

Annual Report

2018

Norva24 Holding AS

Corp. Reg. No. 914 881 447

ANNUAL REPORT 2018

NORVA24 HOLDING AS

1 TYPE AND LOCATION OF OPERATIONS

Norva24 Holding AS (the “**Company**”) invests in shares and other holdings in other companies and businesses, and associated operations. The Company’s registered office is located in Stryn municipality. The Company has no branch offices.

At present, the Company is part of a Group with the following subsidiaries: Norva24 AS, Norva24 Øst AS, Spyleteknikk AS, Østfold Høytrykk AS, Norva24 Vest AS, Ringerike Septikservice AS, Flagstad AS, Norva24 Sørmiljø AS, Sørmiljø Holding AS, Norva24 Danmark A/S, Norva24 AB, Soderlindhs AB and Jydsk Kloak Service A/S (together the “**Group**”).

2 GOING CONCERN

In accordance with Section 3–3a of the Norwegian Accounting Act, it is confirmed that the assumption of being a going concern is present, and the Annual Report for 2018 has been prepared under this assumption.

3 STATEMENT OF ANNUAL ACCOUNTS AND FUTURE PERFORMANCE

The Company was incorporated in 2015.

The Company had no sales in 2018. Loss for the year after taxes was NOK 138. It is proposed that the loss for the year after taxes be transferred from Retained earnings. Total equity at 31 December 2018 was 99.98 percent of the total capital of NOK 403,849,070. The Board considers the equity ratio to be satisfactory. In addition, the Board considers the Company’s liquidity to be adequate, and that the Company has sufficient liquidity to cover its obligations as they become due and payable.

The Company is a Parent Company and has prepared consolidated accounts in accordance with Section 3–6 of the Norwegian Accounting Act.

4 STATEMENT OF CONSOLIDATED ACCOUNTS

Norva24 AS is the Parent Company of the other subsidiaries in the Group. The subsidiaries conduct similar operations in Underground Infrastructure Maintenance: high pressure, pumping services, pipe inspections, tank cleaning and other specialised services.

Sales in the Group for 2018 totalled NOK 1,004,334,374 with a loss of NOK 26,766,779 for the year. It is proposed that loss for the year be transferred from Retained earnings. Equity at 31 December 2018 was 26.1 percent of the total capital of NOK 1,219,464,584. The Board considers the equity ratio to be satisfactory.

During the year, the Group acquired a new subsidiary, Jydsk Kloak Service A/S.

The Group’s earnings for the year were impacted somewhat by non-recurring costs attributable to the reorganisation.

Variations in financial market prices such as interest and credit risk impacted the Company's risk profile. The Group has no fixed-rate agreements in its borrowing portfolio and is therefore exposed to changes to the interest-rate level in its borrowing portfolio, but the Board does not consider this to be a material risk to the Company's operations. The Group has a moderate exposure to fluctuations in exchange rates as the investment in Sweden, Denmark and Germany are funded only partially in the local currency. Credit risk is considered to be relatively low as a significant portion of Group sales are related to contracts with municipalities and inter-municipal services.

The Board and Group Management considers the Group's liquidity to be adequate, and that the Group has sufficient liquidity to cover its obligations as the liabilities fall due.

Net cash flow from Group operations in 2018 was NOK 140,232,187, and the operating result before depreciation and amortisation (EBITDA) for the Group was NOK 155,027,860. The difference between the operating net cash flow and EBITDA was primarily attributable to changes in working capital and taxes paid.

The acquired subsidiary Jydsk Kloak Service A/S operates in the market for sludging, high-pressure washing and pipe inspection. The subsidiaries complement one another with service offerings and geographical spread. Group Management and the Board see excellent development potential in the market. Norva24 is a market leader in Norway and Denmark, and has a strong position in the Skåne region of Sweden. The Board and Group management intends to seek out further growth opportunities and increased profitability in the future. Nevertheless, there is always significant uncertainty associated with evaluations of future circumstances.

Sales for the Group rose from NOK 902,478,184 in 2017 to NOK 1,004,334,374 in 2018. Norva24 is now a market leader in Norway and Denmark, and has a strong position in the Skåne region of Sweden. The Board and Group management intends to seek out further growth opportunities and increased profitability in the future.

5 WORK ENVIRONMENT, EQUAL OPPORTUNITY AND DISCRIMINATION

The objective of the Company and the Group is to be a workplace with full equality of opportunity for women and men. Equal opportunity is considered to be satisfactory. The Board has not found it necessary to take action to improve equal opportunity or to counteract discrimination. The Company has no employees. The Board comprises eight men.

At year-end, the Group had 683 employees, of whom 58 women. The work environment is considered to be healthy. Sick leave over the preceding year was 6.9 percent.

In the summer of 2018, the Group had a tragic accident resulting in a fatality. Together with an external consultant, the Group conducted an internal review during which the incident and governing documents were scrutinised in detail. Risk assessments, safe job analyses, procedures and training were examined, revised and improved.

The incident affected many employees in the Group, and together with local management, Group Management prioritised efforts to look after the local employees and immediate family as best as possible after the accident. The matter is still being addressed, and the Group is working closely with the Norwegian Labour Inspection Authority to ensure that similar incidents do not happen again.

The Group had 13 personal employee injuries resulting in absence from work in Norway, 6 in Denmark and

2 in Sweden, for a total of 21 personal employee injuries resulting in absence from work. Several of these were classified as minor incidents. All these incidents have been addressed and followed up on, and measures have been evaluated in order to avoid similar incidents and to ensure continual improvements.

The Group has a sharp focus on occupational health and safety in all the countries where it operates. The Group conducts specific efforts with increased involvement from employees as well as improvement of work methods and the work environment. Several of the companies operating in Norway are “inclusive work life” (IA) companies and work closely with the Norwegian Labour and Welfare Administration to arrange employment after an illness and to make offers to people in difficult situations.

6 EXTERNAL ENVIRONMENT

The Company’s operations do not have an impact on the outdoor environment. The Group’s operations and impact on the outdoor environment are within the requirements imposed by government authorities and the Group’s licenses.

Oslo, 28 March 2019

Board of Directors of Norva24 Holding AS

Vidar Meum
Chairman

Mats Lönnqvist
Board member

Arild Bødal
Board member

Allan Engström
Board member

Linus Lundmark
Board member

Terje Bøvelstad
Board member

Thorbjørn Graarud
Board member

Einar Nornes
Board member

Henrik Damgaard
CEO

Consolidated accounts
INCOME STATEMENT
Norva24 Holding AS

Parent Company 2018 2017	Note		Note	2018	Group 2017
0	0		15, 16	1,002,260,707	892,146,106
0	0	Revenue from contracts with customers			
0	0	Other operating revenue	15	2,073,667	10,332,078
0	0	Total operating revenue		1,004,334,374	902,478,184
0	0	Cost of goods		101,866,674	103,529,734
0	0	Salary expenses	13, 14	462,230,898	411,850,612
0	0	Depreciation of fixed assets	2	75,041,050	68,302,734
0	0	Amortisation of goodwill and intangible assets	1	65,588,818	57,888,555
0	0	Impairment of tangible and intangible assets	1, 2	2684 191	86,459
337,589	376,436	14 Other operating expenses	1, 2, 14	285,208,942	250,379,247
337,589	376,436	Total operating expenses		992,620,573	892,037,341
-					
337,589	-376,436	Operating result		11,713,801	10,440,843
360,777	1,000,000	17 Income from investment in subsidiaries	17	0	0
874	1,098	17 Other interest income	17	629,065	1,050,675
0	0	Other financial income	17	4,333,984	581,074
608	769	17 Other interest expense	17	28,044,019	26,137,796
23,592	121	17 Other financial expenses	17	5,669,184	8,032,009
337,451	1,000,208	Net financial items		-28,750,154	-32,538,056
-138	623,772	Profit/loss before tax		-17,036,353	-22,097,213
0	149,767	12 Tax on profit/loss	12	9,730,426	9,791,435
-138	474,005	Profit/loss		-26,766,779	-31,888,648
-138	474,005	Profit/loss for the year		-26,766,779	-31,888,648
Transfers					
-138	474,005	Transfer to/from Retained earnings	10	-26,766,779	-31,888,648
-138	474,005	Total transfers		-26,766,779	-31,888,648

Consolidated accounts
BALANCE SHEET AT 31 DEC.

Norva24 Holding AS

Parent Company 2018	2017	Note	ASSETS	Note	Group 2018	2017
0	0		Research, development, licences.	1	744,764	679,934
0	0		Goodwill	1	479,917,166	543,611,363
0	0		Total intangible assets		480,661,930	544,291,297
0	0		Land, buildings and other real estate	2	48,839,940	41,985,674
0	0		Plant and machinery	2, 8	425,444,082	453,778,114
0	0		Operating and office equipment office.	2	11,528,412	11,870,002
0	0		Total fixed assets		485,812,434	507,633,790
402,131,040	397,892,743	3	Investments in subsidiaries		0	0
0	0		Investments in shares	4	256,750	256,750
0	0		Other non-current receivables	7, 8	3,016,889	873,371
402,131,040	397,892,743		Total financial fixed assets		3,273,639	1,130,121
402,131,040	397,892,743		TOTAL FIXED ASSETS		969,748,003	1,053,055,208
0	0		Inventory	5, 8	2,304,758	2,069,974
0	0		Accounts receivable	7, 8	168,374,897	155,873,504
10,900	11,070		Other current receivables	8	15,561,936	19,885,797
360,777	2443 108	9	Receivables from Group companies		0	0
371,677	2454 178		Total receivables		183,936,833	175,759,301
1,346,352	141,933	6	Cash and cash equivalents	6	63,474,990	49,210,775
1,718,030	2596 111		TOTAL CURRENT ASSETS		249,716,581	227,040,050
403,849,070	400,488,854		TOTAL ASSETS		1,219,464,584	1,280,095,258

Consolidated accounts
BALANCE SHEET AT 31 DEC.

Norva24 Holding AS

Parent Company 2018	2017	Note	EQUITY AND LIABILITIES	Note	Group 2018	2017
7,718,216	7,654,624	10, 11	Share capital	10, 11	7,718,216	7,654,624
395,283,398	390,783,685	10	Share premium	10	395,283,398	390,783,685
403,001,614	398,438,309		Total contributed equity		403,001,614	398,438,309
776,606	776,744	10	Retained earnings	10	-85,179,291	-57,596,565
776,606	776,744		Total retained earnings		-85,179,291	-57,596,565
403,778,220	399,215,053		TOTAL EQUITY		317,822,323	340,841,744
0	0		Pension liabilities	13	2,809,740	0
0	0		Deferred tax liability	12	16,555,507	14,690,837
0	0		Provisions		1,940,200	8,476,009
0	0		Total provisions for obligations		21,305,447	23,166,846
0	0		Liabilities to credit institutions	2, 7, 8	702,825,377	745,058,334
0	0		Total other non-current liabilities		702,825,377	745,058,334
66,638	119,822	7	Accounts payable		58,143,331	61,374,030
0	149,767	12	Taxes payable	12	8,207,488	4,074,794
0	0		Public taxes payable		54,578,046	45,513,744
220	1,000,220	9	Liabilities to Group companies		0	0
3,992	3,992	7	Other current liabilities		56,582,572	60,065,766
70,850	1,273,801		Total current liabilities		177,511,437	171,028,334
70,850	1,273,801		TOTAL LIABILITIES		901,642,261	939,253,514
403,849,070	400,488,854		TOTAL EQUITY AND LIABILITIES		1,219,464,584	1,280,095,258

Oslo, 28 March 2019

Board of Directors of Norva24 Holding AS

Mats Lönnqvist
Board member

Vidar Meum
Chairman

Allan Engström
Board member

Terje Bøvelstad
Board member

Thorbjørn Graarud
Chairman

Arild Bødal
Board member

Linus Lundmark
Board member

Einar Nornes
Board member

Henrik Damgaard
CEO

Consolidated accounts
CASH FLOW STATEMENT
Norva24 Holding AS

Parent Company 2018	2017	Note	Note	Group 2018	2017
Cash flow from operating activities					
-138	623,772			-17,036,353	-22,097,213
-149,767	-100,679			-4,074,794	-12,621,647
0	0		1, 2	140,629,868	126,191,289
0	0		2	2,684,191	86,459
-360,777	-1,000,000			0	0
0	0		17	28,044,019	32,538,056
0	0		5	-234,784	-759,819
0	0		7	-12,501,393	-79,538,963
-53,184	26,530			-3,230,699	41,674,449
443,277	-807,078			5,952,132	11,818,393
-120,589	-1,257,455			140,232,187	97,291,004
Net cash flow from operating activities					
Net cash flow from investing activities					
0	0		2	-54,212,284	-5,482,516
0	0		1	-6,042,017	-188,321,147
1,000,000	1,000,000			0	0
-4,238,297	-56,993,059	3		0	0
-3,238,297	-55,993,059			-60,254,301	-193,803,663
Net cash flow from investing activities					
Cash flow from financing activities					
0	0			0	49,980,000
0	0			-42,232,957	-26,800,000
0	0		17	-28,044,019	-32,538,056
4,563,305	56,951,809	10	10	4,563,305	56,951,809
4,563,305	56,951,809			-65,713,671	47,593,753
Net cash flow from financing activities					
1,204,419	-298,705			14,264,215	-48,918,906
141,933	440,638			49,210,775	98,129,681
1,346,352	141,933			63,474,990	49,210,775
Cash and cash equivalents at 31 Dec					
Specification of cash balance at end of period					
1,346,352	141,933			63,474,990	49,210,775
				Bank deposits.	

ACCOUNTING POLICIES

Norva24 Holding AS

This Annual Report was prepared in accordance with the provisions of the Norwegian Accounting Act and Norwegian accounting principles.

Use of estimates

The preparation of the accounts in accordance with the Accounting Act requires the use of estimates. In addition, the application of the Company's accounting policies requires management to use judgement. Areas that largely require the use of judgement and a high degree of complexity, or areas where assumptions and estimates are essential for the annual report, are described in the notes.

Shares in subsidiaries and associates

Subsidiaries are companies in which the Parent Company has control, and thereby a controlling influence, on the financial and operational strategy of the entity, normally by owning more than half of the voting capital. Investments with 20 to 50 per cent ownership of voting capital and controlling influence are defined as associates.

The following companies were part of the Group at 31 December:

Parent Company: _____

Norva24 Holding AS

Subsidiaries:

	<i>Holding:</i>	<i>Acquisition date:</i>
Norva24 AS	100%	9 Jan 2015
Norva24 Vest AS	100%	1 Nov 2015
Norva24 Øst AS	100%	1 Apr 2015
Spyleteknikk AS	100%	1 Apr 2015
Østfold Høytrykk AS	100%	1 Sep 2015
Ringerike Septikservice	100%	1 May 2016
Flagstad AS	100%	1 Oct 2016
Sørmiljø Holding AS	100%	1 Jun 2017
Norva24 Sørmiljø AS	100%	1 Jun 2017
Norva24 AB	100%	1 Sep 2017
A. Soderlindh i Sverige	100%	1 Sep 2017
Norva24 Danmark A/S	100%	1 Jan 2017
Jydsk Kloak Service A/S	100%	31.12.2018

The shares in all subsidiaries are consolidated as of the acquisition date.

In 2018, the following Group companies were merged:

Risskov Kloakservice A/S (target company) was merged into Norva24 Danmark A/S (acquiring company). The merger was implemented with accounting effect as of 1 January 2018, and with company continuity for both accounting and taxes. The purpose of the merger was to simplify the organisational structure within the Group.

Accounting policies for shares in subsidiaries and associates

The cost method is used in the company accounts as the policy for investments in subsidiaries and associates. The cost price increases when assets are added in conjunction with a capital increase, or when Group contributions are paid to subsidiaries. Payments received are initially recognised in profit or loss as income. Payments that exceed the share of equity accrued after the purchase are recognised as a reduction of the acquisition cost. Dividends or Group contributions from subsidiaries are recognised in the same year that the subsidiary approved the amount. Dividends from other companies are recognised as financial income when the dividend has been approved.

The equity method is used in the consolidated accounts as the accounting policy for investments in associates. The use of the equity method results in the values recognised in the balance sheet correspond to the share of equity ownership in the associate, adjusted for any remaining added value from the purchase and unrealised internal gains. The share of profit in the income statement is based on the share of the earnings after tax in the associate and is adjusted for any depreciation of added value and unrealised gains. The share of profit is presented under net financial items in profit or loss.

Consolidation policies

Subsidiaries are consolidated from the point in time when control transfers to the Group (the acquisition date).

The item Shares in subsidiaries is replaced with Subsidiaries' assets and liabilities in the consolidated accounts. The consolidated accounts are prepared as if the Group were a single economic unit. Transactions, unrealised profits and outstanding balances between the companies in the Group are eliminated.

Subsidiaries acquired are recognised in the consolidated accounts based on the Parent Company's cost. The cost is assigned to identifiable assets and liabilities in the subsidiary, which is measured at fair value on the acquisition date in the consolidated accounts. Any added value beyond what can be attributed to identifiable assets and liabilities is recognised as goodwill in the balance sheet. Goodwill is treated as a residual value and recognised in the balance sheet with the portion that is observable in the acquisition transaction. Goodwill in the consolidated accounts is depreciated over the expected useful life of the assets acquired.

Revenue

Revenue from the sale of goods and services is measured at the fair value of the consideration, net after deductions for VAT, returns, discounts and other rebates. Sales of goods are recognised in profit or loss when an entity in the Group has delivered its products to the customer and there are no unfulfilled obligations that could impact the customer's acceptance of the delivery. Delivery does not occur until the products have been sent to the contracted location and the risk of loss and obsolescence has been transferred to the customer. Experience-based figures are used as the basis for estimating and recognising provisions for volume discounts and return of goods at the time of sale. Provisions for expected warranty work are recognised as costs and provisions for obligations.

Service are recognised as income as they are performed. The Group provides services in sludging, high-pressure washing and pipe inspection.

Classification of balance-sheet items

Assets intended as permanent assets or for use are classified as non-current assets. Assets that are associated with the product life cycle are classified as current assets. Receivables are otherwise classified as current assets if they are to be repaid within one year. The same criteria are similarly applied for classification of liabilities. The first-year nominal cash-flows on non-current receivables and non-current liabilities are however not classified as current assets and current liabilities.

Cost

The cost of assets comprises the purchase amount of the asset less bonuses, discounts and the like, plus purchasing costs (shipping, customs duties, non-refundable public fees and any other direct purchasing costs). In conjunction with purchases in foreign currency, the asset is recognised in the balance sheet at the exchange rate on the transaction date.

For tangible and intangible assets, the cost also comprises direct costs for preparing the asset for use (e.g. costs for trial-run testing of the asset).

Intangible assets and goodwill

Goodwill arises in conjunction with the purchase of subsidiaries. Goodwill is amortised over the expected useful life.

Costs for in-house development activities are routinely expensed. Costs for other intangible assets are recognised in the balance sheet to the extent they can be identified as a future economic benefit associated with the development of an identifiable intangible asset and the costs can be reliably measured. If not capitalised, these costs are expensed as incurred. Development recognised in the balance sheet is amortised straight-line over the economic useful life.

Fixed assets

Land is not depreciated. Other fixed assets are recognised in the balance sheet and depreciated straight-line to their residual value over the expected useful life of the asset. In the event of changes to the depreciation plan, the effect is allocated over the remaining period of the asset's useful life (the "breakpoint method"). Maintenance of assets is routinely expensed and recognised as an operating expense. Expenditures and improvements are added to the cost of the asset and depreciated over the remaining useful life of the asset. The distinction between maintenance and expenditures or improvements is based on the condition of the asset at the time of the expenditure.

Leased assets are recognised as fixed assets in the balance sheet if the lease is considered to be a finance lease.

Investments in shares

The cost method is used as the policy for investments in shares. Dividends are recognised as financial income when the dividend payment is received. If the dividends paid out substantially exceed the ownership share of accrued equity after the purchase, the excess amount is treated as a reduction of the cost basis.

Impairment of fixed assets

If there are indications that the carrying amount of a fixed asset is greater than the fair value, an impairment test is conducted. The test is conducted for the lowest level of fixed assets that have independent cash flows. If the carrying amount is higher than both the market value and recoverable amount (present value in connection with continued use/ownership), the impairment is based on the higher of the market value and the recoverable amount.

Previous impairment except for impairment of goodwill are reversed if the conditions for the impairment no longer exist.

Inventory

Inventory is measured at the lower of cost (in accordance with the FIFO principle) and fair value. For raw materials, the replacement cost is used as an approximation of fair value. For finished goods and products in progress, the cost comprises expenditures for product design, consumption of materials, direct salaries and other direct and indirect production costs (based on normal capacity). Fair value is the estimated sale price less necessary costs for finishing and sale. Only variable costs are considered necessary for selling finished goods, while fixed manufacturing costs are also included as necessary for goods that are not finished.

Receivables

Accounts receivable are recognised in the balance sheet at nominal value less an allowance for expected losses. Provisions for losses are made on the basis of an individual evaluation of the specific receivable, and an additional provision is made to cover other estimated losses. Substantial financial difficulties for the customer, the probability that the customer will enter into bankruptcy or undergo economic restructuring, and delayed and missed payments are considered indicators that accounts receivable may need to be impaired.

Other receivables, both current and non-current, are recognised at the lower of nominal value and fair value. Fair value is the present value of expected future deposits. However, no discount is applied when the effect of the discount is immaterial for the financial statements. Provision for loss is measured in the same manner as for accounts receivable.

Foreign currency

Transactions in foreign currency, are translated at the exchange rate on the transaction date. Monetary items, receivables and liabilities in foreign currency are measured in accordance with the exchange rate at the end of the financial year. Changes in the exchange rate are continuously recognised in profit or loss in the accounting period under Other financial items.

Liabilities

Liabilities except some provisions for obligations are recognised at the nominal liability amount in the balance sheet.

Pensions

The Company has a defined contribution pension plan. In defined contribution plans, the Company pays contributions to an insurance company. The Company has no further payment obligations after the contributions have been paid. The contributions are recognised as salary expenses. Any prepaid deposits are recognised in the balance sheet as assets (pension assets) to the extent that the deposit can be refunded, or to reduce future deposits.

Tax

Tax expenses in profit or loss comprise both payable taxes for the period and changes in deferred tax. Deferred tax is calculated using the tax rate for the year on the basis of temporary differences between accounting and taxable values, as well as any tax loss carryforward at the end of the financial year. Temporary differences that increase or decrease tax that reverse or can be reversed in the same period are offset. Recognition of deferred tax assets on differences not offset that reduce net tax and loss carryforwards are based on assumed future earnings. Deferred tax and deferred tax assets that can be recognised in the balance sheet are measured at net amount in the balance sheet.

Tax reduction in connection with Group contributions paid and tax on Group contributions received that are recognised as a reduction of the carrying amount of investment in subsidiaries is recognised directly against tax in the balance sheet (against tax payable if the Group contribution affects tax payable, and against deferred tax if the Group contribution affects deferred tax). Deferred tax in both the company and consolidated accounts are recognised at the nominal amount.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other current liquid investments that can be readily converted and without substantial exchange-rate risk into known cash amounts and with a remaining maturity of less than three months from the acquisition date.

Consolidated accounts
NOTES TO THE 2018 ANNUAL REPORT
 Norva24 Holding AS

Note 1 Intangible assets and goodwill

Parent Company

There are no recognised intangible assets or goodwill in the Parent Company.

Group

Intangible assets and goodwill	Licences	Goodwill	Total
Cost, 1.1.2018	1,281,453	659,001,573	660,283,026
Adjustment to the acquisition cost, 1.1.2018	0	-3,757,965	-3,757,965
Additions from acquisitions	0	5,126,538	5,126,538
Other additions	915,479	0	915,479
Disposals	0	0	0
Cost, 31.12.2018	2,196,932	660,370,146	662,567,078
Accumulated amortisation and impairment 1.1.2018	601,518	115,390,210	115,991,728
Adjustment to accumulated amortisation and impairment 1.1.2018	0	-1,088,882	-1,088,882
Accumulated amortisation and impairment 31.12.2018	1,452,168	179,039,496	180,491,664
Exchange gains/losses	0	-1,413,484	-1,413,484
Carrying amount 31.12.2018	744,764	479,917,166	480,661,930
Amortisation for the year	850,650	64,738,168	65,588,818
Expected useful economic life.	4 years	10 years	
Amortisation method	Straight-line	Straight-line	

Goodwill from the acquisition of subsidiaries is amortised over 10 years. Amortisation over more than five years is attributable to the business cycle and to the fact that the economic useful life of the car park is expected to be at least 10 years.

Specification of goodwill per business combination

Company	Acquisition date	Goodwill
Norva24 Vest AS	1 Nov 2015	268,164,102
Norva24 Øst AS	1 Apr 2015	80,930,544
Spyleteknikk AS	1 Apr 2015	21,660,919
Østfold Høytrykk AS	1 Sep 2015	44,838,792
Ringerike Septikservice AS	1 May 2016	37,552,719
Flagstad AS	1 Oct 2016	17,844,008
Sørmiljø Holding AS (Group)	1 Jun 2017	58,017,240
Norva24 Danmark A/S (Group)	01.01.2017	73,090,874
Norva24 AB (Group)	1 Sep 2017	58,270,948
Total		660,370,146

Goodwill recognised in the balance sheet is presented net (no related deferred tax).

Note 4 Investments in shares

Parent Company

There are no investments in shares in the Parent Company.

Group

	Ownership %	Carrying amount
Gulen og Masfjorden Næringshage AS	30%	202,000
Stryn Næringshage AS	4%	31,500
Framtidsfylket AS	4%	21,250
Fagre Stryn aktivitetsselskap	1%	2,000
Carrying amount 31.12		256,750

Note 5 Inventory

Parent Company		Inventory	Group	
2018	2017		2018	2017
0	0	Products in progress	0	0
0	0	Finished goods purchased	2,304,758	2,069,974
0	0	Total	2,304,758	2,069,974

Note 6 Restricted bank deposits, credit facilities

Parent Company		Restricted bank deposits	Group	
2018	2017		2018	2017
0	0	Tax withholding bank deposits	16,873,527	16,549,616
0	0	Total	16,873,527	16,549,616

Parent Company		Credit facilities	Group	
2018	2017		2018	2017
0	0	Credit limits, cash pooling system	40,000,000	40,000,000
0	0	Total	40,000,000	40,000,000

All subsidiaries participate in a cash pooling system of which Norva24 AS is the administrator and primary account holder. The limit of the joint credit is NOK 40,000,000, and the participants are jointly and severally responsible for the net liability that was withdrawn (borrowed).

Note 7 Receivables and liabilities

2018	2017	Accounts receivable	2018	2017
0	0	Accounts receivable, gross	170,560,829	158,546,221
0	0	Loss allowance for accounts receivable	-2,185,932	-2,672,716
0	0	Accounts receivable (net) in the balance sheet	168,374,897	155,873,504
2018	2017	Receivables maturing later than one year	2018	2017
0	0	Other non-current receivables	3,016,889	873,371
0	0	Total	3,016,889	873,371
2018	2017	Non-current liabilities maturing later than five years	2018	2017
0	0	Liabilities to credit institutions	23,240,193	121,155,574
0	0	Total	23,240,193	121,155,574

Note 8 Securities and guarantees

Parent Company			Group	
2018	2017	Carrying amount of liabilities secured on pledged assets	2018	2017
0	0	Liabilities to credit institutions	417,505,000	447,380,000
0	0	Total	417,505,000	447,380,000
2018	2017	Carrying amount of pledged assets	2018	2017
0	0	Fixed assets – vehicles	396,824,064	315,783,607
0	0	Inventory	2,304,758	2,069,974
0	0	Accounts receivable	168,374,897	155,873,504
0	0	Other receivables	18,578,825	20,759,168
0	0	Total	586,082,544	494,486,253

In addition, Norva24 AS has pledged shares in subsidiaries as collateral for all liabilities to the bank.

2018	2017	Assets additionally pledged as collateral for	2018	2017
0	0	Credit limits, cash pooling agreement	40,000,000	40,000,000
0	0	Total	40,000,000	40,000,000

The assets presented have been pledged as collateral for each outstanding transaction with the bank, including the borrowing facility for the Group's cash pooling agreement.

Note 9 Related party transactions

Parent Company			Group	
2018	2017	Other current receivables	2018	2017
0	1,000,000	Loans to companies in the same Group	0	0
360,777	1,000,000	Group contributions received	0	0
0	443,108	Other current receivables in Group companies	0	0
360,777	2,443,108	Total	0	0
2018	2017	Other current liabilities	2018	2017
0	1,000,000	Loans from companies in the same Group	0	0
220	220	Other current liabilities to Group companies	0	0
220	1,000,220	Total	0	0

Note 10 Equity

Parent Company

Change in equity for the year

	Share capital	Share Premium	Retained earnings	Total
Equity 1.1.2018	7,654,624	390,783,685	776,744	399,215,053
Capital increases	63,592	449,971	0	4,563,305
Loss for the year	0	0	-138	-138
Equity 31.12.2018	7,718,216	395,283,398	776,606	403,778,220

Group

Change in equity for the year

	Share capital	Share Premium	Retained earnings	Total
Equity 1.1.2018	7,654,624	390,783,685	-57,596,565	340,841,744
Exchange losses	0	0	-815,947	-815,947
Capital increases	63,592	449,971	0	4,563,305
Loss for the year	0	0	-26,766,779	-26,766,779
Equity 31.12.2018	7,718,216	395,283,398	-85,179,291	317,822,323

Note 11 Share capital and shareholder information

Share capital comprises

	No. of shares	Par value	Carrying Value
Ordinary shares	2,010,383	1.00	2,010,383
Preference shares	5,707,833	1.00	5,707,833
Total	7,718,216		7,718,216

Each preference share confers the right to a preferential dividend for each full year from the date of subscription for the shares. There is no difference in voting rights between ordinary and preference shares.

Largest shareholders as of 31.12.2018

Name	Ordinary shares	Preference shares	Total	Ownership %
Valedo Partners Fund II AB	1,004,500	3,013,512	4,018,012	52.1%
AHB Invest AS	132,375	397,126	529,501	6.9%
Isco AS	132,375	397,126	529,501	6.9%
JKT Birkeland Invest AS	132,375	397,126	529,501	6.9%
AQP Holding AS	77,750	233,250	311,000	4.0%
Fallang Holding AS	61,201	183,603	244,804	3.2%
Holskog Invest AS	44,253	132,749	177,002	2.3%
Johnsrud-Invest AS	28,696	86,088	114,784	1.5%
Flagstad Invest AS	24,254	72,762	97,016	1.3%
A Soderlindh Invest AB	21,771	65,466	87,237	1.1%
Total	1,659,550	4,978,808	6,638,358	86.0%
Other (ownership interest <1%)	350,833	729,025	1,079,858	14.0%
Total no. of shares	2,010,383	5,707,833	7,718,216	100.0%

Note 12 Tax

Parent Company			Group	
2018	2017	Temporary differences	2018	2017
0	0	Assets	54,642,184	51,033,892
0	0	Receivables outstanding	-646,131	-708,643
0	0	Recognised leases	20,706,481	12,663,499
0	0	Gain and loss account	1,782,852	2,228,565
0	0	Provisions	0	-816,198
0	0	Cut-off interest deductions carried forward	-1,233,082	-527,909
0	0	Net temporary differences	75,252,304	63,873,206
0	0	Tax losses carried forward	0	0
0	0	Basis for deferred tax / deferred tax assets in the balance sheet	75,252,304	63,873,206
0	0	Basis for deferred tax / deferred tax assets in the balance sheet	16,555,507	14,690,837
0	0	Of which deferred tax assets not recognised	0	0
0	0	Deferred tax / deferred tax assets in the balance sheet	16,555,507	14,690,837
2018	2017	Basis for tax payable	2018	2017
-138	623,772	Profit/loss before tax	-17,036,353	-22,097,213
138	256	Permanent differences	65,771,686	58,090,522
0	624,028	Basis for tax expense on profit for the year	48,735,333	35,993,309
0	0	Change in temporary differences and tax loss carryforward	-11,379,098	-32,464,516
0	0	Change in differences resulting from acquisitions	0	13,449,514
0	624,028	Basis for tax payable in profit or loss	37,356,235	16,978,308
0	0	+/- Group contributions received/paid (recognised)	0	0
0	624,028	Taxable income (basis for tax payable in the balance sheet)	37,356,235	16,978,308
2018	2017	Allocation of tax expense	2018	2017
0	149,767	Tax payable on profit for the year	8,591,934	4,074,794
0	149,767	Total tax payable	8,591,934	4,074,794
0	0	Changes in deferred tax/tax assets with tax for the year	2617 193	7,152,751
0	0	Changes in deferred tax/tax assets resulting from amended tax rate	-752,523	-638,732
0	0	Excess/insufficient tax reserved previous year	-726,177	-797,378
0	149,767	Tax expense in profit or loss	9,730,426	9,791,435
0.0%	24.0%	Effective tax rate	-57.1%	-44.3%
2018	2017	Reconciliation of tax expense for the year	2018	2017
-138	623,772	Recognised profit/loss before tax	-17,036,353	-22,097,213
-32	149,705	Estimated tax	-3,918,361	-5,303,331
0	149,767	Tax expense in profit or loss	9,730,426	9,791,435
32	61	Difference	13,648,787	15,094,766
		<i>The difference comprises the following:</i>		
32	61	Tax effect of permanent differences	15,127,488	13,941,725
0	0	Changes in deferred tax/tax assets resulting from amended tax rate	-752,523	-638,732
0	0	Other differences	-726,178	1,791,773
32	61	Total explained differences	13,648,787	15,094,766
2018	2017	Tax payable in the balance sheet	2018	2017
0	149,767	Tax payable in tax expense	8,591,934	4,074,794
0	0	Receivable associated with SkatteFUNN	-384,446	0
0	149,767	Tax payable in the balance sheet	8,207,488	4,074,794

Note 13 Pensions

The Company is obligated to have a service pension scheme under the Norwegian Occupational Pension Act. The Company's pension scheme satisfies the requirements of the Norwegian Mandatory Occupational Pension Act.

The Group has collective pension schemes that cover all employees in the Group. Group companies primarily have defined-contribution schemes that are financed via the companies' operations, where the premiums for the year – adjusted for deposits to or withdrawals from the deposit fund – are expensed as salary expenses. The companies have no further payment obligations after the contributions have been paid.

One of the companies also has a defined-benefit pension scheme, in which the net pension obligation is measured at the present value of the future pension benefits that from an accounting perspective is regarded as earned as of the balance sheet date. For recognising the defined-benefit pension, a linear accretion profile and expected final salary form the basis for the pension accruals. .

Parent Company			Group	
2018	2017	Net pension costs	2018	2017
0	0	Annual Pension premium for the defined-contribution scheme	17,883,134	16,645,140
0	0	Net pension costs for the year	17,883,134	16,645,140

Note 14 Salary expenses, number of employees, remuneration, and loans to employees

Parent Company			Group	
2018	2017		2018	2017
0	0	Salaries	392,765,461	347,019,922
0	0	Social security taxes	40,613,758	38,906,583
0	0	Pension costs	17,883,134	16,645,140
0	0	Other employee related expenses	10,968,545	9,278,967
0	0	Total	462,230,898	411,850,612
0	0	Employee FTEs for the financial year	710	608

	CEO	Board of Directors
Salaries / Bonuses / Board fees	2,533,333	505,068
Pension expenses	66,913	0
Other employee benefits expense	209,200	0
Total	2,809,446	505,068

No loans or collateral have been issued to the CEO, Chairman of the Board or other related parties.

Parent Company			Group	
2018	2017	Auditor fees expensed	2018	2017
150,212	30,000	Statutory audit	1,109,741	975,000
55,000	15,000	Technical preparation of Annual Report and income tax forms	370,000	270,000
0	33,000	Other attestation services	10,000	153,500
0	0	Other assistance	231,090	234,488
205,212	78,000	Total auditor fees (excl. VAT)	1,720,831	1,632,988

Note 15 Total operating revenue

Parent Company			Group	
2018	2017		2018	2017
0	0	Total operating revenue	1,002,260,707	892,146,106
0	0	Revenue from contracts with customers	2,073,667	10,332,078
0	0	Total operating revenue	1,004,334,374	902,478,184

2018	2017	Geographical allocation	2018	2017
0	0	Norway	664,850,217	628,010,211
0	0	Denmark	259,300,678	244,012,202
0	0	Sweden	80,183,479	30,455,771
0	0	Total	1,004,334,374	902,478,184

Note 16 Related-party transactions

Benefits for top management executives are described in Note 14, and related-party transactions are described in Note 9.

Parent Company			Group	
2018	2017	Sale of goods and services	2018	2017
0	0	Companies in the same Group	0	0
0	0	Associates	0	0
0	0	Other related parties	0	5,000,000
0	0	Total	0	5,000,000

In 2017, Norva24 Vest AS sold a commercial property to one of the Group's shareholders, JKT Birkeland Invest AS. The price reflected the fair value (property valuation) of the building.

Note 17 Specification of financial income and financial expenses

Parent Company			Group	
2018	2017	Financial income	2018	2017
360,777	1,000,000	Group contributions in profit or loss	0	0
874	1,098	Other interest income	629,065	1,050,675
0	0	Other financial income	4,333,984	581,074
361,65	1,001,098	Total financial income	4,963,049	1,631,749

2018	2017	Financial expenses	2018	2017
0	0	Interest expenses, overdraft facility	5,933,379	5869212
608	769	Other interest expenses	22,110,640	20,268,584
23,592	121	Other financial expenses	5,669,184	8,032,009
24,200	890	Total financial expenses	33,713,203	34,169,805

Note 18 Events after the balance sheet date

In February 2019, Norva24 AS acquired three new companies in Germany: Ex-Rohr GmbH, Rohrreinigungsdienst Lieder GmbH and Exrohr Service Und Rohrsanierungs GmbH.



To the General Meeting of Shareholders of Norva24 Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norva24 Holding AS, which comprise:

- the financial statements of the Parent Company, which comprise the balance sheet as at 31 December 2018, the income statement and statement of cash flows for the year then ended, accounting policies and notes for the financial statements for 2018.
- the consolidated accounts, which comprise the balance sheet as at 31 December 2018, the income statement and statement of cash flows for the year then ended, accounting policies and notes for the financial statements for 2018.

In our opinion:

- the financial statements are prepared in accordance with the law and regulations
- the accompanying financial statements give a true and fair view of the financial position of Norva24 Holding AS as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the regulations in the Norwegian Accounting Act and practices generally accepted in Norway.
- the accompanying consolidated accounts give a true and fair view of the financial position of the Norva24 Holding AS Group as at 31 December 2018, and the Group's financial performance and cash flows for the year then ended in accordance with the regulations in the Norwegian Accounting Act and practices generally accepted in Norway.

Basis for Opinion

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

Other information

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

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

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www.pwc.no

State Authorised Public Accountants, members of the Norwegian Institute of Public Accountants and authorised accounting firm



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

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

Responsibilities of the Board of Directors and the CEO for the Financial Statements

The Board of Directors and the CEO (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the regulations of the Norwegian Accounting Act and practices generally accepted in Norway. Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For a further description of the auditor's responsibilities, refer to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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



Opinion on Registration and Documentation

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

Oslo, 29 March 2019

PricewaterhouseCoopers

Eivind Nilsen

State Authorised Public Accountant

