

**Annual report 2020**  
**4service Holding AS**

**IFRS**

# 4Service Holding Group

## Consolidated Financial Statements pr 31.desember

(NOK 1000)

NOTE	Income statement	2020	2019
3	Revenues	2 091 135	2 177 521
28	Other income	12 768	-
3, 4	<b>Total operating revenue</b>	<b>2 103 903</b>	<b>2 177 521</b>
13	Cost of goods sold	514 465	608 594
26	Salary and personnel expenses	1 215 006	1 174 160
12	Other operating expenses	173 235	187 636
	<b>Total operating expenses</b>	<b>1 902 706</b>	<b>1 970 389</b>
7	Share of profit from joint ventures and associates	- 847	1 098
	<b>Total operating profit before depreciation and amortization (EBITDA)</b>	<b>200 351</b>	<b>208 230</b>
9, 10	Depreciation of software / contracts	23 759	12 869
8	Deprecation of PPE	19 246	15 716
11	Depreciation of right-of-use assets	42 695	44 057
	<b>Total depreciation and amortization</b>	<b>85 699</b>	<b>72 642</b>
	<b>Operating profit or loss (EBIT)</b>	<b>114 651</b>	<b>135 588</b>
	<b>Financial income and financial expense</b>		
	Interest income	1 694	2 772
14	Financial income	206	898
11, 16, 17	Interest expense	60 948	40 907
14	Financial expense	5 420	1 712
	<b>Net financial items</b>	<b>- 64 468</b>	<b>- 38 949</b>
	<b>Profit or loss before tax</b>	<b>50 183</b>	<b>96 639</b>
24	Tax expense	12 306	21 437
	<b>Net profit or loss for the year</b>	<b>37 877</b>	<b>75 202</b>
	<i>Attributable to:</i>		
25	Majority shareholders in 4Service Holding AS	39 807	73 073
	Non-controlling interest	- 1 930	2 129

NOTE	Statement of comprehensive income	2020	2019
	<b>Net profit or loss for the year</b>	<b>37 877</b>	<b>75 202</b>
22	Retirement benefit obligations	-	102
22	Income tax on items that will not be reclassified to the income statement	-	22
	<b>Total income or expenses that will not be reclassified profit or loss</b>	<b>-</b>	<b>80</b>
	<b>Total of other income or expenses</b>	<b>-</b>	<b>80</b>
	<b>Total comprehensive income</b>	<b>37 877</b>	<b>75 122</b>
	<i>Attributable to</i>		
25	- Majority shareholders in 4Service Holding AS	39 807	72 993
	- Non-controlling interests	- 1 930	2 129
	<b>Total comprehensive income</b>	<b>37 877</b>	<b>75 122</b>

# 4Service Holding Group

## Consolidated Statement of financial position pr 31.desember

(NOK 1000)

NOTE	ASSETS	31.12.2020	31.12.2019
	<b>Non-current assets</b>		
9	Software under development	151	151
9	Software	46 239	41 532
24	Deferred tax assets	-	-
6, 9, 10	Patents	40 551	40 551
6, 9, 10	Contracts with customers	56 450	62 097
6, 9, 10	Goodwill	828 914	828 914
11	Right-of-use assets	261 144	244 215
8	Property, plant & equipment	7 135	4 681
8	Other non-current assets	51 126	43 650
7	Investments in joint ventures and associated companies	3 260	2 027
23	Loan to joint ventures and associates	3 097	-
	Investment in other shares	33	-
	Other long-term receivables	543	542
	<b>Total non-current assets</b>	<b>1 298 642</b>	<b>1 268 359</b>
	<b>Current assets</b>		
13	Inventories	27 162	28 981
20	Trade receivables	312 785	361 491
20	Other short-term receivables	79 638	53 054
18	Derivatives	-	651
21	Cash and cash equivalents	92 794	89 165
	<b>Total current assets</b>	<b>512 379</b>	<b>533 342</b>
	<b>Total assets</b>	<b>1 811 021</b>	<b>1 801 701</b>

# 4Service Holding Group

## Consolidated Statement of financial position pr 31.desember

(NOK 1000)

NOTE	EQUITY AND LIABILITIES	31.12.2020	31.12.2019
	<b>Equity</b>		
	Share capital	445	445
	Treasury shares	- 6	- 6
	Retained earnings	232 299	193 585
	<b>Total equity, shareholders in 4Service Holding AS</b>	<b>232 737</b>	<b>194 024</b>
	<b>Non-controlling interests</b>	<b>1 370</b>	<b>3 300</b>
25	<b>Total equity</b>	<b>234 107</b>	<b>197 323</b>
	<b>Non-current liabilities</b>		
24	Deferred tax liabilities	11 029	16 287
11, 17	Non-current interest-bearing liabilities - leases	236 979	238 696
22	Retirement benefit obligations	-	5 649
15, 16, 17	Non-current interest-bearing liabilities	669 312	726 925
	Other non-current liabilities	-	-
	<b>Total non-current liabilities</b>	<b>917 319</b>	<b>987 557</b>
	<b>Current liabilities</b>		
17, 18	Current interest-bearing liabilities	62 223	61 025
11, '17	Current interest-bearing liabilities - leases	57 103	34 966
	Trade payables	139 329	147 979
24	Tax payable	17 554	23 944
	Public taxes	137 635	113 994
7	Investments in joint ventures and associated companies	4 299	2 220
18	Derivatives	2 603	
19	Other current liabilities	238 849	232 694
	<b>Total current liabilities</b>	<b>659 594</b>	<b>616 821</b>
	<b>Total liabilities</b>	<b>1 576 913</b>	<b>1 604 378</b>
	<b>Total equity and liabilities</b>	<b>1 811 021</b>	<b>1 801 701</b>

Oslo, 29.04.2021

The Board of Directors of 4Service Holding AS

Fredrik W. Korterud  
Chairman of the Board

Ståle Kolbjørn Angel  
Board Member

Eva Marie Helene Aubert  
Board Member

Are Stenberg  
Board Member

Per Åge Sandnes  
Board Member

Tor Rønhovde  
CEO

## 4Service Holding Group

### Consolidated Statement of cash flows

(NOK 1000)

NOTE	Cash flow from operating activities	31.12.2020	31.12.2019
	Profit or loss before tax	50 183	96 639
24	Income tax paid	- 23 944	- 17 975
8, 9	Depreciation and amortization	85 699	72 642
13	Changes in inventories	1 819	- 7 332
20	Changes in trade receivables	48 706	- 76 851
	Changes in trade payables	- 6 390	12 627
22	Difference between expensed pensions and payments in pension schemes	- 5 649	650
14, 17	Net financial items	64 468	38 949
19	Changes in other operating items	5 284	21 718
	<b>Net cash flows from operating activities</b>	<b>220 178</b>	<b>141 066</b>
	<b>Cash flow from investing activities</b>		
8, 9	Purchase of property, plant and equipment	- 47 730	- 46 770
6	Acquisition of other shares	- 33	- 159 903
	Acquisition of financial investments	- 5 167	-
	<b>Net cash flows from investing activities</b>	<b>- 52 930</b>	<b>- 206 673</b>
	<b>Cash flow from financing activities</b>		
16, 17	Proceeds from borrowings	-	568 397
16, 17	Repayment of borrowings	- 61 025	- 20 000
11, 14, 17	Net interests to/from kredit institutions	- 64 468	- 38 949
25	Repayment of equity	-	375 000
11, 17	Payments of lease liabilities, net	- 38 125	- 38 967
25	Purchase of treasury shares	-	1 200
	<b>Net cash flows from financing activities</b>	<b>- 163 618</b>	<b>94 282</b>
	<b>Net change in cash and cash equivalents</b>	<b>3 628</b>	<b>28 674</b>
	Cash and cash equivalent as at 1 jan	89 165	60 491
21	<b>Cash and cash equivalent as at 31 dec</b>	<b>92 794</b>	<b>89 165</b>

## 4Service Holding Group

### Statement of changes in equity

( NOK 1000)

Note	Controlling interests				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
Equity as at 01.01.2019	410 226	-5 811	20 827	425 242	1 171	426 413
Net profit or loss for the year			73 073	73 073	2 129	75 202
Other comprehensive income			-80	-80		-80
<b>Total comprehensive for the year</b>			<b>72 993</b>	<b>72 993</b>	<b>2 129</b>	<b>75 122</b>
Issue of share capital	34 504		38 393	72 897		72 897
Share buy-back		-489	-704	-1 193		-1 193
Capital reduction	-444 285	6 294	437 991	0		0
Repayment of equity			-375 000	-375 000		-375 000
Misstatements from previous years			-500	-500		-500
Other changes			-415	-415		-415
25 Equity as at 31.12.2019	445	-6	193 585	194 024	3 300	197 324

  

Equity as at 01.01.2020	445	-6	193 585	194 024	3 300	197 324
Net profit or loss for the year			39 807	39 807	-1 930	37 877
Other comprehensive income			0	0		0
<b>Total comprehensive for the year</b>			<b>39 807</b>	<b>39 807</b>	<b>-1 930</b>	<b>37 877</b>
Other changes			-1 092	-1 092		-1 092
25 Equity as at 31.12.2020	445	-6	232 299	232 738	1 370	234 107

## NOTER

Note 1	Basis for preparation of the annual accounts
Note 2	General accounting policies
Note 3	Segmentation
Note 4	Revenue
Note 5	Group companies
Note 6	Acquisitions
Note 7	Associates and joint ventures
Note 8	Property, plant and equipment
Note 9	Intangible assets
Note 10	Impairment of goodwill
Note 11	Leases
Note 12	Other operating expenses
Note 13	Cost of goods sold and inventories
Note 14	Financial items
Note 15	Financial risk and management
Note 16	Non-current interest-bearing liabilities
Note 17	Change in liabilities
Note 18	Financial instruments
Note 19	Other current liabilities
Note 20	Trade receivable and other non-interest-bearing receivables
Note 21	Cash and cash equivalents
Note 22	Pensions
Note 23	Related party transactions
Note 24	Taxes
Note 25	Share capital, shareholder information and dividends
Note 26	Salary and personnel expenses
Note 27	Estimation uncertainty
Note 28	Government grant
Note 29	Contingent liabilities

## **Note 1 - Basis for preparation of the annual accounts**

4Service Holding AS was established 09.11.2015, while the 4Service Gruppen AS with its subsidiaries was acquired as a group establishment at 01.01.2016. The group activities include the provision of catering services, canteen operations and related activities on vessels and offshore installments, camps, restaurants and cleaning and facility services for offices and sites. The parent company and its subsidiaries are located in Oslo and Bergen.

The consolidated financial statements of 4Service Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements followed by the Norwegian Accounting Act (regnskapsloven).

Significant accounting principles are presented in the respective notes. The consolidated financial statements have been prepared in accordance with uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated financial statements have been prepared on a historical cost basis, except for the following accounting items:

- Financial instruments valued at fair value through profit and loss
- Financial instruments valued at fair value through other comprehensive income (OCI)
- Contingent consideration in business combinations

The preparation of the consolidated financial statements in accordance with IFRS require the use of estimates. Furthermore, the application of the groups accounting principles requires management to exercise discretion. Areas that requires significant judgements and complexity or where the assumptions and estimates are significant for the accounts, are further described in note 27 Estimation uncertainty.



## Note 2 - General accounting policies

### Basis of consolidation

#### Subsidiaries

The consolidated financial statements comprise the financial statements of 4Service Holding AS (parent company) and its subsidiaries. The subsidiaries are consolidated when control is achieved. The Group controls an investee if and only if the Group are exposed, or rights, to variable returns from its involvement with the investee, has the power over the investee and the ability to use its power over the investee to affect its returns. Control is normally achieved when the group owns more than 50 % of the shares in an entity. The subsidiaries are consolidated from the date control is obtained and until control ceases.

If necessary, assets, liabilities, income, and expenses of a subsidiary are restated to be compliant with the group's accounting principles.

#### Business combinations

The Group account for each business combination by applying the acquisition method. The purchase price is measured at fair value of the acquired assets, liabilities, and equity instruments. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred and included in other operating expenses.

The Group determines whether a transaction or other event is a business combination or an asset acquisition. For an asset acquisition, the purchase price, including transferred liabilities associated with the acquired asset, is allocated pro rata in accordance with its fair value. Deferred tax liabilities on such acquisitions are not accounted for in the financial statements.

In a business combination, the assets acquired, and liabilities assumed are valued at fair value at the time of acquisition. Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the combination. Goodwill is tested annually for impairment and is not subject to amortisation. Fair value of goodwill is normally assessed more than once a year if there are events or circumstances that indicates a possible impairment.

If the fair value of identified assets and liabilities exceeds the purchase price (negative goodwill) the excess amount is recognised as gain in profit or loss. Provision of deferred tax is made for the difference between the fair value of identified assets and liabilities, and the carrying amount of assets and liabilities, except for goodwill.

#### Associates and joint ventures

Associated companies are entities where the group has no control but has the ability to exercise significant influence over the financial and operating policy decisions of the investee. Normally, significant influence is obtained when the group have between 20% and 50% ownership or voting rights. Associated companies follow the equity method in the consolidated financial statements. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost.

The carrying amount of the investee's identifiable assets and liabilities includes goodwill identified at the acquisition date, adjusted to account for depreciation, amortisation and any impairment. The Group's share of the investee's profit or loss is recognised in the Group's profit or loss and reduce or increase the carrying amount of the investment. The investment is recognised when the Group obtain significant influence until the significant influence ceases. Any losses from the investee that exceeds the carrying amount of the investment reduces the carrying amount to zero with the share of investment. Additional losses are not recognised unless the group has an obligation to cover this loss.

#### Eliminations and intra-group transactions

**Note 3 - Segmentation***Figures in NOK 1000*

For management purposes, the group is organised in business units based on the industries in which the group operates. The group has three operating segments:

**Facility Services (FS)**

FS provide services within canteen, catering, cleaning, and full management for all services provided within a commercial building.

**Camps/catering**

The camp segment provides cleaning and catering services at camp hotels and barracks.

**Offshore**

Offshore provides services within operations on production platforms, flotels and drilling rigs mainly relating to catering and accommodation services.

**Admin**

The remaining group activities are shown as «admin» in the column. These activities are mainly related to the group management.

The management continuously monitor the operating segments profits and uses that information to conduct analysis of the operating segments performance as well as for decision making purposes related to allocation of resources. The performance of an operating segment is assessed based on operating profits and is measured in accordance with the measurement of the group operating profit in the consolidated financial statements.

A specification of the groups reportable operating segments is presented below.

**Operating segments**

As of 31.12.2020	Facility Services	Camp	Offshore	Backoffice	GAAP	Other /Elim	Consolidated
Revenues	1 167 476	576 411	407 035	2 451	0	-62 239	<b>2 091 134</b>
Internal sales revenue	-31 587	-17 312	0	-2 451	0	51 350	<b>0</b>
Other income	9 991	2 778	0	0	0	0	<b>12 769</b>
<b>Total revenue</b>	<b>1 145 880</b>	<b>561 877</b>	<b>407 035</b>	<b>0</b>	<b>0</b>	<b>-10 888</b>	<b>2 103 903</b>
Cost of goods sold	231 494	211 626	79 961	0	0	-8 617	<b>514 465</b>
<b>CM I</b>	<b>914 385</b>	<b>350 251</b>	<b>327 074</b>	<b>0</b>	<b>0</b>	<b>-2 271</b>	<b>1 589 438</b>
Salary and personnel expenses	636 675	180 663	262 105	56 237	-5 649	84 975	<b>1 215 006</b>
Other operating expenses	45 067	75 697	17 505	57 843	-51 911	29 034	<b>173 235</b>
<b>CM II</b>	<b>232 644</b>	<b>93 891</b>	<b>47 464</b>	<b>-114 080</b>	<b>57 560</b>	<b>-116 280</b>	<b>201 197</b>
Local admin cost	85 450	22 251	8 579	0	0	-116 280	<b>0</b>
<b>CM III</b>	<b>147 194</b>	<b>71 640</b>	<b>38 885</b>	<b>-114 080</b>	<b>57 560</b>	<b>0</b>	<b>201 197</b>
Allocated shared cost	51 928	23 306	13 469	-88 704	0	0	<b>0</b>
<b>CM IV</b>	<b>95 266</b>	<b>48 334</b>	<b>25 415</b>	<b>-25 376</b>	<b>57 560</b>	<b>0</b>	<b>201 197</b>
Share of profit from joint ventures and associates		-847					<b>-847</b>
<b>EBITDA</b>	<b>95 266</b>	<b>47 487</b>	<b>25 415</b>	<b>-25 376</b>	<b>57 560</b>	<b>0</b>	<b>200 351</b>

**Note 3 - Segmentation cont.**

Figures in NOK 1000

As of 31.12.2019	Facility Services	Camp	Offshore	Backoffice	GAAP	Other /Elim	Consolidated
Revenues	1 140 034	684 096	397 028	9 424	2 068	-55 129	<b>2 177 521</b>
Internal sales revenue	-16 668	-29 279	0	-3 133	0	49 080	<b>0</b>
Other income	0	0	0	0	0	0	<b>0</b>
<b>Total revenue</b>	<b>1 123 366</b>	<b>654 817</b>	<b>397 028</b>	<b>6 291</b>	<b>2 068</b>	<b>-6 049</b>	<b>2 177 521</b>
Cost of goods sold	277 723	243 196	91 574	0	0	-3 898	<b>608 594</b>
<b>CM I</b>	<b>845 643</b>	<b>411 621</b>	<b>305 454</b>	<b>6 291</b>	<b>2 068</b>	<b>-2 151</b>	<b>1 568 927</b>
Salary and personnel expenses	603 283	194 198	232 341	143 329	1 009	0	<b>1 174 160</b>
Other operating expenses	45 577	96 370	14 898	80 443	-47 502	-2 151	<b>187 636</b>
<b>CM II</b>	<b>196 783</b>	<b>121 053</b>	<b>58 214</b>	<b>-217 481</b>	<b>48 562</b>	<b>0</b>	<b>207 132</b>
Local admin cost	75 012	24 249	9 969	-109 230	0	0	<b>0</b>
<b>CM III</b>	<b>121 771</b>	<b>96 804</b>	<b>48 246</b>	<b>-108 251</b>	<b>48 562</b>	<b>0</b>	<b>207 132</b>
Allocated shared cost	49 022	21 597	11 195	-81 814	0	0	<b>0</b>
<b>CM IV</b>	<b>72 748</b>	<b>75 208</b>	<b>37 051</b>	<b>-26 437</b>	<b>48 562</b>	<b>0</b>	<b>207 132</b>
Share of profit from joint ventures and associates		1 098					<b>1 098</b>
<b>EBITDA</b>	<b>72 748</b>	<b>76 306</b>	<b>37 051</b>	<b>-26 437</b>	<b>48 562</b>	<b>0</b>	<b>208 230</b>

CM = Contribution margin

**Other information - Balance sheet**

The group measure and report operating segments based on revenue, profit margin and EBITDA. Depreciation and financial items are not allocated to the individual segments. Furthermore, the group does not monitor balance sheet items at a segment level on a regularly basis.

Revenue in between segments are eliminated for consolidation purposes and included in "other/elim".

<b>Geographical information</b>	<b>2020</b>	<b>2019</b>
Norway	2 071 817	2 177 521
Other states	32 086	0
<b>Total revenue</b>	<b>2 103 903</b>	<b>2 177 521</b>

Revenue outside the Norwegian borders relates to activities on UK Soil with mNOK 10,7 and international waters with mNOK 21,3. 4Service Offshore AS is for that purpose registered as a simplified company in the UK and are therefore taxable for activities on UK soil.

**Note 4 - Revenue***Figures in NOK 1000***Performance obligations**

Information related to the groups performance obligations and recognition of the associated revenue is provided below:

*FS - Canteen operation*

Canteen operation is structured in three different business models: Management canteens, risk canteens and commercial canteens.

- **Management canteens:** 4Service charge the customer a fixed management fee for operating the canteen, while the customer pays for the food/inventory. The management fee is subject to an index adjustment during the contract period.

There are relatively specific details of the performance obligation in the contracts. The contracts are based on a given quality level and regulates opening hours, inventories, service level, quality of goods sold, menus, cleaning/maintenance etc. The performance obligation in the contract is the daily management of the canteen during the contract period. The performance obligation is considered the same throughout the contract period as it follows the same pattern of transfer to the customer. The contract is therefore considered as a series of distinct performance obligations and is accounted for as a single performance obligation. Index-regulation of the inventories is recognised during the period the regulation was conducted.

- **Risk canteens:** 4Service charge the customer with a fixed management fee for operating the canteen. In addition, the customer is also charged for the number of meals for a fixed amount. 4Service takes all the risk relating to the inventory.

There are relatively specific details of the performance obligation in the contracts. The contracts are based on a given quality level and regulates opening hours, inventories, service level, quality of goods sold, menus, prices of meals, cleaning/maintenance etc. Operations of the canteen, production/sale of food to the customers employees, are considered as a combined service. The contract is therefore considered as a series of distinct performance obligations and is accounted for as a single performance obligation. The variable element, the number of meals, are allocated to a specific day (the day of purchasing a meal). This means that the management fee is recognised as revenue over time (throughout the contract period), while number of meals are recognised upon delivery.

- **Commercial canteens:** This is typically coffee shops (and Edda restaurant) in office buildings where 4Service already operates canteens. Revenue is a result of goods sold and services delivered during the contract period.

The performance obligation is to deliver goods (foods/beverages) when the customer order. This is considered as an ordinary sale of goods, and revenue is recognised at the time of sale

*FS - Cleaning services*

Cleaning services consist of all types of daily and periodic cleaning in office buildings, public institutions such as school and culture centres, public hubs, and camps.

In all cases, there are two or maximum three different performance obligations in the contracts; daily/weekly cleaning, periodic cleaning such as façade and window cleaning, floor treatment and maintenance etc. or other services charged at an hourly rate.

The following performance obligations are identified:

- (1) Daily/weekly cleaning services (in accordance with the exception in IFRS 15)
- (2) Temporary/additional services
- (3) Periodic cleaning

**Note 4 - Revenue cont.***Figures in NOK 1000****FS - Facility Services and Coworking***

Facility Services (FS) are often called facility management and is a fully-fledged facility service that provides full operation of a commercial building such as cleaning services, post management, goods receipt, canteen services, front desk management, caretaker services and more.

Coworking is a service where 4Service provide office space and includes several services available for the customer. The concept is to give an integrated service with stable cost and a flexible choice of services in order for the customer to avoid handling several different service providers.

The concept is relatively new and can be compared to a traditional hotel operation. However, instead of renting out hotel rooms we are renting out office space for the short and medium term. The customer will have access to include canteen, catering, meeting rooms and front desk services in the contract. The customer can be individuals, start-ups, small businesses, project-based businesses ect.

The FS contracts have multiple performance obligations: Daily/weekly cleaning services of the office space, periodic cleaning, canteen services within opening hours, catering services, front desk services (e.g number of hours of staffed reception).

For the coworking contracts the performance obligation is to provide one or multiple office spaces to the customer. In the extension of renting office space it is natural to sell canteen services, meeting rooms and front desk services.

***Camps***

Camps deliver services to companies within the construction and production industry. These industries need camps close to the constructions sites (eg. Road Construction, oil/gas sites etc.). The service provided consist of front desk services, food services, cleaning- and caretaker services.

Some camps operate as a construction hotel, where the customer order rooms and pays a fixed amount per day for food services and accommodation. Revenue is recognised when the customer stays at the hotel.

Another type of contract is tailored such that the customer bears a large share of the risk. The customer pays a fixed amount for a given capacity (e.g. for a given numbers of rooms or barracks) to a lower price pr day. The number of days is not specified in the contract and may vary.

Normally, the customer owns or rents the facility (riggs/barracks), while 4Service only provide the services. In some cases, 4Service establish or rent the riggs/barracks. In such cases the contract may include a lease element. Therefore, it must be assessed whether the lease element is considered operational or financial. In most cases, the customer has access to a certain capacity with no specification of rooms or areas. The contract is then considered to not include a lease element.

The performance obligation in these contracts are to provide camp services to the customer when needed and not based on an individual stay. The performance obligation is considered the same throughout the contract period as it follows the same pattern of transfer to the customer. The contract is therefore considered as a series of distinct performance obligations and is accounted for as a single performance obligation. The transaction price consist of a fixed amount (management fee) that is recognised over time (during the contract period), while the price pr day represent a variable element that is recognised when the customer stays at the hotel.

***Catering services - Offshore***

Catering services (food and cleaning) within the offshore segment are provided on off-shore oil and gas rigs or floatels in associated with such rigs.

The contracts are typically framework agreements establishing prices and the terms of conditions for the services provided. The contracts are long-term with ongoing adjustments based on capacity and the customer's needs (typically 1-2 weeks notification). The number of rigs the customer order catering services for depends on the duration of the contract. The transaction price in most contracts is based on agreed staffing in accordance with the number of people that stays at the rigs during the period. Staffing follows a "stair-step" model and increases with the number of people that stays at the rigs over the period. Some contracts set out a minimum staffing level independent of the persons on the rigs.

The performance obligation is considered the same throughout the contract period as it follows the same pattern of transfer to the customer. The contract is therefore considered as a series of distinct performance obligations and is accounted for as a single performance obligation. The contracts are normally sort-term which implies that the revenue is accounted for in accordance with invoicing for the period.

**Note 4 - Revenue cont.***Figures in NOK 1000***Disclosure of disaggregated revenue**

The following table show the breakdown of the group's revenues:

<b>As of 31 Desember 2020</b>						
<b>Reporting segments</b>	<b>Facility Services</b>	<b>Camp</b>	<b>Offshore</b>	<b>Admin</b>	<b>Other /Elim</b>	<b>Total</b>
<b>Importans products and services</b>						
Catering services offshore		576 418	407 035			<b>983 453</b>
Canteen services	402 458					<b>402 458</b>
Catering	38 111					<b>38 111</b>
Cleaning services	579 473					<b>579 473</b>
Facility Services/Coworking	147 434					<b>147 434</b>
Other	9 991	2 778		0	-59 794	<b>-47 025</b>
<b>Total</b>	<b>1 177 467</b>	<b>579 195</b>	<b>407 035</b>	<b>-</b>	<b>- 59 794</b>	<b>2 103 903</b>

<b>As of 31 Desember 2019</b>						
<b>Reporting segments</b>	<b>Facility Services</b>	<b>Camp</b>	<b>Offshore</b>	<b>Admin</b>	<b>Other /Elim</b>	<b>Total</b>
<b>Importans products and services</b>						
Catering services offshore	-	684 096	397 028	-	-	<b>1 081 124</b>
Canteen services	574 553	-	-	-	-	<b>574 553</b>
Catering	38 464	-	-	-	-	<b>38 464</b>
Cleaning services	484 347	-	-	-	-	<b>484 347</b>
Facility Services/Coworking	42 669	-	-	-	-	<b>42 669</b>
Other	0	0	0	9 424	-53 061	<b>-43 637</b>
<b>Total</b>	<b>1 140 034</b>	<b>684 096</b>	<b>397 028</b>	<b>9 424</b>	<b>- 53 061</b>	<b>2 177 521</b>

0

**Significant contracts with customers**

In the business segment "Offshore" one customer stands for approximately 197 mNOK of total group revenue.

With this exception there are no other contracts that constitute a significant share of the group revenue.

**Note 5 - Group companies**

The following subsidiaries are included in the consolidated financial statements as of 31.12.2020:

Entity	Acquisition date	Country	Segment	Ownership 2020	Ownership 2019	Ownership 2018
4Service Gruppen AS	22.12.2015	Norway	Other	100 %	100 %	100 %
4Service AS	04.11.2011	Norway	Camp	100 %	100 %	100 %
4Service Landanlegg AS	19.10.2010	Norway	Camp	100 %	100 %	100 %
4Service Facility AS	06.12.2016	Norway	FS	100 %	100 %	100 %
4Service Offshore AS	23.11.2009	Norway	Offshore	100 %	100 %	100 %
4Service Offshore Hotels AS	21.01.2016	Norway	Offshore	100 %	100 %	100 %
4Service FS AS	20.09.2017	Norway	FS	100 %	100 %	100 %
4Service Eir Renhold AS	06.12.2016	Norway	FS	100 %	100 %	100 %
4Service Eir Camp AS	27.06.2018	Norway	Camp	100 %	100 %	100 %
4Service Catering AS	04.04.2019	Norway	FS	100 %	100 %	NA
Ren Pluss Eiendom AS	06.12.2016	Norway	Other	100 %	100 %	100 %
Izy AS	07.02.2019	Norway	Other	100 %	100 %	100 %
Lahaugmoen Innkvartering AS	13.05.2014	Norway	Camp	70 %	70 %	70 %

In 2020, 4Service Holding AS conducted a legal restructuring to simplify the group structure:

- The companies Søtt+Salt Kantine AS and Brest AS merged with 4Service Facility AS (previously 4Service Kantine AS)
- The companies Gastro Kitchen AS and Søtt+Salt AS merged with 4Service Catering AS (previously Gastro Catering AS)
- The company Kraft Drift AS merged with 4Service Eir Renhold AS
- The company Søtt+Salt Gruppen AS merged with 4Service Gruppen AS

**Acquired in 2019**

The group acquired the companies Søtt+Salt Gruppen AS (with subsidiaries), Gastro Catering (with subsidiaries) and Brest AS in May, May and June 2019 respectively. The income statement is recognised from the acquisition date while assets and liabilities are recognised as at 31.12.2019.

After the restructuring in 2020 only Gastro Catering AS – now 4Service Catering AS – remain as a legal entity.

**Non-controlling interest**

The income statement, assets, liabilities and equity of Lahaugmoen Innkvartering AS is consolidated in the consolidated financial statement and 30% of the profit and equity are recognised as non-controlling interests.

**Note 6 - Acquisitions***Figures in NOK 1000*

Acquisition of businesses:

In 2020, the group did not conduct in any strategic acquisitions in order to coordinate processes and benefit from synergies from acquired businesses previous years. The list below shows the acquisitions that the group made in 2019.

The acquisitions are financed through cash and private placements. The cash obtained is a result of ongoing refinancing of long-term loans from DNB.

The companies are all resident in Norway. As a rule, the acquisitions are partly financed with private placements to retain the competence and customer relations of the acquired entities within the group.

The table below illustrates the fair values of identifiable assets at acquisition date:

	Acquisitions during 2020	Acquisitions during 2019 Gastro, Søtt+Salt og bRest
<b>Assets</b>		
Non-current assets		3 700
Cash and cash equivalents		23 600
Receivables		23 700
Inventories		4 200
Patents and licenses		400
	<b>0</b>	<b>55 600</b>
<b>Liabilities</b>		
Trade payable		-12 000
Contingent liabilities		0
Provisions		-37 300
Deferred tax liability		-21 200
	<b>0</b>	<b>-70 500</b>
<b>Total identifiable net assets at fair value:</b>	<b>0</b>	<b>-14 900</b>
Trademark		40 600
Contracts with customers		55 900
Goodwill		174 800
<b>Purchase consideration</b>		<b>256 400</b>
Share issue*		72 896
Cash and cash equivalents		183 504
<b>Purchase price</b>	<b>-</b>	<b>256 400</b>
Cash consideration paid		183 504
Cash consideration received		-23 600
<b>Total consideration</b>	<b>-</b>	<b>159 904</b>

\*Share issue means that the seller has acquired shares in the parent company through seller credit conversion. For the effect in the consolidated financial statement, see the table below.

Revenue and profit in acquired companies:	2020	2019
<i>(BEFORE/AFTER group recognition)</i>		
Revenue BEFORE acquisition		104 196
Revenue AFTER acquisition		186 012
Revenue	-	290 209
Total profit or loss BEFORE acquisition		4 596
Total profit or loss AFTER acquisition		9 756
Total profit or loss	-	14 353

Deferred tax liability mainly consists of differences between accounting and tax treatment relating to depreciation on tangible assets and intangible assets.

The value attributable to Goodwill include customer relations, employees with special competence and expected future synergies within the groups existing business. These intangible values do not meet the criteria of IAS 38 and is not recognised separately.

Goodwill is allocated to the cash generating units ("CGU's"), represented by the segments (see note 3 Segmentation and note 10 impairment of goodwill). Goodwill include only goodwill relating to the group and is not subject to tax depreciation.

See note 27 "Estimation uncertainty"



**Note 7 - Associates and joint ventures***Figures in NOK 1000*

Associated companies are companies where the group have between 20% and 50% ownership or voting rights.

Associated companies follow the equity method in the consolidated financial statements. The Group's share of the investee's profit or loss is recognised in the Group's profit or loss with deductions for internal gains, dividends, and for depreciation of the depreciable assets based on their fair values at the acquisition date. If the carrying amount of the investment is negative it is recognised as a liability in the consolidated financial statement as the group considers it to be highly probable that it will meet its obligations.

Most of the groups associated companies follow the equity method. Most of these companies are under the camp segment.

The groups associated companies are as follow:

	Country	Industry	Ownership	Voting rights
Viken Innkvartering AS	Norge	CAMP	50 %	50 %
Ørin Overnatting AS	Norge	CAMP	34 %	34 %
Flesland Innkvartering AS	Norge	CAMP	33 %	33 %

Statement of profit and equity share for associated companies:  
(Also see note 23 "Related parties")

	Viken Innkvartering AS	Ørin Overnatting AS	Flesland Innkvartering AS	Total
<b>Book value 01.01.2020</b>	- 204	2 060 -	2 007 -	151
Profit share after tax 2020	- 1 124	1 199 -	963 -	888
Capital deposits				-
Dividends				-
<b>Book value 31.12.2020 (ASSETS)</b>		3 259		3 259
<b>Book value 31.12.2020 (LIABILITIES)</b>	- 1 328	-	2 970 -	4 299

  

	Viken Innkvartering AS	Ørin Overnatting AS	Flesland Innkvartering AS	Total
<b>Book value 01.01.2019</b>	294	732 -	2 265 -	1 239
Profit share after tax 2019	- 499	1 328	258	1 087
Capital deposits				-
Dividends				-
<b>Book value 31.12.2019 (ASSETS)</b>	-	2 060	-	2 060
<b>Book value 31.12.2019 (LIABILITIES)</b>	- 204	-	2 007 -	2 211

Based on the size and complexity of the associated companies the group do not consider any of the companies to be significant for the group. Therefore, no separate statements have been made showing the balance sheet and result for each associated company.

**Note 8 - Property, plant and equipment***Figures in NOK 1000*

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. Cost includes all costs necessary to bring the asset to working condition for its intended use. For self-produced assets borrowing costs are also included.

Items of property, plant, and equipment should be recognised as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. The carrying amount of an item of property, plant, and equipment will include the cost of replacing or restore the part of such an item when that cost is incurred if the recognition criteria are met. The remaining carrying amount related to replaced parts are recognised over profit and loss. Cost of service, repairs and maintenance are recognised as expense.

All material components are depreciated over the asset's estimated useful life. All assets are depreciated using the straight-line method.

Leased assets that cannot be expected to last until the end of the lease period, depreciation of the assets is the lowest of the lease period and the expected useful life. Leased assets that are expected to last until the end of the lease period is depreciated over the expected useful life.

The residual value, method and the useful life of an asset are reviewed at each financial year-end. If expectations differ from previous estimates, any change is accounted for as a change in estimate.

2020	Fixtures and fittings, cars and other equipment	Land, buildings and real estate	Total
Acquisition cost 01.01.2020	90 335	10 598	<b>100 933</b>
Additions	22 148	5 304	<b>27 452</b>
Disposals	- 13 564	- -	<b>13 564</b>
<b>Acquisition cost 31.12.</b>	<b>98 920</b>	<b>15 902</b>	<b>114 821</b>
Acc.dep. & write-downs 01.01	- 39 438	- 8 455	<b>47 893</b>
Deprecation of disposals	- 8 921	- 1 657	<b>10 578</b>
Deprecation of the year	17 277	1 969	<b>19 246</b>
<b>Acc.dep. &amp; write-downs 31.12.</b>	<b>47 794</b>	<b>8 767</b>	<b>56 561</b>
			-
<b>Carrying amount 31.12.20 *</b>	<b>51 126</b>	<b>7 135</b>	<b>58 261</b>

\*Financial Leasing is included in equipment with the carrying amount of 20 542 tNOK as of 31.12.20

Economic life	3-5 years	5-50 years
Depreciation method	Linear	Linear

2019	Fixtures and fittings, cars and other equipment	Land, buildings and real estate	Total
Acquisition cost 01.01.2019	52 539	6 775	<b>59 314</b>
Additions through acquisition	11 447	5 978	<b>17 425</b>
Additions	23 750	383	<b>24 133</b>
Disposals	- 4 649	- -	<b>4 649</b>
<b>Acquisition cost 31.12.</b>	<b>83 087</b>	<b>13 136</b>	<b>96 223</b>
Acc.dep. & write-downs 01.01	- 16 905	- 1 471	<b>18 376</b>
Acc.dep. & write-downs from acquisition	9 106	4 696	<b>13 802</b>
Deprecation of the year	13 427	2 288	<b>15 716</b>
<b>Acc.dep. &amp; write-downs 31.12.</b>	<b>39 438</b>	<b>8 455</b>	<b>47 893</b>
			-
<b>Carrying amount 31.12.19 *</b>	<b>43 650</b>	<b>4 681</b>	<b>48 330</b>

\*Financial Leasing is included in equipment with the carrying amount of 17 658 tNOK as of 31.12.20

Economic life	3-5 years	5-50 years
Depreciation method	Linear	Linear

See note 16 for "Non-current interest-bearing liabilities"

**Note 9 - Intangible assets***Figures in NOK 1000***Goodwill**

Goodwill is recognised at cost less accumulated impairment losses. Goodwill is subject to an annual impairment test. An impairment loss recognised for goodwill is not reversed even if the premise of the impairment no longer is present.

Goodwill acquired in a business combination is allocated to each cash-generating units (CGU) or group of units that have been acquired or that are expected to benefit from synergies.

**Contracts with customers**

Contracts with customers are contractual customer relations/relationships. Separately acquired contracts with customers are recognised at fair value (cost) at the time of purchase. Contracts with customers acquired in a business combination is recognised at its fair value at acquisition date. The contracts are recognised at acquisition cost less accumulated amortisation and have a limited useful life. Amortisation is calculated based on the estimated useful life of the customer contracts using the straight-line method.

**Trademark**

Trademark acquired in a business combination are recognised at fair value at the acquisition date deducted for any impairment losses. Trademark is subject to an annual impairment test.

**Software**

Cost relating to acquiring software are recognised as an intangible asset unless these costs are a part of the acquisition cost relating to hardware. In general, amortisation of software is three years. Costs related to maintain the future economic benefits of the software are accounted for as an expense over profit or loss unless the changes in software increases the future economic benefit of the software.

**Research and development**

Expenditures on development of internal projects are recognised as intangible assets when it can be demonstrated that:

-It is probable that the assets are completed so that it will be available for its intended use or sale

-It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured

Costs recognised in the statement of financial position includes cost of materials, cost of employee benefits and other directly attributable cost of developing the asset. Internal developments are amortised over a useful lifetime using the straight-line method. Amortisation begins when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. When an asset is not in use, the asset is subject to an annual impairment test.

2020	Goodwill	Contracts with customers	Trademark	Software & other intangible assets	Software under development	Total
Acquisition cost 01.01.2020	920 572	69 412	40 551	51 561	151	<b>1 082 246</b>
Additions from acquired companies	-	-	-	-	-	-
Additions	-	5 167	-	20 278	-	<b>25 445</b>
Disposals	-	-	-	3 280	-	<b>3 280</b>
<b>Acquisition cost 31.12.</b>	<b>920 572</b>	<b>74 579</b>	<b>40 551</b>	<b>68 559</b>	<b>151</b>	<b>1 104 411</b>
Accumulated depreciation at 01.01	91 658	7 315	-	9 374	-	<b>108 348</b>
Accumulated depreciation from acquired companies	-	-	-	-	-	-
Amortisation and impairments for the year	-	10 814	-	12 945	-	<b>23 759</b>
<b>Acc.dep and impairment losses at 31.12.</b>	<b>91 658</b>	<b>18 129</b>	<b>-</b>	<b>22 319</b>	<b>-</b>	<b>132 107</b>
<b>Carrying amount at 31.12.</b>	<b>828 914</b>	<b>56 450</b>	<b>40 551</b>	<b>46 239</b>	<b>151</b>	<b>972 305</b>
Economic life	Indefinite	Average of 6 years	Indefinite	3 years		
Depreciation method	NA	Linear	NA	Linear	Upon completion	

**Note 9 - intangible assets cont.***Figures in NOK 1000*

2019	Goodwill	Contracts with customers	Trademark	Software & other intangible assets	Software under development	Total
Acquisition cost 01.01.2019	743 544	13 514	-	25 059	-	<b>782 116</b>
Additions from acquired companies	-	-	-	3 866	151	<b>4 016</b>
Additions	177 028	55 898	40 551	22 636	-	<b>296 113</b>
Disposals	-	-	-	-	-	-
<b>Acquisition cost 31.12.</b>	<b>920 572</b>	<b>69 412</b>	<b>40 551</b>	<b>51 561</b>	<b>151</b>	<b>1 082 246</b>
Accumulated depreciation at 01.01	91 658	678	-	2 734	-	<b>95 070</b>
Accumulated depreciation from acquired companies	-	-	-	408	-	<b>408</b>
Amortisation and impairments for the year	-	6 637	-	6 232	-	<b>12 869</b>
<b>Acc.dep and impairment losses at 31.12.</b>	<b>91 658</b>	<b>7 315</b>	<b>-</b>	<b>9 374</b>	<b>-</b>	<b>108 348</b>
<b>Carrying amount at 31.12.</b>	<b>828 914</b>	<b>62 097</b>	<b>40 551</b>	<b>42 187</b>	<b>151</b>	<b>973 899</b>

Economic life	Indefinite	Average of 6 years	Indefinite	3 years	
Depreciation method	NA	Linear	NA	Linear	Upon completion

Additions of goodwill, contracts with customers and trademark in 2019 are related to the acquired companies, see note 6 for further information.

Additions of software and other intangible assets are related to a new CRM system, new payroll system and the development of an App for the canteen and FS operations.

"IZY" App is an inhouse solution that has become a market leading app that connects canteen users more closely to restaurants and other facilities in office buildings

See note 27 "Estimation uncertainty" for more information.

**Note 10 -Impairment of goodwill***Figures in NOK 1000*

The carrying amount of goodwill at 31.12.2020 is 823 MNOK. The majority of goodwill relates to the acquiring of the companies within the FS segment. The group monitors and test goodwill for each Cash Generating Units (or group of CGUs) equal to the CGUs defined in note 3 segmentation.

<b>The carrying amount of goodwill:</b>	<b>2020</b>	<b>2019</b>
FS	735 268	735 268
Camp	63 545	63 545
Offshore	30 101	30 101
<b>Total</b>	<b>828 914</b>	<b>828 914</b>

<b>Goodwill of contracts with customers:</b>	<b>2020</b>	<b>2019</b>
FS	53 271	58 010
Camp	3 179	4 087
<b>Total</b>	<b>56 450</b>	<b>62 097</b>

<b>The carrying amount of trademark:</b>	<b>2020</b>	<b>2019</b>
FS	40 551	40 551
<b>Total</b>	<b>40 551</b>	<b>40 551</b>

The group assess impairment of goodwill annually or when there is an indication that the carrying amount exceeds the recoverable amount. The impairment assessment has been carried out by the company within a quality-assured framework. The assessment was made as of 31.12.2020.

The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment test assumes a cautious annual growth rate during the forecast period until the terminal year in which a steady state rate of 2% has been applied.

**Key assumptions in assessing value in use as of 31.12.2020:**

	<b>FS</b>	<b>Camp</b>	<b>Offshore</b>
Discount rate	10,5 %	10,5 %	10,5 %
Growth rate	2,0 %	2,0 %	2,0 %
EBITDA margin	20,0 %	15,0 %	15,0 %

#### Facility Services (FS)

The estimated cashflow for calculating value in use for the cash-generated unit of FS is based on management assessment of approved budgets for future periods. The market within the segment of Facility Services is growing as the customers appreciate increased flexibility, more interaction, and services. This also enables the customers to focus on their core business. Based on the management assessments and projections, the management consider the market to be growing and expects to increase its market shares within the segment of FS.

#### Catering services - camps

The estimated cashflow for calculating value in use for the cash-generated unit of Camp is also based on management assessment of approved budgets for future periods. The market situation in the Camp segment depend heavily on future construction projects (e.g. revised National transportation plan – NTP and construction activities). Based on the management understanding of future constructions projects initiated by the public and the size of these projects, there is reason to expect growth throughout 2021 and the following years.

#### Offshore

The estimated cashflow for calculating value in use for the cash-generated unit of Offshore is based on management assessment of approved budgets for future periods. The market situation in the Offshore segment depend heavily on the activities on the rigs. Significant changes in e.g. oil prices will in the medium-term affect the activity in the offshore industry. Based on the management assessment of the offshore industry there is reason to expect a stable growth for the foreseeable future.

## **Note 10 - Impairment of goodwill cont.**

### **Key assumptions applied to determine the recoverable amount**

The value in use calculations for the cash-generated units is most sensitive to the following assumptions:

#### *Discount rate*

*The discount rate for the Group is estimated based on the weighted average cost of capital (WACC). The discount rate reflects the market return of the industry in each cash-generating unit at the time the test was conducted. The cost of equity is calculated based on the CAPM-model. The applied discount rate is 10,5% for all CGU's.*

#### *EBITDA margin*

*The EBITDA margin in the forecast period is determined from an average historical margin the last three years. All CGU's have a constant EBITDA margin throughout the forecast period determined by management expectations of the market situation and competitive market.*

#### *Growth rate*

*The growth rate is estimated based on the management assessment of future market conditions.*

Based on the information available and the management knowledge of the market, the management expects a moderate growth the following years. The management prospects are based on an assessment of historical figures and industry analysis available for the public. Due to the uncertainty in the assumptions made, mainly due to corona, the estimate might be adjusted in future periods. However, experience from the pandemic has demonstrated that the Group are able to maintain its profitability and turnover while at the same time maintained a stable customer base and supply in most of the Group's operating segments.

### **Sensitivity analysis of key assumptions:**

As all acquisitions are acquired in relatively recent times and as the impairment test has not revealed any indication of impairments, no further analysis of the assets underlying values has been conducted.

The segments are only subject to impairment if there are significant changes in the assumptions made. The management is of the opinion that no changes within a reasonable scope will result in a carrying amount that exceeds the recoverable amount.

**Note 11 - Leases***Figures in NOK 1000***Implementation**

IFRS 16 is implemented as of 1 January 2018.

The Group as a lessee recognises its leases in the financial position as a lease liability with a corresponding right-of-use asset, except for leases with a lease term of twelve months or less or leases where the underlying asset is considered to have a "low value" (less than 50 tNOK). Leases with low value and in which was recognised as a financial leasing after NGAAP is not omitted.

**Presentation**

The lease liability is recognised as the present value of the lease payments while the right to use the underlying asset during the lease term is recognised as a non-current asset. Installments and interest are recognised as financial expenses, while depreciation related to the right-of-use assets is recognised as depreciation. Installments and interest of the lease liability are classified under financing activities in the statement of cash flows.

**Lease contracts**

The group leases several assets:

- ~~O~~ffice buildings
- ~~R~~ent of canteen operations and restaurants
- ~~R~~ent of rigs and land related to camps
- ~~C~~ars and machinery
- ~~P~~roduction equipment for canteen operations

**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. The lease payments are discounted using the contractual interest rate unless it cannot be readily determined an incremental borrowing rate is applied. Variable lease payments are only included if the lease liability depend on an index or a rate. In such cases, initial measurement of the cost assumes that the variable lease payments are constant during the lease period. When the CPI is known, the lease liability is reevaluated while the discount rate is held stable. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss.

**Right-to-use assets**

The right-of-use asset is initially measured as the amount of the lease liability. The cost of the right-of-use asset shall comprise:

- ~~T~~he amount of the initial measurement of the lease liability;
- ~~A~~ny lease payments made at or before the commencement date, less any lease incentives received;
- ~~A~~ny initial direct cost; and
- ~~A~~n estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets

Subsequent measurement can increase the lease liability as a result av changes in interest rates and decrease as a result of reduced lease payments.

The right-of-use assets are depreciated from the commencement date to the end of the useful life of the underlying assets or until the end of the lease term. The group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the lease liability is remeasured to reflect changes to the lease payments (e.g. if there is a high probability that the option of extending the lease contract is not used). The revised discount rate is the implicit interest rate for the remainder of the lease term if that rate can be readily determined. If the implicit interest rate is not readily determined an incremental borrowing rate is applied at the date of reassessment. The carrying amount of the right-of-use assets is also revised. The revised right-of-use asset is depreciation over the remaining lease term.

**Discount rate**

The interest rate implicit in the lease is generally not known such that the lease payments are discounted using the Group's incremental borrowing rate. The discount rate for the discounted lease liability is calculated for contracts with a duration of 1-3 years and 4-10 years. The discount rate is 4.6% and 5.34% respectively.



**Note 11 - Leases cont.***Figures in NOK 1000***Right-of-use assets**

The Group's right-of-use assets are presented in the table below:

<b>Right-of-use assets 2020</b>	<b>Buildings</b>	<b>Transportation</b>	<b>Total</b>
<b>Balance as at 1. january 2020</b>	<b>305 376</b>	<b>21 678</b>	<b>327 054</b>
Additions	29 087	4 272	<b>33 359</b>
Disposals	0	0	<b>0</b>
Adjustments and reclassifications	26 265	0	<b>26 265</b>
<b>Carrying amount 31. december 2020</b>	<b>360 728</b>	<b>25 950</b>	<b>386 678</b>
<b>Acc.dep and write-downs 1. january 2020</b>	<b>74 437</b>	<b>8 402</b>	<b>82 839</b>
Depreciation	40 622	2 073	<b>42 695</b>
Write-downs	0	0	<b>0</b>
Disposals	0	0	<b>0</b>
Adjustments and reclassifications	0	0	<b>0</b>
<b>Acc.dep and write-downs 31. december 2020</b>	<b>115 059</b>	<b>10 475</b>	<b>125 534</b>
<b>Carrying amount 31. december 2020</b>	<b>245 669</b>	<b>15 475</b>	<b>261 144</b>

Remaining lease term or useful life  
Depreciation method

1-10 years    1-5 years  
Linear        Linear

<b>Right-of-use assets 2019</b>	<b>Buildings</b>	<b>Transportation</b>	<b>Total</b>
<b>Balance as at 1. january 2019</b>	<b>250 873</b>	<b>13 167</b>	<b>264 040</b>
Additions	51 990	8 511	<b>60 501</b>
Disposals	0	0	<b>0</b>
Adjustments and reclassifications	2 513	0	<b>2 513</b>
<b>Carrying amount 31. december 2019</b>	<b>305 375</b>	<b>21 678</b>	<b>327 054</b>
<b>Acc.dep and write-downs 1. january 2019</b>	<b>35 630</b>	<b>3 152</b>	<b>38 782</b>
Depreciation	38 807	5 250	<b>44 057</b>
Write-downs	0	0	<b>0</b>
Disposals	0	0	<b>0</b>
Adjustments and reclassifications	0	0	<b>0</b>
<b>Acc.dep and write-downs 31. december 2019</b>	<b>74 438</b>	<b>8 402</b>	<b>82 839</b>
<b>Carrying amount 31. december 2019</b>	<b>230 938</b>	<b>13 277</b>	<b>244 214</b>

Remaining lease term or useful life  
Depreciation method

1-10 years    1-5 years  
Linear        Linear

**Note 11 - Leases cont.***Figures in NOK 1000***Lease liabilities**

<b>Undiscounted lease liabilities and maturity profile</b>	<b>2020</b>	<b>2019</b>
Less than 1 year	53 172	46 722
1-2 years	47 896	39 721
2-3 years	40 131	33 496
3-4 years	37 249	30 994
4-5 years	29 753	29 192
After 5 years	131 165	140 319
<b>Total of undiscounted lease liabilities 31.12</b>	<b>339 365</b>	<b>320 444</b>

<b>Change in te lease liabilities</b>	<b>2020</b>	<b>2019</b>
<b>Total lease liabilities 01.01</b>	<b>256 004</b>	231 972
New leases recognised during the period (net)	73 489	75 197
Installments	-38 125	-38 967
Payments of interest	-13 786	-12 199
Financial expenses	0	0
Translation differences	0	0
<b>Total lease liabilities 31.12</b>	<b>277 582</b>	<b>256 004</b>
<i>Current liabilities in the financial position</i>	<i>40 603</i>	<i>34 966</i>
<i>Non-current lease liabilities in the financial position</i>	<i>236 979</i>	<i>221 038</i>
<i>Total cash outflow during the period</i>	<i>51 911</i>	<i>51 165</i>

The leases do not contain restrictions on the group's dividend policy or financing activities. The group does not have any material residual value guarantees associated with the leases.

<b>Summary of other lease expenses recognised in profit or loss 2020</b>	<b>Total</b>
Variable lease payments expensed in the period	<b>0</b>
Operating expenses in the period related to short-term leases	<b>4 265</b>
Operating expenses in the period related to low value assets	<b>40 751</b>
<b>Total lease expense included in other operating expenses</b>	<b>45 016</b>

**Practical solutions applied**

The group also rents personal computers, IT-equipment, and machines with contract terms from 1 to 3 years. The underlying value of these assets are low in value and is therefore not recognised as lease liabilities with corresponding right-of-use assets. These lease payments are expensed and recognised in profit and loss. The group does not recognise short term leases as presented in the table above.

**Variable lease payments**

For contracts with variable lease payments, the variable lease payments are expensed and recognised in profit and loss.

**Options to extend lease contracts**

The group has lease contracts that varies from 5 to 15 years. Several of these lease contracts include an option of extension and can be exercised at the end of the lease term. The Group evaluates the probability to exercise the option when entering a contract.

**Purchase options**

The group rents personal computers, IT-equipment, and machines with contract terms from 1 to 3 years. Several of these contracts include a purchase option. The Group evaluates the probability to exercise the option when entering a contract.

**Note 12 - Other operating expenses***Figures in NOK 1000*

<b>Other operating expenses</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Freight cost		610	465
Energy cost		8 831	8 520
Marketing cost		3 991	4 743
Maintenance cost		4 944	3 176
Leasing	14	45 016	48 992
Travel cost		19 678	22 721
Consulting and hiring of personell		6 586	5 317
Provisions of bad debts		3 169	207
Transaction cost		-	3 679
Other operating expenses		80 410	89 815
<b>Total</b>		<b>173 235</b>	<b>187 636</b>

<b>Auditor fees</b>	<b>2020</b>	<b>2019</b>
Statutory auditing services	1 321	1 307
Attestations according to auditing	122	44
Other services	1 086	806
Tax services		
<b>Total remuneration to the auditor</b>	<b>2 529</b>	<b>2 156</b>

The amounts above are excluding VAT.

**Note 13 - Cost of goods sold and inventories***Figures in NOK 1000*

Inventories mainly include food, beverages, and other props for canteen operations (e.g. sheets and cleaning equipment).

Inventories are measured at the lower of cost and net realisable value (NRV). NRV is the estimated selling price less costs associated with eventual sale or disposal of the asset. Cost include the cost of purchase including all other cost incurred in bringing the inventories to their present location and condition (e.g. freight costs). For cost of goods sold the FIFO principle is applied.

Stock obsolescence has historically been minimal. Any obsolete food is thrown away on an ongoing basis.

<b>Cost of goods sold</b>	<b>2020</b>	<b>2019</b>
Cost of materials	461 171	554 022
Other cost of goods sold	53 294	54 572
<b>Total</b>	<b>514 465</b>	<b>608 594</b>

<b>Inventories</b>	<b>2020</b>	<b>2019</b>
Raw materials at cost	27 162	28 981
Finished goods		
<b>Total</b>	<b>27 162</b>	<b>28 981</b>

Inventories are pledged as security for the group long-term interest-bearing loans, see note 16

**Note 14 - Financial items***Figures in NOK 1000*

<b>Financial income</b>	<b>2020</b>	<b>2019</b>
Change in fair value of derivatives	0	651
Financial income	206	247
Interest income	1 694	2 772
<b>Total</b>	<b>1 900</b>	<b>3 670</b>

<b>Financial expenses</b>	<b>2020</b>	<b>2019</b>
Change in fair value of derivatives	3 432	0
Interest on liabilities	60 948	40 907
Financial expenses	1 988	1 712
<b>Total</b>	<b>66 368</b>	<b>42 619</b>

**Note 15 - Financial risk and management***Figures in NOK 1000*

4Service Group is exposed to various types of financial risks:

- Market risk
- Liquidity risk
- Credit risk

The Group's financial assets basically consist of trade receivables, cash and cash equivalents derived directly from the Group's operations. The Group also has a small portion of derivatives (interest rate swaps).

The Group's financial obligations, excluding derivatives, consist of ordinary loans, accounts payable and other obligations. The primary purpose of these financial obligations is to finance the Group's operational activities.

The Board of Directors has overall responsibility for establishing and supervising the Group's risk management framework. The Group identifies and analyses the risk to which the Group is exposed, sets limits for acceptable risk levels and associated controls.

**Market risk****i) Interest rate risk**

4Service's financing is based on floating interest rates and the Group is therefore exposed to interest rate risk. The Group has interest rate swap contracts for a portion of the loan where the overall risk aspect is more exposed. However, as a general rule, interest rate swaps are not used to ensure effective interest rate exposure. The Group's stated objective is not to minimise interest costs itself and volatility associated with future interest payments, but nevertheless wish to keep these at an acceptable level.

*Interest rate sensitivity*

The table below shows the effect on pre-tax profit in the event of a change in the interest rate by +/- 50 basis points. The analysis assumes that other variables are kept constant.

Cash credit

<b>Sensitivity to interest rate changes</b>	<b>2020</b>	<b>2019</b>
Variable rate financial assets	92 794	89 165
Variable rate financial liability	902 466	851 162
<b>Net financial receivable (- liabilities)</b>	<b>- 809 672</b>	<b>- 761 997</b>
<b>Effect on profit after tax and equity</b>		
by increasing interest rates by 50 basis points	- 3 158	2 972
when reducing interest rates by 50 basis points	3 158	2 972

*Interest rate hedging*

4Service has in total four interest rate swap contracts for parts of the loans. The interest rate swap contracts are due in April 2020, January 2022, November 2022 and January 2023. Normally, the interest rate on a loan is hedged when between 20% and 50% of long-term debt to credit institutions. Two of the interest rate swap contracts were signed in 2017 and two were signed in 2019. The table below shows the effect on the value of interest rate swap contracts when changing the interest rate by +/- 50 basis points. The analysis assumes that other variables are kept constant.

<b>Sensitivity to interest rate changes</b>	<b>2020</b>	<b>2019</b>
Fair value of the interest rate swap contracts	- 2 603	826
<b>Fair value of the interest rate swap contracts</b>		
by increasing interest rates by 50 basis points	- 3 510	2 678
when reducing interest rates by 50 basis points	- 1 695	1 018
<b>Effect on profit after tax and equity</b>		
by increasing interest rates by 50 basis points	- 907	1 853
when reducing interest rates by 50 basis points	907	1 844

**Note 15 - Financial risk and management***Figures in NOK 1000***ii) Foreign currency risk**

4Service has no operations in countries other than Norway, however, makes some smaller purchases with settlement in foreign currency. The Group's receivables and liabilities in foreign currency is an immaterial value on the balance sheet date. No sensitivity calculations have been made to foreign currency risk.

The Group does not hedge foreign exchange risk due to a small value of transactions in currencies other than NOK.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group's approach to dealing with this is to ensure that the Group always have sufficient liquidity to be able to serve its obligations, both under normal and demanding circumstances, and without incurring unacceptable losses or risks damaging the Group's reputation. Unused credit reserves are covered in Note 16.

The table at the bottom of Note 16 shows maturity analysis for the Group's financial obligations.

**Credit risk**

Credit risk arises because a counterparty may fail to perform its contractual obligations. The Group is exposed to credit risk from operational activities (mainly trade receivables) and from financing activities, including deposits in banks and financial institutions.

**i) Trade receivables and other receivables**

Credit risk related to customers is handled by each business area in compliance with the Group's guidelines, procedures and controls related to credit risk management. A customer's creditworthiness is assessed based on a credit rating scorecard and the customer's credit limits are defined in accordance with this rating.

Trade receivables and other receivables on the balance sheet are presented net after provisions for expected losses.

Refer to Note 20 for the Group's exposure to credit risk on trade receivables (maturity matrix).

**ii) Cash and cash equivalents**

Cash and cash equivalents include bound and non-bound bank deposits. Credit risk associated with bank deposits is limited as the counterparty is banks with a high credit rating. The strict creditworthiness requirements mean that counterparties are expected to fulfil their obligations. The Group has not made investments in money market funds or listed securities.

**Asset management**

For asset management, the primary focus is to ensure that the Group maintains a healthy capital structure that supports the business and maximises shareholder value. In light of changes in general economic assumptions, the Group assesses its capital structure and makes changes to it. In order to maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. The Group monitors capital to ensure compliance with the covenant requirements of the Group.

	2020	2019
Interest-bearing loans	1 025 616	1 061 612
Trade receivables and other receivables	392 423	414 545
Deducted cash and other cash equivalents	92 794	89 165
<b>Net debt</b>	<b>540 399</b>	<b>557 901</b>
Equity	234 107	197 323
Total Capital	1 811 021	1 801 701
<b>Total capital and net debt</b>	<b>1 576 913</b>	<b>1 604 378</b>
Loan-to-value ratio	87 %	89 %

  

Covenants	Description	Threshold	Measurement
Leverage	Total net debt over Adjusted EBITDA	4,8	Quarterly
Cashflow cover	The relationship between Cashflow and Debt Costs	1:1	Quarterly
Capital expenditure	Investments, but adjusted for a number of exceptio	MNOK 40	Quarterly

Leverage ratio in covenants requirements above is quarterly declining.

With the current restrictions imposed on society by the public sector related to Covid-19, there are some challenges in the industry. The measures are expected to ease later in the year and the Group expects to meet Covenant's requirements in 2021, based on these assumptions.

**Note 16 - Non-current interest-bearing liabilities***Figures in NOK 1000*

Interest-bearing loans and credits are recognised in the proceeds received, net of transaction expenses. The loans are then recognised at amortised cost. Fair value is essentially equal to book value because the terms of the loans are considered to reflect current market conditions on the balance sheet date.

	<b>Maturity</b>	<b>2020</b>	<b>2019</b>
<b>Pledged</b>			
Bank loan DNB	see below	740 000	800 000
Lease liability		277 581	256 004
Leasing debt		16 500	17 658
<b>Total non-current liabilities</b>		<b>1 034 081</b>	<b>1 073 662</b>
Rental obligation due within 1 year		58 672	34 966
1st year repayment long-term debt		60 000	60 000
<b>Total long-term debt excl. first year repayments</b>		<b>915 410</b>	<b>978 696</b>

**Bank loan and collateral**

The Group has the following loan facilities available:

	<b>Maturity</b>	<b>2020</b>	<b>2019</b>
Facility A	31.12.2022	180 000	240 000
Facility B	31.12.2023	560 000	560 000
Cash credit	see below	105 000	85 000
Tax deduction guarantee		49 000	49 000

In 2019, the company entered into a new loan agreement totaling NOKm 885.

Facility A is repaid with NOKm 15 every quarter, with instalments for the first time at the end of Q1 2020.

Facility B will be repaid in full at maturity on 31.12.2023.

The credit is continuing with renewal every 12 months. As of 31.12.20, no credit has been deducted.

As collateral for the loan, pledge has been taken in the Group's trade receivables, inventory and operating accessories. The book value of pledged assets is:

	<b>2020</b>	<b>2019</b>
Accounts receivable	310 785	361 491
Stock of goods	27 162	28 981
Operating accessories	319 406	292 545

**Interest rate swap contracts**

The floating interest rate of the loan has been partially converted to fixed interest when purchasing interest rate derivatives (interest swap). As of 31.12.20, a total of 17% has been converted into fixed interest. See Note 15 for a description of interest rate risk and Note 18 for categorisation of financial instruments.

**Covenants**

Referring to note 15 Financial risk and management

**Ageing profile**

The table below shows maturity analysis for the Group's financial obligations based on the contractual, non-discounted payments. When a counterparty has the choice of when to pay, the liability is included with the earliest date on which the business can be expected to have to pay. Financial obligations where one is required to pay back on request are included in the "between 3-12 months" column.



**Note 16 - Non-current interest-bearing liabilities***Figures in NOK 1000*

<b>31.12.2020</b>	Remaining time				<b>Total</b>
	<b>0 - 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>&gt; 5 år</b>	
<b>Financial liabilities</b>					
Bank loan	17 223	45 000	680 000	-	<b>742 223</b>
Lease liability	14 668	44 004	166 029	131 165	<b>355 865</b>
Accounts payable	137 635	-	-	-	<b>137 635</b>
<b>Total</b>	<b>169 526</b>	<b>89 004</b>	<b>846 029</b>	<b>131 165</b>	<b>1 235 723</b>

<b>31.12.2019</b>	Remaining time				<b>Total</b>
	<b>0 - 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>&gt; 5 år</b>	
<b>Financial liabilities</b>					
Bank loan	16 025	45 000	740 000	-	<b>801 025</b>
Lease liability	13 152	39 456	145 175	140 319	<b>338 101</b>
Accounts payable	147 979	-	-	-	<b>147 979</b>
<b>Total</b>	<b>177 156</b>	<b>84 456</b>	<b>885 175</b>	<b>140 319</b>	<b>1 287 105</b>

**Leases**

Leasing is described in more detail in Note 11 Leases

**Note 17 - Changes in liabilities***Figures in NOK 1000***Change in liabilities arising from financial activities:**

<b>2020</b>	<b>Current interest- bearing debt and credits</b>	<b>Long-term interest- bearing debt and credits</b>	<b>Leases</b>	<b>Total</b>
<b>1. januar 2020</b>	<b>61 025</b>	<b>726 925</b>	<b>256 004</b>	<b>1 043 954</b>
Cash flows - borrowing admission				-
Lease liability	- 61 025	-	38 125	- 99 150
Leasing debt		-	13 786	- 13 786
Reclassification long- to short-term	60 000	- 60 000		-
Net Additions/Purchase			73 489	73 489
Other net changes	2 223	2 387	-	4 610
<b>31. desember 2020</b>	<b>62 223</b>	<b>669 312</b>	<b>277 582</b>	<b>1 009 117</b>

**Change in liabilities arising from financial activities:**

<b>2019</b>	<b>Current interest- bearing debt and credits</b>	<b>Long-term interest- bearing debt and credits</b>	<b>Leases</b>	<b>Total</b>
<b>1. januar 2019</b>	<b>18 650</b>	<b>232 953</b>	<b>231 972</b>	<b>483 575</b>
Cash flows - borrowing admission		800 000		<b>800 000</b>
Lease liability	- 18 650	- 232 953	- 38 967	- <b>290 569</b>
Cash credit			- 12 199	- <b>12 199</b>
Reclassification long- to short-term	60 000	- 60 000		-
Net Additions/Purchase			75 197	<b>75 197</b>
Other net changes	1 025	- 13 075	-	12 050
<b>31. desember 2019</b>	<b>61 025</b>	<b>726 925</b>	<b>256 004</b>	<b>1 043 954</b>

**Note 18 - Financial instruments***Figures in NOK 1000*

Tables below presents 4Service Group's classes of financial instruments and associated book value according to IFRS 9.

**Financial assets:**

<b>31.12.2020</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Total book value</b>
Long-term interest-bearing receivables			-
Lease liability			-
Leasing debt	310 785		310 785
Other receivables	83 778		83 778
Cash and cash equivalents	93 067		93 067
Interest rate swaps contracts		-	-
<b>Total financial assets</b>	<b>487 630</b>	<b>-</b>	<b>487 630</b>

<b>31.12.2019</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Total book value</b>
Long-term interest-bearing receivables			-
Lease liability			-
Leasing debt	361 491		361 491
Other receivables	53 705		53 705
Cash and cash equivalents	89 165		89 165
Cash credit		830	830
<b>Total financial assets</b>	<b>504 361</b>	<b>830</b>	<b>505 191</b>

**Financial liabilities:**

<b>31.12.2020</b>	<b>Financial liabilities at amortised cost</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Total book value</b>
Long-term interest-bearing loans and leases	946 894		946 894
Short-term interest-bearing loans and leases	62 223		62 223
Accounts payable and other non-interest-bearing debt	139 329		139 329
Interest rate swaps contracts		2 602	2 602
<b>Total financial liabilities</b>	<b>1 148 446</b>	<b>2 602</b>	<b>1 151 048</b>

<b>31.12.2019</b>	<b>Financial liabilities at amortised cost</b>	<b>Financial liabilities at fair value through profit or loss</b>	<b>Total book value</b>
Long-term interest-bearing loans and leases	982 929		982 929
Short-term interest-bearing loans and leases	61 025		61 025
Accounts payable and other non-interest-bearing debt	147 979		147 979
<b>Total financial liabilities</b>	<b>1 191 932</b>	<b>-</b>	<b>1 191 932</b>

**Note 19 - Other current liabilities***Figures in NOK 1000*

<b>Other current liabilities</b>	<b>2020</b>	<b>2019</b>
Salary and holiday pay	170 130	128 548
Accrued expenses	38 487	50 151
Pledged	10 671	14 790
Other	19 561	39 204
<b>Lease liability</b>	<b>238 849</b>	<b>232 693</b>
Leasing debt		

**Note 20 - Trade receivable and other non-interest-bearing receivables***Figures in NOK 1000*

<b>Trade receivables</b>	<b>2020</b>	<b>2019</b>
Trade receivables (gross)	316 172	364 646
Provisions	-3 387	-3 155
<b>Total trade receivables (net)</b>	<b>312 785</b>	<b>361 491</b>

All trade receivables are due within one year. The Group has so far not suffered any significant losses on trade receivables. The Group's provision for losses on trade receivables is based on specific assessments of each individual receivable. The provisions at 31.12 therefore reflect the total loss risk seen as at 31.12. The Group's customer base is divided into different segments (see Note 3), but historically there are small differences between the segments in terms of realised losses on trade receivables. The Group has not made any offset agreements or other derivatives agreements to reduce credit risk. The carrying amount of trade receivables is approximately equal to the fair value as the conditions are based on "normal" terms. Hence, fair value is not assumed to differ materially from book value.

**Aging profile and bad debt provision of trade receivables**

The table below shows the maximum exposure to credit risk associated with trade receivables on the balance sheet date by age.

<b>2020</b>	<b>Not due</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt; 91 days</b>	<b>Total</b>
Trade receivables (book value)	262 230	39 191	6 326	3 621	1 416	<b>312 784</b>

  

<b>2019</b>	<b>Not due</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt; 91 days</b>	<b>Total</b>
Trade receivables (book value)	243 111	58 738	16 933	9 124	33 585	<b>361 491</b>

The aging buckets show cumulative aging accounts receivable for consolidated companies. The expected loss is based on a concrete assessment of the trade receivables as at 31.12.20 and the age of the receivables.

<b>Other non-interest-bearing receivables</b>	<b>2020</b>	<b>2019</b>
Prepaid expenses	18 109	18 280
Receivables related parties	-	-
Receivables employees	-	53
Other short term receivables	60 529	34 720
<b>Total</b>	<b>78 638</b>	<b>53 054</b>

**Note 21 - Cash and cash equivalents***Figures in NOK 1000*

	<b>2020</b>	<b>2019</b>
Cash in bank and cash register	92 794	89 165
Cash credit	0	0
<b>Pledged</b>	<b>92 794</b>	<b>89 165</b>

The Group has unused credit facilities of total 105 MNOK in bank overdraft. There are no restrictions its use.

**Note 22 - Pensions***Figures in NOK 1000***Defined contribution pension**

It is compulsory by law for the companies within the Group to have a pension plan for its employees in Norway. The companies' pension plan satisfy the obligations in the Norwegian law.

All companies within the Group have slightly different contribution schemes as a result of the acquisitions in recent years. Pledged

**Lease liability**

Leasing debt

**Defined benefit pension**

The defined benefit pension in the Offshore business has been discontinued as of 01.01.2020 and has been replaced by a defined contribution scheme. Liabilities from previous years have been recognised in profit and loss in 2020.

The defined benefit pension in the Offshore business has been discontinued as of 01.01.2020 and has been replaced by a defined contribution scheme. Liabilities from previous years have been recognised in profit and loss in 2020.

In relation to the collective bargaining agreement for mobile facilities in 2016, the parties agreed to a restructuring of the pension scheme from defined benefit to defined contribution scheme. The restructuring has expired in anticipation of a new Pension Insurance scheme for sailors.

This year's pension cost is calculated as follows:

	2020	2019
Present value of this year's pension earnings		2 454
Cash credit		114
Expected return on pension funds		
Administration costs		321
Social security tax		407
Recognised income of discontinued pension liabilities	- 5 649	
<b>Net pension costs on defined benefit plans</b>	<b>- 5 649</b>	<b>3 296</b>
Costs of contribution plans in Norway	24 497	22 260
<b>Total pension costs</b>	<b>18 848</b>	<b>25 556</b>

Pension liabilities and pension funds:

	2020		2019	
	Funded	Total	Funded	Total
<i>Change in gross pension liabilities:</i>				
Gross pension liability 1.1.	25 444	<b>25 444</b>	22 930	<b>22 930</b>
Additions and disposals	- 25 444	- <b>25 444</b>	-	-
Present value of this year's earnings		-	2 454	<b>2 454</b>
Interest expense on the pension liability		-	596	<b>596</b>
Discrepancies resulting from changes in data		-	530	- <b>530</b>
Pension payments		-	5	- <b>5</b>
<b>Gross pension liability 31.12</b>	<b>-</b>	<b>-</b>	<b>25 444</b>	<b>25 444</b>
<i>Change in gross pension funds:</i>				
Fair value pension funds 1.1	20 493	<b>20 493</b>	18 549	<b>18 549</b>
Return on pension funds		-	482	<b>482</b>
Premium payments		-	1 909	<b>1 909</b>
Discrepancies resulting from changes in data	- 20 493	- <b>20 493</b>	- 441	- <b>441</b>
Pension payments		-	5	- <b>5</b>
<b>Fair value pension funds 31.12</b>	<b>-</b>	<b>-</b>	<b>20 493</b>	<b>20 493</b>
<b>Net recognised pension liability 31.12</b>	<b>-</b>	<b>-</b>	<b>- 4 951</b>	<b>- 4 951</b>

**Note 22 - Pensions**

Changes to the liabilities:

	<b>2020</b>	<b>2019</b>
<i>Net pension liability 1.1</i>	-5 649	-4 999
Recognised pension cost	5 649	-3 296
Actuary, financial loss/gain, etc.	0	102
Premium payments (excluding adm costs)	0	2 229
Social security tax	0	314
<b>Net recognised pension liability 31.12</b>	<b>0</b>	<b>-5 649</b>
Recognised pension funds		
Recognised pension liability	0	-5 649



**Note 23 - Related party transactions***Figures in NOK 1000*Transactions with related parties

The Group 4Service has made several different transactions with related parties. It is mainly purchase/sale of cleaning services and administration. All transactions are made as part of the ordinary business and compliant with the arm's length terms.

Pledged

<b>Viken Innkvartering AS</b>		<b>Sales</b>	<b>Purchase</b>	<b>Amounts due</b>
	<b>2020</b>	5 787	0	7 387
	<b>2019</b>	7 844	0	1 753

<b>Ørin Overnatting AS</b>		<b>Sales</b>	<b>Purchase</b>	<b>Amounts due</b>
	<b>2020</b>	11 267	0	996
	<b>2019</b>	12 542	0	1 149

<b>Flesland Innkvartering AS</b>		<b>Sales</b>	<b>Purchase</b>	<b>Amounts due</b>
	<b>2020</b>	26 464	0	6 395
	<b>2019</b>	19 249	0	6 284

Accounts receivables from related parties

4Service group companies have transactions with related companies. The figures below show the Group's portion of long-term loans made to related companies, from the owners (in accordance with ownership interest).

<b>Flesland Innkvartering AS</b>		<b>Interest income</b>	<b>Receivables</b>
	<b>2020</b>	140	3 104
	<b>2019</b>	133	2 956

The balance sheet includes the following figures as a result of transactions with related parties:

	<b>2020</b>	<b>2019</b>
Trade receivables	14 777	9 186
Accounts payable	0	0
<b>Sum</b>	<b>14 777</b>	<b>9 186</b>

Referance to note 26 for information on loans and remuneration to management and board of directors.

**Note 24 - Income tax**

Figures in NOK 1000

**Income tax expense reported in income statement**

	2020	2019
<b>Current income tax charge:</b>		
Current income tax charge	17 554	23 944
Pledged	-1 125	0
<b>Deferred tax expense:</b>		
Lease liability	-5 258	-3 609
Leasing debt	11	1 102
Tax deduction for deficits in 2020 (Covid 19)	1 125	0
<b>Income tax expense</b>	<b>12 306</b>	<b>21 437</b>

**Effective tax rate reconciliation**

	2020	2019
<b>Profit before tax (incl. discontinued operations)</b>	<b>50 183</b>	<b>96 639</b>
Tax at 22 %	11 040	21 261
Effect of too much/too little paid previous year		
Change not recognised in the balance sheet deferred tax assets	-2 505	-3 277
Non-deductible costs	2 506	1 329
Cash credit	1 265	2 125
<b>Income tax expense</b>	<b>12 306</b>	<b>21 437</b>
Income tax expense reported in income	12 306	21 437
Cost of tax discontinued activities	0	0
<b>Income tax expense</b>	<b>12 306</b>	<b>21 437</b>

**Deferred tax assets and liabilities:**

Temporary differences	Balance sheet		Income statement		Other comprehensive income statement	
	2020	2019	2020	2019	2020	2019
<b>Deferred tax asset</b>						
Pension	0	-5 649	5 649	752	0	-102
Fixed assets	-28 803	-8 527	-20 276	1 460		
Current assets	-2 848	-1 143	-1 705	-838		
Provisions and current liabilities	-12 468	-8 706	-3 762	-630		
Deficit to carry forward	-2 455	0	-2 455	-4 549		
<b>Deferred tax assets - gross</b>	<b>-46 574</b>	<b>-24 025</b>	<b>-22 549</b>	<b>-3 805</b>	<b>0</b>	<b>-102</b>
<b>Deferred tax liabilities</b>						
Intangible assets	92 271	89 812	-2 459	-6 636		
Fixed assets	4 042	1 620	-2 422	-5 074		
Other	392	6 625	3 529	3 999		
<b>Deferred tax liabilities - gross</b>	<b>96 705</b>	<b>98 057</b>	<b>-1 352</b>	<b>-7 711</b>	<b>0</b>	<b>0</b>
Net temporary differences	50 131	74 032	-23 901	-11 516		
Net deferred tax	11 029	16 287	-5 258	-2 533	-	22

**Note 24 - Income tax***Figures in NOK 1000***Reconciliation of net deferred tax liability**

	<b>2020</b>	<b>2019</b>
Opening balance per 1.1.	16 287	-2 255
Expense / income from tax recognized via the income statement	-5 258	-3 609
Expense / income from tax recognized via other comprehensive income statement	0	-22
Deferred tax assets and liabilities acquired in business combinations		20 827
<b>Net liability for deferred tax as of 31.12</b>	<b>11 029</b>	<b>16 287</b>

The group's loss to be carried forward as of 31 December 2020 is due as follows:

	<b>2020</b>	<b>2019</b>
No due date	0	0
<b>Leases</b>	<b>0</b>	<b>0</b>

The distribution of dividends to the parent company's shareholders does not affect the company's income tax or deferred tax liability.

**Note 25 - Share capital, shareholder information and dividends****Share capital**

	<b>No. of shares</b>	<b>Par value per share</b>	<b>Share capital in NOK</b>
Ordinary shares 31.12.19	<b>444 730 065</b>	0,001	444 730
Ordinary shares 31.12.20	<b>444 730 065</b>	0,001	444 730

All shares have equal voting and dividend rights.

	<b>No. of shares (NOK 1000)</b>		<b>Share capital (NOK 1000)</b>		<b>Other paid in capital (NOK 1000)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Ordinary shares as of January 1st</b>	<b>444 730</b>	<b>402 024</b>	445	444 730	118 447	10 769
Equity raise		42 706				38 393
Capital reduction			-	444 285		444 285
Capital distribution					-	375 000
Ordinary shares as of December 31st	<b>444 730</b>	<b>444 730</b>	<b>445</b>	<b>445</b>	<b>118 447</b>	<b>118 447</b>
<b>Treasury shares par value</b>	<b>6 300</b>	<b>6 300</b>	<b>6</b>	<b>6</b>		

**Overview of the 20 largest shareholders as of 31.12.20:**

<b>Shareholder:</b>	<b>No. of shares:</b>	<b>Shares in %:</b>
Norvestor VII, L.P	262 547 738	59,04 %
Jori Invest AS	27 167 741	6,11 %
Ave Trebua AS	25 167 741	5,66 %
Erland Invest AS	25 167 741	5,66 %
Vida-Holding AS	18 000 000	4,05 %
Vissit AS	10 365 300	2,33 %
4Service Holding AS (egne aksjer)	6 299 754	1,42 %
Villa & Co AS	6 250 000	1,41 %
Mumac Holding AS	4 636 942	1,04 %
Jon Holm Holding AS	4 506 150	1,01 %
Steg AS	3 680 981	0,83 %
Spant AS	3 680 981	0,83 %
Ingvarda AS	3 500 000	0,79 %
Tore Wigtil	3 496 503	0,79 %
Henning Stordal	3 382 085	0,76 %
JSF Holding AS	3 381 425	0,76 %
Rowan Brown Holding AS	3 351 750	0,75 %
Umami AS	2 838 525	0,64 %
Salt AS	2 838 525	0,64 %
Søtt AS	2 838 525	0,64 %

**Shares held by executive management:**

Vissit AS (Tor Rønhovde, CEO)	10 365 300	2,33 %
York AS (Finn Rune Kristensen, CFO)	1 500 000	0,34 %

**Capital distribution**

	<b>2020</b>	<b>2019</b>
<b>Ordinary shares</b>		
NOK 0,85 per share December 2019*	0	375 000
<b>Total</b>	<b>0</b>	<b>375 000</b>

\* Dividend paid in December 2019 was a distribution of paid in capital.

**Treasury shares**

	<b>No. of shares</b>	<b>par value</b>	<b>Portion of share capital</b>
<b>As of January 1, 2020</b>	<b>6 299 755</b>		<b>1,42 %</b>
Net additions	-		
<b>As of December 31, 2020</b>	<b>6 299 755</b>		<b>1,42 %</b>

**Note 26 - Salary and personnel expenses***Figures in NOK 1000*

<b>Salary and personnel expenses</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Salary		977 114	921 742
Social security tax		165 029	133 130
Pledged		450	450
Pension	22	18 848	25 556
Lease liability		53 565	93 282
<b>Leasing debt</b>		<b>1 215 006</b>	<b>1 174 160</b>

Number of fulltime employees during the financial year: 2 132 1 948  
All employees work in Norway.

The Group has a defined contribution pension that fulfill the requirements by the Norwegian law.

Up to and including 2019, the Group has also had a defined benefit pension scheme in the subsidiary 4Service Offshore AS that included 139 employees at 31 December 2019. The scheme has been discontinued in 2020 and replaced by a defined contribution pension scheme. Reversed pension liability is recognised in profit and loss in 2020.

No loans or collateral have been provided for members of the management team, board employees or other elected corporate bodies.

**Remunerations for executives**

Cash credit

<b>2020</b>	<b>Board compen sation</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other benefits</b>	<b>Pension</b>	<b>Total remuneration</b>
<b>Executives</b>						
Tor Rønhovde, CEO		2 450		97	72	2 619
Finn Rune Kristensen, CFO		1 827		152	72	2 051
						-
<b>The Board</b>						
Fredrik Weldingh Korterud, styrets leder	150					150
Ståle Kolbjørn Angel, styremedlem	100					100
Eva Marie Helene Aubert, styremedlem	-					-
Are Stenberg, styremedlem	100					100
Per Åge Sandnes, styremedlem	100					100
<b>Total remuneration</b>	<b>450</b>	<b>4 277</b>	<b>-</b>	<b>249</b>	<b>145</b>	<b>5 120</b>

<b>2019</b>	<b>Board compen sation</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other benefits</b>	<b>Pension</b>	<b>Total remuneration</b>
<b>Executives</b>						
Tor Rønhovde, CEO		2 367		110	70	2 547
Finn Rune Kristensen, CFO		1 800	100	153	70	2 123
						-
<b>The Board</b>						
Fredrik Weldingh Korterud, styrets leder	150					150
Ståle Kolbjørn Angel, styremedlem	100					100
Jan Otto Klausen, styremedlem	-					-
Are Stenberg, styremedlem	100					100
Per Åge Sandnes, styremedlem	100					100
<b>Total remuneration</b>	<b>450</b>	<b>4 167</b>	<b>100</b>	<b>263</b>	<b>141</b>	<b>5 121</b>

## Note 27 - Estimation uncertainty

In preparing the financial statements, the company's management has used estimates based on best judgment and assumptions considered to be realistic. Circumstances or changes in market conditions may arise and consequently lead to changed estimates that subsequently affect the company's assets, liabilities, equity and profit.

The Group's most significant accounting estimates are related to the following items:

- Impairment / reversal of goodwill and other intangible assets as well as property, plant and equipment and reversal of impairment losses on property, plant and equipment
- Fair value of assets and liabilities on acquisition
- Lease agreements - determination of the lease period for contracts with renewal options

### Intangible assets

The Group's capitalised goodwill, customer contracts and brand are assessed annually for write-downs and for any reversal of previous write-downs. The business is to a certain extent affected by economic conditions that can lead to fluctuations in the fair value of the business. The valuations of the various established segments will naturally vary within a range of +/- 20%. The Group has invested in the development of a separate app for communication and interaction with canteen users and tenants in "FS property". The app is currently the industry leader and contributes to a clear competitive advantage in achieving new contracts. The investments are capitalised as an intangible asset and are depreciated over their expected useful lifetime.

### Cost price allocation

4Service Holding (4Service) must allocate the cost price for acquired businesses to acquired assets and liabilities based on estimated fair value. 4Service has engaged independent valuation experts to assist in determining the fair value of acquired assets and liabilities. The valuation assessments require the management to make significant assessments when choosing the method, estimates and assumptions. 4Service has recognized significant acquired intangible assets that consist of customer base and brand. Basic assumptions of the assessment of intangible assets include, but are not limited to, the estimated average life of the customer relationship based on customer departure, remaining contract period and replacement cost adjusted for a technology factor for software and expected technological and market development. Assumptions on which the valuation of assets is based upon include, but are not limited to, the replacement cost of property, plant and equipment. Management's calculations of fair value are based on assumptions that are assumed to be reasonable, but which have an inherent uncertainty, and as a result, the actual outcomes may deviate from the calculations.

### Leases

Significant discretionary assessments when determining the lease period for contracts with extension options. The Group has several leases related to office buildings and other real estate that contain extension options. An extension option is included in the calculation of a lease obligation if there is a reasonable certainty that a contract will be extended. Management has exercised discretion in assessing which relevant factors may create an incentive to extend a lease. As part of this assessment, management has taken into account the original lease term and the materiality of the underlying asset (office buildings and other real estate).

**Note 28 - Government grant***Figures in NOK 1000*

The ongoing pandemic in Norway (and the rest of the world) has affected our business operations.

The financial year 2020 with pandemic and general lock downs in society has put pressure on both turnover and margins in the FS segment in particular. More specifically, catering and canteens have been significantly affected. Revenues in Camp have also decreased, while the Offshore segment has been less affected.

Several of the affected companies within the Group qualify for cash support from the authorities and have had parts of their fixed expenses covered during the period through the compensation scheme.

The Group has also received support through two different wage grant schemes, reduced social security tax in the third term and a lump sum per employee to take back furloughed employees in paid work.

*Pledged*

On 19 December 2020, the Norwegian Parliament approved an allocation of NOK 250 million to the hardest hit municipalities so that they are given economic leeway to provide compensation to local businesses affected by the pandemic and local infection control measures. The City of Oslo received NOK 78.52 million for distribution.

The City Council decided that the expected support should be given to restaurants with a liquor license in Oslo municipality. It was decided that the funds would be distributed based on what the companies have reported as expected sales of alcohol in 2020. A minimum payout of NOK 30 000 was decided and an upper limit of NOK 250 000.

*Reduced social security tax*

The social security tax was reduced by four percentage points for 3rd term (May and June) 2020. Furthermore, enterprises with employees in Zone V received the equivalent of four percentage points in one-time support.

*Grant compensation scheme:*

Businesses with a significant fall in turnover as a direct result of the pandemic may receive compensation from the government to cover parts of their inevitable fixed expenses, reference to the Act of 17. April 2020 nr. 17.

*Wage grant*

From 2 October 2020, a scheme was introduced where employers could apply for wage grants for the months of July and August 2020, in order to bring back furloughed employees for paid work. The scheme has been extended to apply for October, November and December 2020. The grant scheme applies to sole proprietorships, companies, as well as foundations, organisations and NGOs that do not have profit for the purpose and that are covered by the Norwegian Tax Law Section 2-32.

**Received grant**

In 2020, the Group has received a total of NOK 21.8 million in grants. The grants are recognised according to the cash principle and are classified as follows:

	<b>Salary reduction</b>	<b>Other revenue</b>	<b>Total</b>
Wage grant furloughed employees	1 703	-	<b>1 703</b>
Reduced social security tax 3rd term	7 346	-	<b>7 346</b>
Turnover Grants from municipal of Oslo	-	552	<b>552</b>
Grant compensation scheme	-	12 216	<b>12 216</b>
<b>Total grant</b>	<b>9 049</b>	<b>12 768</b>	<b>21 817</b>

**Note 29 - Contingent liabilities**

The Group has no known liabilities that are not included in the balance sheet as at 31 December 2020.