	2021
Salaries and holiday pay	131 240	113 649
Social security	19 855	16 273
Pension costs defined contribution plans	4 330	3 636
Other personnel costs		
Total salaries and personnel expense	**155 425**	**133 558**

The number of employees in Frigaard Property Group at 31 of December 2022 was 152 persons (2021: 116 persons).
A total of TNOK 4 461 (2021: TNOK 2 197) of salary cost related to project management have been booked toward development properties in 2022.

	2022	2021
Norway	155 425	133 558
Total	**155 425**	**133 558**

Management remuneration

There are 4 employees in the parent company. The Group Management consist of the Board of Directors, in addition to the General Managers in the largest subsidiaries. The Board remuneration is shown in the table below.

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 included sosial cost	Bonuses	Pension cost	Value of options granted	Total remuneration	Number of shares 31.12.2022
Management							
Simon Nyquist Martinsen , CEO		**2 454**	**1 020**	**54**		**3 528**	5 128
Gry-Heidi B. Montelius, CFO		**1 601**	**379**	**54**		**2 034**	
Members of the Board							
Helge Stemshaug, Chairman	**720**	**-**					-
Kristian Lindland, member of the board	**-**	**-**					18 348 [1)]
Trond Frigaard, member of the board	**-**	**-**					197 826 [1)]
Total remuneration	**720**	**4 055**	**1 399**	**108**	**-**	**5 562**	**221 302**

Remuneration of CEO in Frigaard Property Group AS has been carried out in accordance with guidelines approved by the Chairman of the board. Board remuneration carried out in 2022 is for both 2020 and 2021. To ensure competitive conditions as well as focus on achieving results, the CEO and

[1] Control shares through privately owned company. See note 14 for details on shareholders

leading employees participate in a bonus program for 2021-2023 with a maximum bonus between 40-60% of the individual annual fixed salary, whereof 40% is payable in 2024. 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

	2022	2021
Freight costs	-	-
Energy costs	1 249	959
Advertising	2 048	304
Repair and maintenance costs	1 069	715
Short term and low value leasing	2 396	1 685
Travel costs	2 581	1 626
Consultancy fees and external personnel	10 848	6 303
Insurance	2 297	2 824
Management fee	4 300	4 380
IT cost	6 159	4 745
Other operating costs	11 261	4 382
Total operating expenses	**44 208**	**27 923**

Specification auditor's fee	**2022**	**2021**
Audit fees	1 621	1 490
Other non-audit services	171	52
Tax advisory services	-	12
Total	**1 792**	**1 554**

NOTE 7. INTANGIBLE ASSETS

Goodwill

All amounts in NOK thousand

	2022	2021
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. The majority of the goodwill is allocated to the construction segment.

Management monitors the goodwill at the operating segment level. For the 2022 and 2021 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management.

Goodwill is not amortized 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 2023, and prognosticated cash flows covering a five year 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 and the expected evolution of the orderbook. 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 considered. The present value of the forecast cash flow was calculated using a discount rate of 12.1 percent after tax. This is based on a risk-free interest rate of 3.4 %, plus a risk premium of 5.0 %. 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 2022 and was addressed by the company's Board. No impairment requirement was indicated.

A change in the discount rate to 30.5 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

	2022	**2021**
Carrying amount at 1 January	127	333
Additions	298	127
Amortisation	-54	-333
Carrying value 31 of December	**371**	**127**
Per 31 december		
Acquisition cost	1 297	1 126
Accumulated amortisation	-1 053	-999
Accumulated cost 31 of December	**244**	**127**
Useful life	3-5 years	3-5 years
Depreciation method	Linear	Linear

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Carrying amount 01.01	**4 342**	**4 057**	**8 399**
Additions	-	1 897	**1 897**
Additions through acquisitions			**-**
Reclassifications			**-**
Disposals	-	-552	**-552**
Depreciations	-544	-1 515	**-2 059**
Depreciations in acquired companies			**-**
Accumulated depreciation on disposals for the year	-	552	**552**
Carrying value 31 of December 2021	**3 798**	**4 439**	**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**

Carrying amount 01.01	**3 798**	**4 439**	**8 237**
Additions	42	1 835	**1 877**
Depreciations	-565	-1 561	**-2 126**
Depreciations in acquired companies			**-**
Carrying value 31 of December 2022	**3 275**	**4 713**	**7 988**
Per 31. December 2022			
Acquisition cost	6 534	17 577	24 111
Accumulated depreciation and write downs	-3 259	-12 864	-16 123
Carrying value	**3 275**	**4 713**	**7 988**

Useful 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 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 og useful 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 2022	**21 402**	**64**	**14 327**	**35 793**
Addition of right-of-use assets	1 175	-	2 798	**3 973**
Transfers and reclassifications	-	-	-4 900	**-4 900**
Acquisition cost 31 December 2022	**22 577**	**64**	**12 225**	**34 866**
Accumulated depreciation and impairment 1 January 2022	**-12 749**	**-27**	**-10 438**	**-23 214**
Depreciation	-3 744	-22	-2 458	**-6 224**
Transfers and reclassifications	-	-	4 351	**4 351**
Accumulated depreciation and impairment 31 December 2021	**-16 493**	**-49**	**-8 545**	**-20 736**
Carrying amount of right-of-use assets 2022	**6 083**	**15**	**3 679**	**9 776**
Lower of remaining lease term og useful 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 recognize 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 recognize 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	**2022**	**2021**
Operating expenses related to short-term leases (including short-term low value assets)	2 396	1 685
Total lease expenses included in other operating expenses	2 396	1 685

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 01.01.2021		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	**-6 200**

Summary of the lease liabilities in the financial statements	Statement of:	Total
At 01.01.2022		12 200
New lease liabilities recognised in the year		3 976
Cash payments for the principal portion of the lease liability	Cash flows	-6 138
Cash payments for the interest portion of the lease liability	Cash flows	-465
Interest expense on lease liabilities	Profit and loss	465
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 2022		**10 038**
Current lease liabilities	Financial position	**6 140**
Non-current lease liabilities	Financial position	**3 898**
Total cash outflows for leases	Cash flows	**-6 603**

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	6 140
1-2 years	3 067
2-5 years	394
More than 5 years	-
Total undiscounted lease liabilities at 31 December 2022	**9 601**

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.

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.

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. On the first of April 2022 a total of MNOK 60.2 was received, where MNOK 26.6 was payment of the receivable and interest related to cover building cost not covered by the construction loan, and MNOK 33.6 was related to the final settlement from the sale of shares. There was a minor change to the estimate from 2020 to the final settlement from gain from sale of shares of MNOK 2.8. The amount has been taken to account in 2022.

NOTE 11. INVENTORIES AND DEVELOPMENT PROPERTIES

All amounts in NOK thousand

	2022	2021
Sites under development		
Projects under construction	651 533	308 422
Unsold completed residential units	6 076	25 462
Total development properties	**657 609**	**333 884**
Other inventories	4 044	875
As at 31 December	**661 653**	**334 759**

Units under construction	190	31
Unsold, or sold but not handed over at year end, completed units	1	6

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 2022 MNOK 14.8 have been capitalized, MNOK 9.5 in 2021.

MNOK 3.8 booked as other non-current liabilities, is related to the purchase price of Tindlund AS in 2022. The liabilities are a credit given by the sellers of the net assets.

During 2022 the following sites have been purchased:

Project	Ownership	Purchase price NOK mill.	No. of units
Åsenveien Park AS	100 %	18 551	156
Tindlund AS	50 %	3 750	100

Number of units in the table above refers to the expected number of apartments to be built. The acquisitions are regarded as acquisitions of net assets, and not business acquisitions.

Åsenveien Park AS is a newly established project company that has acquired a property for MNOK 18,6. The purpose of the company is to develop apartments.

Tindlund AS was bought at a cost of MNOK 3,75 for 50% of the company. The aim of the company is to develop apartments. The joint control is exercised over the company, governed by an agreement. Joint control requires unanimity among the participants on important decisions. Frigaard Property Group uses the equity method to account for joint ventures, and the activities are included from the date that joint control of the company commences and until the joint control ceases. The accounts of joint ventures are adapted to IFRS, in keeping with Frigaard Property Group's accounting policies, before they are incorporated in Frigaard Property Group's consolidated financial statements.

NOTE 12. TRADE RECEIVABLES AND CONTRACT BALANCES

All amounts in NOK thousand

	31.12.2022	31.12.2021
Trade receivables		
Receivables related to revenue from contracts with customers - external	172 917	113 538
Provision for bad debts		
Total trade receivables	**172 917**	**113 538**

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:

	31.12.2022	31.12.2021
Receivables not due for payment	105 228	50 791
Less that 30 days since due date	1 322	54 272
30-60 days since due date	4 242	223
60-180 days since due date	13 176	3 771
More than 180 days since due date	48 949	4 481
Total	**172 917**	**113 538**

See note 4 for information on trade receivables overdue by more than 180 days. 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 recognized 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.

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 113 units (0), MNOK 55.3 (MNOK 0). The advanced payment is secured by a warranty, according to Bustadsoppføringslova §47.

	31.12.2022	**31.12.2021**
Contract liabilities		
As of 1 January	117 326	64 202
Advances received	116 867	117 326
Recognised as income during the year	-117 326	-64 202
Total contract liabilities	**116 867**	**117 326**

NOTE 13. CASH AND CASH EQUIVALENTS

All amounts in NOK thousand

	31.12.2022	**31.12.2021**
Cash and bank deposits	227 274	195 654
Restricted funds ("skattetrekkskonto")	10 476	13 514
Total cash and cash equivalents	**237 750**	**209 168**

	31.12.2022	**31.12.2021**
Cash at banks and on hand	237 750	209 168
Overdraft facility	10 000	10 000

The Group had unused credit facilities of MNOK 10 as of 31 December 2022 (2021: 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 31.12.2022.

NOTE 14. NUMBER OF SHARES, SHAREHOLDERS ETC.

The shareholders at 31.12.22 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:	**2022**	**2021**
Current tax:		
Tax payable	**-**	-
Deferred tax		
Total change in deferred tax	8 983	-158
Total deferred tax	**8 983**	**-158**
Other	15	-40
Tax expense	**8 999**	**-197**

	2022	**2021**
Income taxes calculated at 22%	8 177	-1 173
Changes in unrecognised deferred tax asset	-	-222
Non deductible expenses	1 386	1 431
Non-taxable income	-620	-
Other	56	-233
Tax expense	**8 999**	**-197**

Deferred tax and deferred tax assets:

Temporary differences	**2022**	**2021**	**Change**
Property, plant and equipment	-463	-71	-392
Right-of-use-assets	-260	373	-633
Non-completed construction contracts	162 173	122 869	39 304
Current items	-9 288	-6 010	-3 278
Tax losses carried forward	-9 804	-15 635	5 831
Basis for calculation deferred tax liabilitites	**142 358**	**101 526**	**40 832**
Net recognised deferred tax liabilities (asset if negativ amount)	**31 319**	**22 336**	**8 983**

NOTE 16. NON-CURRENT LIABILITIES

All amounts in NOK thousand

	2022	2021
Bonds	**298 129**	296 256
Construction loans (development projects)	**-**	4 889
Loans from credit institutions	**12 600**	38 944
	310 729	**340 089**

In February 2021 FPG AS refinanced bonds at face value MNOK 300. Transactions cost related to the bonds amounted to MNOK 5.4 and was included in amortized cost calculations. The existing bonds mature in February 2024. Management is considering various refinancing options, including the option to repay the bond fully or predominantly utilizing reserves or collateral available to the Group. Fair value of the bonds as of 31.12.22 are estimated to be MNOK 279.9. 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	23 443	284 935	40 383	**348 761**
Year 2 -4	308 115	-	-	**308 115**
More than 5 years	-	-	-	-
Total	**331 558**	**284 935**	**40 383**	**656 876**

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 5.4% on the construction loans, to a rate of 10.38% on the issued bonds.

Secured debts

Debt secured by collateral

	2022	2021
Bonds	**298 129**	296 256
Construction loans (development projects) - (current 2022)	**278 448**	4 889
Loans from credit institutions - non-current and current	**51 430**	38 944
	628 007	**340 089**

Booked value of assets used as collateral

	2022	2021
Development properties	**657 609**	**333 884**

Shares in Frigaard Property Group and subsidiaries Metacon AS, Alento AS and Frigaard Bolig AS are also used as collateral per 31.12.2022.

Reconciliation of liabilities arising from financing activities

	Liabilities arising from financing activities				
	Financial liabilities			Financial leasing obligations	Total
	Bond loan	Liabilities to financial institutions	Construction loan	Leasing liabilities	
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
Liabilities 01.01.2022	**296 256**	**38 944**	**4 889**	**12 200**	**352 289**
					-
Proceeds from construction loans			273 559		273 559
Proceeds from loans		12 600		-	12 600
Repayment of loans		-114			-114
Repayment of lease liabilities				-6 137	-6 137
Total transactions with cash settlements:	**-**	**12 486**	**273 559**	**-6 137**	**279 908**
Other transactions without cash settelments	1 873			3 975	5 848
Total transactions without cash settlement	**1 873**	**-**	**-**	**3 975**	**5 848**
Liabilities 31.12.2022	**298 129**	**51 430**	**278 448**	**10 038**	**638 045**
Interest bearing liabilities - non current	298 129	12 600	-	3 898	314 627
Interest bearing liabilities -current		38 830	278 448	6 140	323 418

Other transaction without cash settlements in the table above is in 2022 related to accrual of borrowing cost of the bond loan from 2021, and new lease liabilities according to IFRS 16 recognized in 2022, see note 9 for further information.

Refinancing of existing bonds

A secured floating rate bond of NOK 300 million with 3-year tenor was issued in February 2021, to refinance the senior secured bond which was maturing in June 2021 (FRIPRO01). 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 20 for further information.

NOTE 17. OTHER SHORT-TERM LIABILITIES

All amounts in NOK thousand

	2022	2021
Accrued salaries incl. holiday pay and social security	17 276	13 665
Interest expenses	4 498	3 389
Warrenty provision	8 884	8 396
Accrued expenses, property development operations	50 270	29 092
Accrued expenses, construction contracts	64 074	31 505
Accrued expenses, other	435	2 009
Total	**145 437**	**88 056**

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	
	2022	**2021**
Current		
Trade receivables and other receivables	174 320	192 858
Cash and cash equivalents	237 750	209 168
Total financial assets	**412 070**	**465 807**

	Liabilities measured at amortized cost	
	2022	**2021**
Non-Current		
Bonds	298 129	296 256
Liabilitites to financial institutions	12 600	38 944
Construction loan	-	4 889
Current		
Bond loan current	-	-
Trade account payables	197 989	222 243
Total financial liabilities	**508 718**	**679 658**

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 amortized 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

	2022	2021
Warranty provision at 1 of January	8 396	8 136
+ new warranty provisions (additions)	7 133	6 619
- reversed warranty provisions (disposals)	6 645	3 759
- actual claims expenses (consumption)	-	2 600
Warranty provision at 31 of December	**8 884**	**8 396**

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	2022	2021
Capital reduction (partial liquidation) to shareholders in FPG	-	-39 828

Frigaard Property Group AS's transactions with Soland Invest group companies	2022	2021
Managment fee - Soland Invest AS group	4 340	4 593
Income management services	882	849
Rental cost	617	593

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.

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 2022, Frigaard Property Group AS purchased legal services from BAHR in connection with mainly potential acquisitions and equity transactions for TNOK 1 891.

NOTE 21. CLIMATE RISK

The group has assessed which climate risk we are exposed to. The assessment has been made with regard to physical risk, regulatory risk and transition risk.

The physical risk linked to climate change could mean that the requirements for solidity in construction work increase and thus also change the requirements for the products we use. Our production of steel structures can easily be adapted to such developments.

Production of building materials such as steel and concrete (cement) are a significant source of CO2 emissions. Increasingly greater demands from regulatory authorities for a reduction in emissions must be expected. This in turn can result in higher concrete prices. Where there are no clear alternatives to concrete, there is reason to believe that increased production costs will also lead to increased prices for the end user, which may have some effect on demand in certain segments. However, execution in other building materials to a greater extent could then become a more attractive alternative.

Our assessment as of now is that the industry will manage to reduce emissions to such an extent that concrete continues to be a preferred building material in many contexts.

When it comes to steel, it is expected that more and more stakeholders will demand a low CO2 footprint from steel structures. There are good alternatives here and the company has a good overview of the energy sources of various steelworks, so that we can adapt our purchases to the emission requirements we meet. We have experience in supplying "green" steel for larger projects and have delivered projects according to the BREEAM standard, even "Excellent".

As of 31.12.22, none of the company's balance sheet items have been assessed differently than they would otherwise have been as a result of climate risk.

NOTE 22. EVENTS AFTER THE REPORTING DATE

The demerger of Metacon AS and Frigaard Entreprenør AS was completed on the 28th of March 2023.

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

Øvre Lian Terrasse, Lier, Alento

INCOME STATEMENT FRIGAARD PROPERTY GROUP AS (PARENT)

All amounts in NOK thousand	Note	2022	2021
Other operating revenue	1	**1 002**	**1 074**
Personnel expenses	2	8 399	6 795
Depreciation of fixed assets	3,4	819	796
Other operating expenses	1,2,6	16 140	8 653
Total operating expenses		**25 357**	**16 244**
Operating profit		**-24 355**	**-15 170**
Income from investments in subsidiaries	5	50 958	54 038
Interest income from group companies	6,7	16 814	10 974
Other interest income	7	508	5
Interest expense to group companies	6,7	-8 623	-4 254
Other interest expense	7	-26 732	-23 396
Other financial expenses	7	-2 125	-6 434
Profit before income tax		**6 445**	**15 763**
Income taxes	8	**2 774**	**4 819**
Net profit (-loss) for the year		**3 671**	**10 944**
Allocation of profit			
Dividend from retained earnings		-	30 000
To/from retained earnings		3 671	-19 056
Total		**3 671**	**10 944**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2022	2021
ASSETS			
Intangible assets			
Intangible assets	4	102	127
Deferred tax assets	8	-	2 348
Total intangible assets		**102**	**2 475**
Tangible assets			
Equipment, fixtures and fittings	3	3 102	3 546
Machinery	3	19	34
Office equipment and similiar	3	735	1 028
Total tangible assets		**3 856**	**4 608**
Long term financial assets			
Investments in subsidiaries	6, 10, 11	352 090	351 990
Loan to group companies	5	208 781	201 784
Total financial fixed assets		**560 871**	**553 774**
Total fixed assets		**564 829**	**560 857**
Current assets			
Accounts receivables	5	809	907
Other short-term receivables		106	885
Group contribution receivables	5,8	50 958	5 843
Total receivables		**51 872**	**7 635**
Cash and cash equivalents	13	**176 596**	**166 477**
Total current assets		**228 468**	**174 112**
TOTAL ASSETS		**793 298**	**734 969**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	12	467	467
Share premium reserve		122 583	122 583
Retained earnings		20 415	16 743
Total equity	9	143 464	139 793
LIABILITIES			
Deferred tax	8	426	-
Total provisions		426	-
Bonds	14	298 129	296 256
Loan from group companies	5	342 337	292 201
Total of other long term liabilities		640 467	588 457
Current debt			
Trade account payable	5	913	1 445
Public duties payable		453	407
Other short-term liabilities		7 574	4 867
Total current liabilities		8 941	6 719
Total liabilities		649 833	595 176
TOTAL EQUITY AND LIABILITIES		793 298	734 969

Sarpsborg, 25 April 2023

The Board of Directors

Helge Stemshaug
Chairman

Trond Olav Frigaard
Board Member

Kristian Lindland
Board Member

Simon Nyquist Martinsen
CEO

STATEMENT OF CASH FLOWS FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	2022	2021
Cash flow from operations		
Profit before income taxes	6 445	15 763
Depreciation	819	796
Change in accounts receivable	99	-761
Change in accounts payable	-532	529
Change in other provisions	-37 960	4 449
Net cash flow from operations	**-31 129**	**20 776**
Cash flow from investments		
Purchase of fixed assets	-42	-19
Purchase of intangible assets	-	-127
Repayment of loans to group companies	- 6 997	- 75 581
Dividend from subsidiaries	-	36 000
Cash deposit, and adjustment purchase price shares in subsidiaries	- 100	- 25 000
Net cash flow from investments	**- 7 139**	**- 64 727**
Cash flow from financing		
Proceeds from the issuance of bonds	-	300 000
Payment related to bonds	-	- 308 465
Proceeds from liabilitites to group companies	42 544	278 181
Group contribution received	5 843	4 829
Repayment from capital reduction	-	- 39 828
Payment of dividend	-	- 30 000
Net cash flow from financing	**48 387**	**204 717**
Net change in cash and cash equivalents	**10 119**	**160 767**
Cash and cash equivalents at the beginning of the period	166 477	5 710
Cash and cash equivalents at the end of the period	**176 596**	**166 477**
Which consists of:		
Cash	**176 596**	**166 477**

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 RELATED PARTY TRANSACTIONS

Remuneration to senior employees is featured in note 2, and intercompany items are featured in note 5.

Transactions with related parties:	2022	2021
All amounts in NOK thousand		
a) Interest income		
- Companies in the same group	16 814	10 974
b) Interest expense		
- Companies in the same group	8 623	4 254
c) Income management services		
- Companies in the same group	1 002	1 074
c) Management/IT overhead costs		
- Companies in the same group	4 838	5 283

NOTE 2 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.
Paid board remuneration during 2022, has been TNOK 720. See note 5 in the notes for the group for further information.
No loans or guarantees have been given to any board members or other related parties.

All amounts in NOK thousand

	2022	2021
Salaries and holiday pay	7 143	5 477
Social security	869	974
Pension costs defined contribution plans	174	136
Other personell costs	212	208
Total salaries and personnel expense	**8 399**	**6 795**
Number of average man labour	4	3

Management remuneration

Salaries and holiday pay	3 045
Social security	429
Pension costs defined contribution plans	54
Other personell costs	155

Expensed remuneration to the auditor	**2022**	**2021**
Audit fees	894	787
Tax advisory services	-	-
Other non-audit services	-	23
Total	**894**	**809**

VAT is included in the fees specified above.

NOTE 3 EQUIPMENT AND MACHINERY

All amounts in NOK thousand	**Equipment, fixtures and fittings**	**Machinery**	**Office equipment and similiar**
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
Carrying amount 01.01	**3 546**	**34**	**1 028**
Additions	-	-	42
Depreciations	-444	-14	-335
Carrying value 31 of December 2022	**3 102**	**19**	**735**
Lower of remaining lease term or economic life	3-5 years	5 years	2-5 years

NOTE 4 INTANGIBLE ASSETS

All amounts in NOK thousand	2022	2021
Carrying amount 01.01	127	-
Additions	-	127
Depreciations	- 25	-
Carrying value 31 of December	102	127
Lower of remaining lease term or economic life	5 years	

NOTE 5 INTER-COMPANY ITEMS

All amounts in NOK thousand	Long-term receivables		Accounts receivables		Other short-term receivables	
	2022	2021	2022	2021	2022	2021
Companies in the same group	208 781	201 784	809	907	50 958	5 843
Sum	208 781	201 784	809	907	50 958	5 843

	Accounts payable		Long-term liabilities	
	2022	2021	2022	2021
Companies in the same group	589	600	342 337	292 201
Sum	589	600	342 337	292 201

NOTE 6 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 31.12.2022
Frigaard Bolig AS	Sarpsborg	100 %	61 206	-4 222	100
Metacon AS	Sarpsborg	100 %	32 379	1 843	70 189
Frigaard Entreprenør AS	Sarpsborg	100 %	100	-	100
Alento AS	Drammen	100 %	102 347	74 957	281 701
Book value					352 090

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

Frigaard Entreprenør AS was founded on the seventh of July 2022.

Cost related strategic review of Alento of MNOK 6.5 is included in other operating cost.

NOTE 7 FINANCE INCOME AND EXPENSES

All amounts in NOK thousand

Finance income	2022	2021
Interest income from group companies	16 814	10 974
Other interest income	508	5
Total finance income	**17 322**	**10 979**

Finance expenses	2021	2021
Interest expenses from group companies	-8 623	-4 254
Interest expenses bond	-26 732	-23 396
Other financial expenses	-2 125	-6 434
Total finance expenses	**-37 480**	**-34 084**

NOTE 8 TAX

Calculation of deferred tax:

All amounts in NOK thousand

Timing differences:	**2022**	**2021**	**Change**
Fixed assets	65	209	144
Other differences	1 871	3 744	1 873
Net timing differences	1 936	3 953	2 017
Accumulated tax losses carried forward	-	-14 626	14 626
Basis for calulation of deferred tax	**1 936**	**-10 672**	**-8 100**
Deferred tax (22 %)	426	-2 348	-2 774
Deferred tax liability (-asset)	**426**	**-2 348**	**-2 774**

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

Taxable income:	**2022**	**2021**
Profit before taxes	6 445	15 763
Permanent differences	6 163	180
Change in timing differences	2 017	-2 220
Group contribution received - taxable	-	29 156
Received dividend	-	-23 195
Dividend	-	-
Change of tax losses carried forward	-14 626	-19 685
Taxable income	-	-

Income tax expense:	**2022**	**2 021**
Tax payable	-	-
Total tax payable	-	-
Changes in deferred tax assets	2 774	4 819
Tax expense	**2 774**	**4 819**

Reconciliation of tax expense:		
Profit before taxes	6 445	15 763
Income taxes calculated at 22%	1 418	3 468
Tax expense in the income statement	2 774	4 819
Difference	**-1 356**	**-1 351**
Tax effect of permanent differences	-1 356	-40
Tax on group contributions	-	-6 414
Dividend	-	5 103
Explained difference	**-1 356**	**-1 351**

NOTE 9 EQUITY

All amounts in NOK thousand

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity as at 01.01.2022	467	122 583	16 743	139 793
Profit for the period	-	-	3 672	3 672
Equity as at 31.12.2022	**467**	**122 583**	**20 415**	**143 464**

NOTE 10 SECURED DEBTS

All amounts in NOK thousand

Debt secured by collateral	2022	2021
Bond	300 000	300 000
Total	**300 000**	**300 000**

Booked value of asset used as collateral	2022	2021
Shares in subsidiaries	352 090	351 990
Total	**352 090**	**351 990**

NOTE 11 GUARANTEES

At December 2022 Frigaard Property Group AS has provided guarantees for its subsidiaries totaling approximately MNOK 205 in connection with specific construction and property development projects for group companies.

NOTE 12 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 shareholders at 31.12.2022

	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 13 RESTRICTED FUNDS

All amounts in NOK thousand

	2022	2021
Restricted payroll tax obligations	325	282
Restricted bank depostits	-	-
Total	**325**	**282**

NOTE 14 LIABILITIES

All amounts in NOK thousand

	2022	2021
Long-term debt with maturity in excess of 5 years	-	-

	2022	2021
Bond debt, face value	300 000	300 000
Initial bond costs	-1 871	-3 744
Total	**298 129**	**296 256**

The company's bond is netted against the bond's set-up costs. These costs are depreciated over the lifetime of the bond. On the 10 of February 2021, the process of refinancing the bond of MNOK 300 was finalized. A 3-year NOK denominated secured floating rate bond was issued. The listed bond is

due February 10, 2024, less than 12 months from the issuance of this report.
Management is considering various refinancing options, including the option to repay the bond fully or predominantly utilizing reserves or collateral available to the Group. See Board of directors report for further information.

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 2022, the income statement and statement of cash flows 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 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cashflow 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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 relevant laws and regulations in Norway 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 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 13 years from the election by the general meeting of the shareholders on 21 September 2010 for the accounting year 2010.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

pwc

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 Group'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 revenue from construction contracts* and *Valuation of goodwill* have the same characteristics and risks this year as the previous year and consequently have been areas of focus also for the 2022 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Recognition of revenue from construction contracts Revenue from construction contracts amounts to NOK 1 475 612 thousand in 2022. For recognition of revenue 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 was key to our audit for several reasons. The Group 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 subject to management judgement. Application of Management judgement has a material impact on several financial statement line items, such as revenue from construction contracts, contract assets and contract liabilities. We refer to notes 2 and 4 for more information about constructions contracts and how management assesses contract completion.	For a selection of construction contracts, we compared the Group's use of the percentage of completion method, to the requirements of IFRS 15. We found that the applied accounting principles were 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. To test the contract revenue applied to the calculation and corresponding recognition of revenue from construction contracts, we reviewed a sample of contracts and variation orders. We also tested, on a sample basis, the accuracy of the calculated and recognised contract revenues and related contract assets based on calculated contract completion. Further, we performed substantive procedures to obtain supporting evidence for costs incurred and allocation to the individual construction contracts.

We also performed procedures to test the completeness of recognised contract cost.

Our testing did not reveal material deviations.

We read the disclosures in notes 2 and 4 and found that the disclosures were in accordance with IFRS requirements and reflected the construction contracts in progress.

Valuation of goodwill

Goodwill amounts to NOK 284 019 thousand on 31 December 2022 and is material to the financial statements.

Valuation of goodwill, and the corresponding impairment test was 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 prone to an inherent risk of error due to its complexity and the required level of management judgement related to assumptions such as future revenue and cost.

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 Group's impairment assessment. The impairment assessment comprises identifying cash generating units (CGU's) and key assumptions made by management. We assessed and found that the valuation model, which was based on discounted future cash flows, contained the elements required by IFRS. We also 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, budgets approved by management and other market information such as 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, risk premium and debt ratio. We found the used discount rate to be reasonable.

We read the disclosures in notes 2 and 7 and found that the information regarding the valuation model, the assumptions applied, including 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 appear 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 statutory 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.

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 and 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's 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 Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Frigaard Property Group AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name *254900PADEO0LU7JL270-2022-12-31-en*, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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 2023
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.

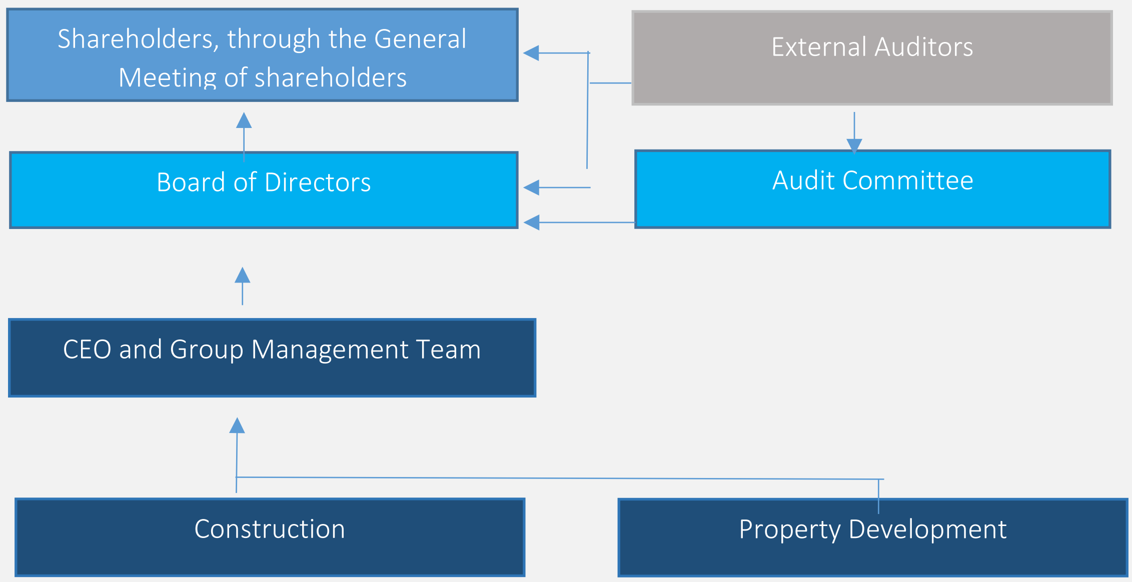
The UN's 17 sustainability goals are a global work plan to eradicate poverty, fight inequality and stop climate change by 2030. We have identified the following goals that reflect where we have the greatest impact through the group's activities.

- 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 2022 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 organizational 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 organizational 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 2022

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 2022 the Board held 5 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' 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 25.04.2022. 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 recognizes 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 decentralized 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 organization.

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 2022.

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 2022. 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 of 31 December 2022. 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 2022.

To the best of our knowledge:

The consolidated and separate annual financial statements for 2022 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 2022.

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 2023

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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Norway