Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	913 809 017
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FLOKK HOLDING AS
Forretningsadresse:	Drammensveien 145 0277 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Morten Johannessen
Dato for fastsettelse av årsregnskapet:	26.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 29.06.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	2	2 083 000	1 868 000
Annen driftskostnad	2,10	6 567 000	17 109 000
Sum kostnader		**8 650 000**	**18 977 000**
Driftsresultat		**-8 650 000**	**-18 977 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	3	133 342 000	119 535 000
Annen renteinntekt	3	84 979 000	24 948 000
Annen finansinntekt	3	1 319 745 000	1 186 033 000
Sum finansinntekter		**1 538 066 000**	**1 330 516 000**
Annen rentekostnad	3	188 042 000	122 828 000
Annen finanskostnad	3	1 406 368 000	344 734 000
Sum finanskostnader		**1 594 410 000**	**467 562 000**
Netto finans		**-56 344 000**	**862 954 000**
Ordinært resultat før skattekostnad		**-64 994 000**	**843 977 000**
Skattekostnad på ordinært resultat	4	-2 102 000	24 576 000
Ordinært resultat etter skattekostnad		**-62 892 000**	**819 401 000**
Årsresultat		**-62 892 000**	**819 401 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4	14 406 000	5 371 000
Sum immaterielle eiendeler		**14 406 000**	**5 371 000**
Finansielle anleggsmidler			
Investering i datterselskap	5	3 380 657 000	3 380 657 000
Lån til foretak i samme konsern	6	2 141 329 000	2 073 658 000
Sum finansielle anleggsmidler		**5 521 986 000**	**5 454 315 000**
Sum anleggsmidler		**5 536 392 000**	**5 459 686 000**
Omløpsmidler			
Varer			
Fordringer			
Fordring konsernkontoordning	6	134 798 000	154 995 000
Andre fordringer		58 558 000	62 489 000
Konsernfordringer	6	202 386 000	145 572 000
Sum fordringer		**395 742 000**	**363 056 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		569 966 000	149 986 000
Sum bankinnskudd, kontanter og lignende		**569 966 000**	**149 986 000**
Sum omløpsmidler		**965 708 000**	**513 042 000**
SUM EIENDELER		**6 502 100 000**	**5 972 728 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7	90 000	90 000

Balanse

Beløp i: NOK	**Note**	**2020**	**2019**
Annen innskutt egenkapital	7	755 720 000	755 720 000
Sum innskutt egenkapital		**755 810 000**	**755 810 000**
Opptjent egenkapital			
Annen egenkapital	7	970 283 000	1 033 176 000
Sum opptjent egenkapital		**970 283 000**	**1 033 176 000**
Sum egenkapital		**1 726 093 000**	**1 788 986 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8	3 688 538 000	3 605 618 000
Sum annen langsiktig gjeld		**3 688 538 000**	**3 605 618 000**
Sum langsiktig gjeld		**3 688 538 000**	**3 605 618 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	9	220 652 000	225 606 000
Leverandørgjeld konsern	6,9	571 000	590 000
Gjeld konsernkontoordning	6,9	820 564 000	332 370 000
Leverandørgjeld		649 000	448 000
Betalbar skatt	9	9 007 000	2 074 000
Annen kortsiktig gjeld	9	36 026 000	17 036 000
Sum kortsiktig gjeld		**1 087 469 000**	**578 124 000**
Sum gjeld		**4 776 007 000**	**4 183 742 000**
SUM EGENKAPITAL OG GJELD		**6 502 100 000**	**5 972 728 000**
POSTER UTENOM BALANSEN			
Pantstillelser	8	3 380 657 000	3 380 657 000

Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	2 929 347 000	3 015 477 000
Annen driftsinntekt	26	88 025 000	146 773 000
Sum inntekter		**3 017 372 000**	**3 162 250 000**
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	15	-31 797 000	11 457 000
Varekostnad		1 093 663 000	1 178 318 000
Lønnskostnad	10	848 686 000	915 148 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,12,22	178 463 000	232 709 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4,7		2 977 000
Annen driftskostnad	10,13	565 454 000	546 561 000
Sum kostnader		**2 654 469 000**	**2 887 170 000**
Driftsresultat		**362 903 000**	**275 080 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	17	1 801 000	2 026 000
Annen finansinntekt	17	1 666 822 000	473 648 000
Sum finansinntekter		**1 668 623 000**	**475 674 000**
Annen rentekostnad	17	196 071 000	127 969 000
Annen finanskostnad	17	1 778 428 000	466 068 000
Sum finanskostnader		**1 974 499 000**	**594 037 000**
Netto finans		**-305 876 000**	**-118 363 000**
Ordinært resultat før skattekostnad		**57 027 000**	**156 717 000**
Skattekostnad på ordinært resultat	14	58 989 000	17 813 000
Ordinært resultat etter skattekostnad		**-1 962 000**	**138 904 000**
Årsresultat		**-1 962 000**	**138 904 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4,14	155 765 000	113 389 000
Goodwill	4,7	3 205 282 000	3 248 467 000
Andre immatrielle eiendeler	4,7	330 860 000	305 163 000
Leieavtaler	22	224 466 000	144 597 000
Sum immaterielle eiendeler		**3 916 373 000**	**3 811 616 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	12	226 630 000	209 686 000
Maskiner og anlegg	12	79 796 000	85 773 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	129 560 000	154 368 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	81 415 000	97 028 000
Sum varige driftsmidler		**517 401 000**	**546 855 000**
Finansielle anleggsmidler			
Investering i datterselskap		14 675 000	15 476 000
Sum finansielle anleggsmidler		**14 675 000**	**15 476 000**
Sum anleggsmidler		**4 448 449 000**	**4 373 947 000**
Omløpsmidler			
Varer			
Varer	15	378 302 000	336 583 000
Sum varer		**378 302 000**	**336 583 000**
Fordringer			
Kundefordringer	16	378 911 000	401 794 000
Andre fordringer	16	37 210 000	185 967 000
Derivater	8	1 882 000	
Sum fordringer		**418 003 000**	**587 761 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		818 712 000	497 486 000
Sum bankinnskudd, kontanter og lignende		**818 712 000**	**497 486 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		**1 615 017 000**	**1 421 830 000**
SUM EIENDELER		**6 063 466 000**	**5 795 777 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	90 000	90 000
Annen innskutt egenkapital		755 720 000	755 720 000
Sum innskutt egenkapital		**755 810 000**	**755 810 000**
Opptjent egenkapital			
Annen egenkapital		299 912 000	334 123 000
Minoritetsinteresser	3	43 811 000	44 137 000
Sum opptjent egenkapital		**343 723 000**	**378 260 000**
Sum egenkapital		**1 099 533 000**	**1 134 070 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	4,11	98 056 000	68 785 000
Utsatt skatt	14	165 446 000	118 925 000
Andre avsetninger for forpliktelser	23	3 312 000	4 126 000
Sum avsetninger for forpliktelser		**266 814 000**	**191 836 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8,9	3 645 004 000	3 557 914 000
Leasing forpliktelser	22	172 100 000	97 025 000
Øvrig langsiktig gjeld		1 047 000	23 701 000
Sum annen langsiktig gjeld		**3 818 151 000**	**3 678 640 000**
Sum langsiktig gjeld		**4 084 965 000**	**3 870 476 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8,9	206 051 000	210 959 000
Finansielle instrumenter	8		3 342 000

Konsernets balanse

Beløp i: NOK	Note	2020	2019
Leasing forpliktelser	22	57 690 000	49 459 000
Leverandørgjeld		258 267 000	211 461 000
Betalbar skatt	14	69 768 000	4 279 000
Skyldige offentlige avgifter		87 029 000	75 252 000
Garantiforpliktelser	23	8 348 000	7 672 000
Annen kortsiktig gjeld	24	191 815 000	228 807 000
Sum kortsiktig gjeld		**878 968 000**	**791 231 000**
Sum gjeld		**4 963 933 000**	**4 661 707 000**
SUM EGENKAPITAL OG GJELD		**6 063 466 000**	**5 795 777 000**
POSTER UTENOM BALANSEN			
Pantstillelser	8,12	4 363 112 000	4 346 168 000

Flokk

Inspire great work

Annual Report 2020

Inspire great work

Annual Report 2020

Baggeboskolan, Sweden,
Offecct Membrane

IMPORTANT EVENTS IN 2020

FIRE IN TUREK, POLAND END NOVEMBER 2019
- Group and local Crisis Teams continued to work on business recovery, securing additional value chains in 2020.
- Throughout 2020, Flokk has focused on recovering the main part of the Profim brand portfolio. By December, this was largely achieved.

COVID-19 PANDEMIC
- Group Corona Crisis Team set up in March.
- Risk assessment of people, health and safety, assets, and cash.
- First focus was health and wellbeing of employees, then supply of components to keep the factories open, then changing commercial focus more over to digital platforms, Teams meetings to keep the business running. Lockdown of factories for other than blue collar workers to avoid infection in the factories. No travel, all communication digitally. Weekly tracking of temporary layoffs, quarantine, and infection of employees.
- First implementation of measures 18th March, second 28th of April.

M3 ERP IMPLEMENTATION IN TUREK, POLAND
- Go-live done 4th of September, bringing the Profim brand on to the Group ERP platform.

ACQUISITION OF 9TO5 SEATING IN US, NOVEMBER 2019
- A milestone for Flokk's geographic expansion. Integration of financial reporting continued in 2020, alongside commercial development.
- Evaluation of Flokk's other brands and potential to sell through 9to5 sales channels.

INCREASED DIGITAL COMMERCIAL FOCUS THROUGH THE PANDEMIC
- While development of new marketing content was placed on hold, maximum use was made of already developed content through digital channels, gaining significant traction and a leap in efficiency.
- Webinar's & online panel discussions on topics relevant to navigate the changes accelerated by the pandemic pulled significant & international attendance.
- Flokk Hub, our do-it-all e-commerce solution went live in Norway, with a dealer portal as the first storefront.

HOME OFFICE SEGMENT, SALES INCREASE
- Communication with advice & product suggestions for the home-office commenced April 2020 and has grown since.
- Of the various sales approaches tested, addressing large employers with solutions for their employees has been the most significant success.
- Through the pandemic, home office has been a growing segment that will be further developed.

ACQUISITION OF RING CHAIRTECH
- Purchase of supplier, main purpose being to secure supply chain of mechanisms for the older models in RH's portfolio. Additionally, to add machinery, capacity, and production capability for the future.

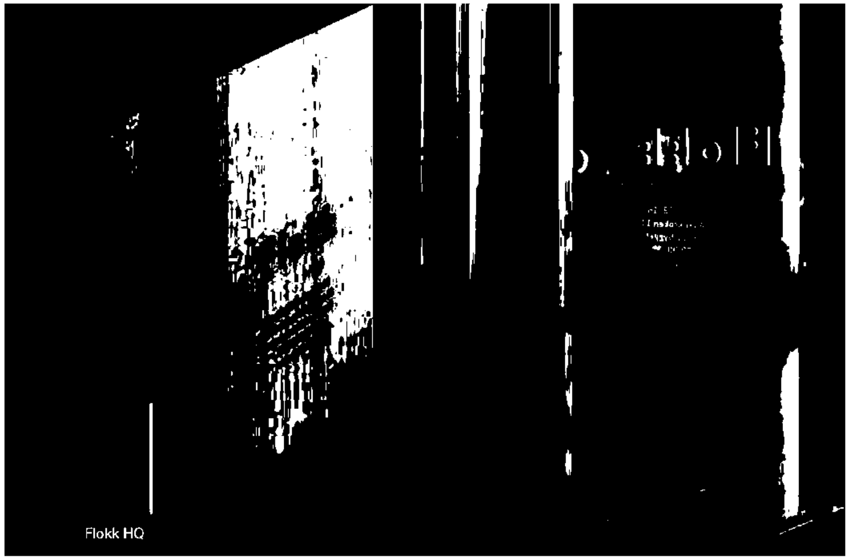
LAUNCH OF RBM NEW COLLECTION IN NOVEMBER
- One of the largest launches done, 18 new products under the RBM umbrella.
- Launch done completely digital in the Nordics.
- With this launch Flokk has an attractive, mid-priced soft seating offering also in the Nordics, ideal for dealer distribution.

OFFECCT PRODUCT LAUNCHES
- Maki easy chair by Jin Kuramoto
- Wake by David Trubridge
- Osaka by Teruhiro Yanagihara

Key figures

		2020	2019	2018	2017	2016
Operating income	NOK million	3 017	3 162	2 723	1 730	1 299
EBITDA [1]	NOK million	541	511	421	269	251
Operating profit	NOK million	363	275	326	215	212
Operating margin	%	12.0	8.7	12.0	12.4	16.3
Adjusted EBITA [2]	NOK million	466	511	454		
Profit before tax	NOK million	57	157	84	62	119
Profit for the year	NOK million	(2)	139	51	42	84
Net interest bearing-debt	NOK million	3 091	3 333	2 497	1 236	962
Investments	NOK million	96	180	120	44	50
Total assets	NOK million	6 063	5 796	4 414	2 898	2 409
Net working capital [3]	%	17	17	17	19	17
Equity share [4]	%	18	20	23	40	45
No. of employees per 31.12.		1 840	2 521	2 517	829	546
Full time equivalents per 31.12.		1 827	2 505	2 496	800	533

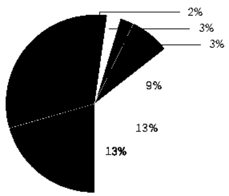
[1] Earnings before interest, tax, depreciation and amortisation (EBITDA). Not adjusted for one off costs.
[2] Currently the Group has one Alternative Performance Measure; Adjusted EBITA (Earnings before interests, tax and amortisation). This is EBITA adjusted for M&A and integration activities, and normalized for full year inclusion of acquired companies, as if the Group had owned the company from 1st of January.
[3] Inventory + accounts receivables accounts payable in percent of operating revenues.
[4] Includes shareholder loan for the period 2016 2017.



Flokk HQ

1 827	7	63%	93%
Full time equivalents	Production Sites	Lower energy intensity per revenue since 2015	Renewable share of total purchased electricity
9	**14**	**23%**	**735t**
Brands	Sales offices worldwide	Lower energy intensity per unit since 2015	Recycled plastics in our products

Sales per brand

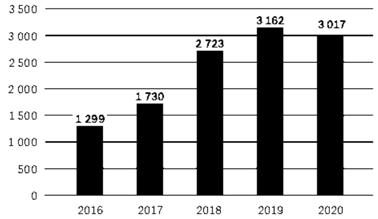


- HÅG
- Profim
- RH
- 9to5 Seating
- Giroflex
- BMA
- RBM
- OFFECCT
- Malmstolen

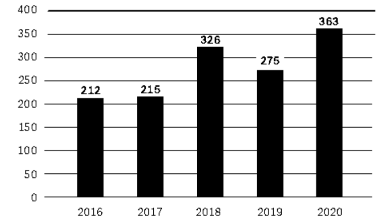
Sales per market

- Germany 18%
- USA 17%
- Norway 9%
- Sweden 9%
- Poland 8%
- The Netherlands 7%
- Denmark 6%
- Switzerland 6%
- United Kingdom 5%
- Belgium 4%
- France 3%
- Other countries 9%

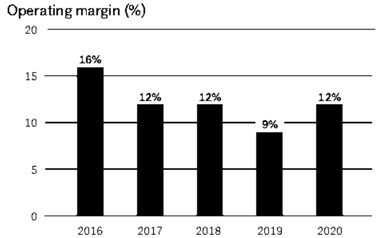
Operating income (NOK million)



Operating profit (NOK million)



Operating margin (%)




Flokk HQ

Contents

CEO's introduction:
Strong performance in an extraordinary year

I'm very happy to be able to look back at 2020 and say to the Flokk team: Well done, everyone!

This is especially gratifying as the year got off to a very rocky start, for society as a whole and for Flokk as a company.

In addition to the global pandemic, Flokk faced some company-specific challenges. In the fall of 2019, we acquired the US company 9to5 Seating. However, we hardly got to properly celebrate this milestone for the Flokk Group and get ready to know our new colleagues before we learned that one of our main production facilities, in Turek, Poland, was damaged in a fire. Most importantly, none of our colleagues were physically injured, and we immediately initiated a process to recover production of the affected products. Through great efforts by our product development and sourcing teams, we have exceeded our internal projections and recovered 90 percent of the products that were made unavailable by the fire. The incident of course significantly affected sales through our Profim brand, which is produced in Turek. However, we have strong momentum, and I am certain we will regain our market share now when our portfolio is fully restored.

Then, of course, came the extensive pandemic restrictions and shutdowns from March and onwards. After a couple of weeks, we saw orders decrease due to uncertainty in the market and we had to react immediately to align costs with the new reality. In this situation, which had similarities to the one we saw after the financial crisis a decade earlier, the Flokk team again proved impressive at adjusting our cost base as measures were quickly implemented throughout the Group. This flexibility enabled us to maintain a healthy profitability through the ups and downs of 2020.

STRENGTHENED POSITION

Given this start to the year, I am extremely proud of what we have achieved in 2020.

While the total office seating market declined in 2020, we managed to strengthen our position across several of our largest markets in Europe. We remain the clear market leader in the European office seating market. In 2020, 76 percent of sales were from outside of Scandinavia, so we have definitely moved beyond our Scandinavian home turf. The acquisition of 9to5 Seating provides an attractive growth platform in the important US market as well as a manufacturing foothold in Asia, underlining our global ambitions.

The market also offered pockets of robust demand in 2020, and we were able to move quickly to take advantage of these. For instance, we saw strong growth within the home office marked, causing our HÅG task chair brand to achieve all time high sales in 2020.

We are also continuing to streamline our production facilities. Over the past years, we moved the production of the brands RBM and BMA, and this continued with the move of Malmstolen to our factory in Nässjö, Sweden in 2020. In 2021, we will continue to optimize our production footprint as seven factories will be reduced to five when we move production of the OFFECCT brand from Tibro, Sweden, and the Giroflex brand from Koblenz, Switzerland, to Turek in Poland.

In 2020, we also took significant steps within digitalization. Flokk's back-end has been completely digital for a long time, and our front-end is now becoming increasingly digital too, as we are continuously building digital tools and solutions to strengthen our online presence and empower our dealers and architects.

We saw the pandemic accelerating workplace trends that were already underway, such as a more flexible approach to working from home or the office, and more collaborative use of office space. We have high-quality and attractively designed task chairs for home offices, and we are now a complete supplier for the office of the future, including both task chairs, meeting room chairs and soft seating for the ever-more important lounges and mingling areas. In fact, meeting room chairs and soft seating now represent almost a third of our 2020 sales.

In short, Flokk has become a complete seating solutions provider.

SUSTAINABILITY

ESG – environmental, social and governance factors – have always been a core part of Flokk's DNA, and in 2020 we saw these topics continue to move up on the agenda of not only NGOs and politicians, but also the financial and business communities.

When designing new products, we follow long-standing circular design criteria intended to limit the environmental footprint of our products. These guide how we assemble products and the materials we use, and even dictate our high quality and timeless design, which make for long-lasting products.

During 2020, we increased the external communication of our long track record in ESG, and this will be high on the agenda in the coming year as well. I encourage you to study our in-depth Corporate Sustainability Report, an integral part of this annual report, in order to understand Flokk's tremendous work in this area.

LOOKING AHEAD

Having weathered the turbulence of 2020, I believe Flokk is very well positioned for the next leg of our journey.

Firstly, the demand pickup we saw at the end of 2020 has continued into 2021, and we expect a general market rebound post corona to set the stage for renewed organic growth for Flokk. We will continue to pursue the opportunities offered by the fundamental change to the office we observed in 2020.

Efficient operations are a hallmark of Flokk, and we will continue our operational excellence program throughout the Group, based on our automated, lean, and scalable operational platform, which enables on-demand production and highly efficient mass customization.

Innovation will be key for Flokk's continued success. Our spending on research and development is trending upwards, and we have several exciting product development projects in the pipeline which address the growing trends that affect our industry within ESG and changing ways of working from home and in the office.

Flokk is a leader within our industry when it comes to sustainability, with a decades-long history of innovation dating back to the early 90s when HÅG was the first company in Norway to hire a full-time sustainability manager. Our dedication to this area will continue moving forward, and we have set a number of ambitious goals for Flokk to actively track our progress. One example of our long-term and determined sustainability work is the use of recycled plastics. This has increased from year to year, reaching 735 tonnes in 2020, an increase from 664 tonnes the previous year. In 2021 we target a further increase to 1,000 tonnes.

The trend towards digitalization of our front-end will continue in 2021 as an increasing share of low-volume purchases move online. We have made significant investments in digital solutions which improve operational efficiency between Flokk and our distribution partners and drive increased online sales of our products. We will continue to test and pilot new business models to actively shape the development of our industry going forward.

Lastly, industry consolidation will remain high on our agenda. Over a number of years, we have established a proven model for buying, integrating and improving companies. We have acquired six companies in the last five years, gaining access to new markets, adding new products to our portfolio and realizing significant synergies. As the European market leader, we intend to use this position to continue the consolidation of what is still a highly fragmented office seating industry and are actively looking for value-creating M&A opportunities.

I am truly proud of the way our people handled the challenges thrown at them in 2020, and this strong culture makes me confident that Flokk is facing a bright future, in 2021 and beyond.

Lars I. Røiri

Chief Executive Officer

Corporate Governance

IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE
Flokk complies with the Norwegian code of practice for corporate governance. As Flokk is not listed on the stock exchange, its corporate governance has been tailored to Flokk's situation. Flokk is majority owned by the private equity investment companies Triton, which is the main shareholder, and Innova. The remaining shares are owned by company executives and board members.

Flokk has defined corporate values which guide the Group's way of working. In combination with the Group's corporate culture, they form the basis on which the board and management believes that Flokk should be managed. Flokk strives to maintain high ethical standards in its business practices. All companies and employees in the Group must comply with the relevant laws and regulations in the country in which they work. The Group practices values-driven management based on its values and has drawn up guidelines for ethics and corporate social responsibility, which are clearly communicated to all employees. All employees must attend an e-learning course focusing attitude and behaviour related to Flokk's values as part of an overall Code of Conduct program.

BUSINESS
The objects clause in Flokk Holding AS's articles of association stipulates that: "The company's operations are to own, directly or indirectly, other companies producing or selling office furniture, including chairs, as well as other activities naturally related thereto."

Flokk's most important success factor has been its ability to develop, produce and market workplace furniture. Innovation, industry consolidation and synergy realization through M&A's, a cost-efficient procurement function, flexible production, familiarity with the market, and effective sales work are key success factors. Growth and good profitability will be created through a high degree of innovation, modern design, good ergonomic solutions, and a people- and environment-oriented approach to the products.

The Group's management team currently has eleven members. They cover the Group's main processes in the value chain: CEO, R&D, sustainability and corporate social responsibility, production and procurement, sales and marketing, HR, M&A, business development, strategy, corporate processes, ESG and finance/IT. The Group's management team is constantly tailored to suit the Group's strategic and operational development. The CEO has day-to-day responsibility for Flokk's activities and manages the organisation within the framework set by the board.

EQUITY AND DIVIDENDS
The Groups equity share as at 31.12.2020 was 18.1%. No dividends will be paid in the short and medium term, as available liquidity will primarily be used to invest and repay debt. The board does not have a mandate to increase capital.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES
Flokk Holding AS has one share class, and each share provides one vote. Flokk has laid down guidelines that require the board to be notified when board members or the CEO have significant interests in a transaction entered into by the company.

GENERAL MEETINGS
Flokk's supreme body is the general meeting. The ordinary general meeting will normally be held every year by the end of March.

NOMINATION COMMITTEE
A nomination committee has not been established for the election of shareholder-elected board members. As a result of the ownership structure, it has been natural that the work related to the composition of the board's shareholder-elected members to be handled by the largest shareholder, Triton.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE
The current board of Flokk has six members, all of whom are shareholder elected. The board's chair is selected by the general meeting. The board is broadly made up of industry relevant technical, marketing and financial expertise. There are no limits on the terms of board members, as the board's composition is regularly reviewed. The CEO is not a member of the board, but regularly attends the board meetings. Flokk Holding AS has no employees and is a holding company. The employee representatives sit on the boards of the operating companies Flokk AS and Flokk AB.

A dedicated Group committee has been established to secure good and open dialogue between the management and the employee-elected representatives across the organization and geographical location. The committee has permanent members from the sites (two from Røros, two from Nässjö, and one from Oslo), as well as members from the Management team and the HR department. Three meetings are normally held each year.

Flokk and its underlying subsidiaries do not have their own corporate assemblies. An agreement has been concluded on extra board representation from the employees of Flokk AS. The board of Flokk AB also has employee representatives. In the Polish subsidiary an internal "union" has been established consisting of employees representing various parts of the value chain. The aim is to secure an open and transparent dialogue between local management team representatives and employee representatives.

The boards of Flokk's other subsidiaries consist of the CEO of Flokk and members of the Group's Management team.

THE WORK OF THE BOARD OF DIRECTORS
The board has overall responsibility for the management and control of the Group. The Management Group updates the Group's three-year strategy plan every year on behalf of the board. This plan also contains the Group's financial target figures. The board approves general strategies and sets strategic and financial goals, which are maintained in the Group's three-year strategy plan and in the annual budget. Outside board meetings, the board serves as advisers to the Management Group

Five board meetings are held according to a fixed meeting and work plan. They are linked to the approval of quarterly figures and regular strategy work. The board has rules of procedure, and annually assesses its work. The board appoints the company's CEO. The CEO performs his or her work pursuant to a job description, the Group's budget and strategy plan, and contact with the board.

The board has a dedicated audit committee made up of selected members of the board. This committee prepares business for review before final decisions are made at the board meeting. The committee performs tasks related to financial reporting, the annual accounts, internal control, governance, and has contact with the company's auditor. Environmental, social, and corporate governance (ESG) is on the agenda at the Group's board meetings. The governance topics are also reviewed by the audit committee. Social topics are handled in the dedicated Group committees that have members from management and employee representatives.

The board annually reviews and approves the Group's policies, including energy & environmental policy, code of ethics and personnel policies.

RISK MANAGEMENT AND INTERNAL CONTROL
Every month, and as needed, the CEO reports on the Group's position and financial performance to the board in writing. Flokk systematically revises its strategies based on a three-year rolling plan. Every year an extended group of key managers is involved in this work before the strategies are presented to the board. All employees are involved later when relevant and are informed of the content and the consequences for their areas of responsibility. The final, revised strategy provides the basis for the coming yearly goals and priorities in the Group's business plan. The strategy plan must be plain and simple and provide clear guidelines for every function in the organisation.

Flokk has several internal controllers who are organised under a group controller who reports to the CFO. Flokk has drawn up a framework for risk and opportunities management – a so-called enterprise risk management framework. This framework determines how to work to identify, handle and follow up business risks and opportunities in relation to stakeholders. Work is followed up closely through action plans and regular reporting. The board is regularly briefed on this work.

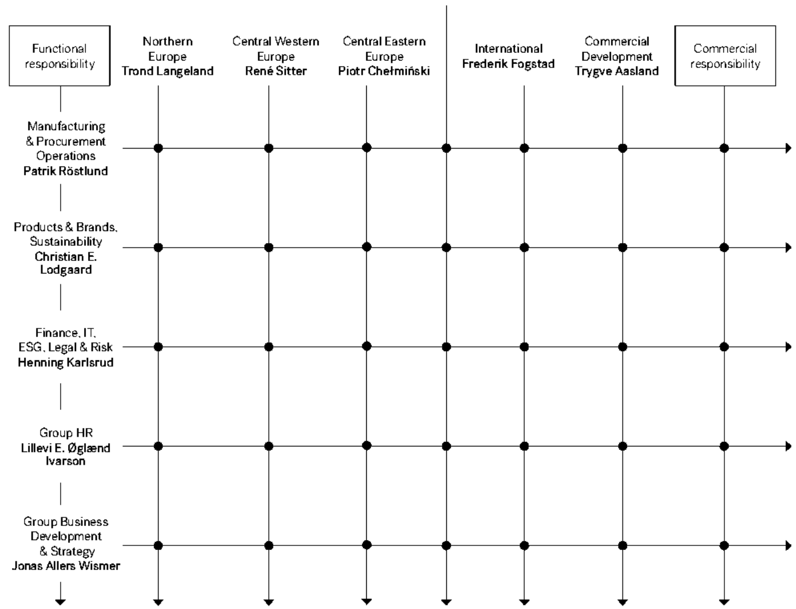
REMUNERATION OF THE BOARD OF DIRECTORS
The board's remuneration is reported in note 25 of the company's consolidated annual report. The board's remuneration is fixed by the general meeting every year. The board's remuneration is not linked to performance. The board members hold no options in the company.

REMUNERATION OF EXECUTIVE PERSONNEL
The remuneration of the CEO and other Group Management is reported in note 25 of the company's consolidated annual report. The board fixes the terms of contract for the CEO based on a proposal from the chairman of the board. There is no fixed bonus system for executives. However, various forms of bonus schemes are practised, where financial performance and qualitative goals are the most important indicators.

AUDITOR
The financial positions of almost all of the Group's companies are audited by the auditing firm Ernst & Young. The central finance department cooperates with Ernst & Young in Norway to ensure good and coordinated auditing in all of the Group's units. The auditor's fees are reported in note 10 of the company's consolidated annual report. Information is provided at the general meeting about the breakdown of the auditor's remuneration into auditing and other services. The auditor regularly attends audit committee meetings and attends board meetings that review the annual accounts.

The general quality management system ISO 9001 and environmental management system ISO 14001 are reviewed and revised annually by the external certification body KIWA. As from 2019, Flokk is certified according to the energy management standard ISO 50001. Audits of ISO certifications are carried out by KIWA auditors. Health, internal working environment, and safety (HSE) are according to ISO 45001 integrated into Flokk's common management/quality system.

Flokk Group Management
– a matrix organisation



Group Management

Lars I. Røiri (b. 1961)
Chief Executive Officer
Røiri joined the Group in 1999, then known as HÅG, and became CEO from 2001. He is responsible for the Group's overall performance, strategy and coherent actions. He holds a Master of Science in General Business from the Norwegian Business School (BI), and is currently member of board of directors in Glamox, Ekornes and Cappelen Holding. Røiri has prior work experience from Tomra, Saba-Mölnlycke, Jordan and Coloplast.

Henning Karlsrud (b. 1974)
Chief Financial Officer (from 1 March 2021)
Karlsrud joined Flokk in March 2021 and is responsible for the Group's finance, tax, treasury, legal, audit, IT, ESG and investor relations. He holds a Master of Science in Business Administration and Finance from the Norwegian School of Economics (NSE) where he graduated in 2000. Karlsrud also has shorter postgraduate studies at Insead, the Singularity University and NSE. Karlsrud has prior work experience within consulting, corporate finance and strategy from The Boston Consulting Group, Kearney, Handelsbanken Capital Markets and Telenor, and most recently as a CFO in Ice Group, listed on Euronext Expand in Oslo.

Eirik Kronkvist (b. 1969)
Chief Financial Officer (2020)
Kronkvist joined Flokk in 2010 and is responsible for the Group's finance, tax, treasury, legal, audit, IT, ESG and investor relations. He holds a Bachelor of Science in Business Administration from BI Norwegian Business School and an MBA in strategic management from the Norwegian School of Economics (NHH). Prior to joining Flokk, Kronkvist held positions in Compaq Computer, Hewlett Packard and Sopra Steria.

Trond Langeland (b. 1966)
Senior Vice President, Northern Europe
Langeland joined Flokk in 2019 and is the overall responsible for the commercial activities of Flokk´s brands in Northern Europe. He holds a Master of Science in Business and Economics from the Norwegian School of Management and has completed Executive Programs at IMD in Lausanne. Langeland has prior work experience from Lilleborg, Jordan, Canon, Stanley Security and Viking Footwear.

René Sitter (b. 1975)
Sitter joined Flokk in 2014 and is the overall responsible for the commercial activities of Flokk´s brands in Central Europe. He is a graduate from Leipzig Graduate School of Management (HHL). He has prior work experience as management consultant at Arthur D. Little and from several management positions as ThyssenKrupp.

Jonas Allers Wismer (b. 1982)
Senior Vice President, M&A Group Business Development and Strategy
Wismer joined Flokk in 2017 and is responsible for the Group's activities in mergers and acquisitions, Group business development and strategy. He holds a Master of Science in Applied Economics and Finance from Copenhagen Business School. Prior to joining Flokk, Wismer held positions in Schibsted Media Group, Arctic Securities, Norden Corporate Finance and Deloitte Consulting.

Patrik Röstlund (b. 1970)
Röstlund joined the Group in 2010 with key responsibilities to integrate and develop the purchasing function of the Group and set the corporate strategies for procurement and supply chain. He is currently responsible for overseeing Flokk's operations, including manufacturing, procurement, supply chain, logistics, customer service and quality.
He holds a Bachelor of Science in Business Administration from Uddevalla. Prior work experience relates from companies such as Opel, Saab Automobile and General Motors.

Frederik Fogstad (b. 1965)
Senior Vice President, International
Fogstad joined Flokk in 2013 and is responsible for sales to all markets outside Europe.
He holds a Bachelor of Science in Management and Finance from the Norwegian School of Economics (NHH), and an MBA from IESE Business School in Barcelona. Prior to joining Flokk, Fogstad held positions in Varier Furniture, Intersport, Kellogg's, Middelfart and Coca Cola.

Christian Eide Lodgaard (b. 1970)
Senior Vice President, Products & Brands
Lodgaard joined Flokk in 2007 an is responsible for product development, marketing and sustainability, as well as the overall product & brand strategy. He holds a Master of Science in mechanical design engineering. Prior to joining Flokk, Lodgaard worked for Hydro Aluminium Automotive.

Lillevi E. Øglænd Ivarson (b. 1964)
Senior Vice President, Group HR
Ivarson joined Flokk in 2007. She is responsible for the Group's overall HR function including internal and external communication, recruitment, learning, HR administration, culture and values, working climate and facility management. Ivarson has her education from University of Linköping in Sweden and Haute Ecole de Commerce Nantes in France within business and French language. Prior to joining Flokk, she held positions within finance and human resources in Norsk Hydro and Yara International.

Trygve Aasland (b. 1964)
Senior Vice President, Commercial Development Soft Seating
Aasland joined Flokk in 2018 with key responsibilities for the commercial development of Flokk's soft seating segment. He holds a Master of General Management from BI Norwegian Business School. Aasland has prior work experience from North Investment Group, Lammhults Design Group and Fora Form.

Piotr Chełmiński (b. 1964)
Senior Vice President, Central & Eastern Europe
Chelminski joined the Group in 2018 with Flokk's acquisition of Profim, the largest office seating manufacturer in Poland. He is the CEO and General Manager of Profim and is responsible for the overall operational and financial performance of the brand.
He is a graduate of SGGW (the Warsaw University of Life Sciences) and holds a degree in postgraduate studies from the University of Management and Marketing in Warsaw, the Department of ITC Power and Aeronautical Engineering at the Warsaw University of Technology, and London Business School. Chelminski has prior work experience from companies such as Unipetrol, Schöller, Carlsberg Polska and Aronia.

About Flokk

With every new design we do, with every new product we plan to develop and bring to the market, one thing is clear to us; the world does not need another chair. As with most markets, the market for contract furniture is saturated. Doing one more of what is already there, will not change anything.

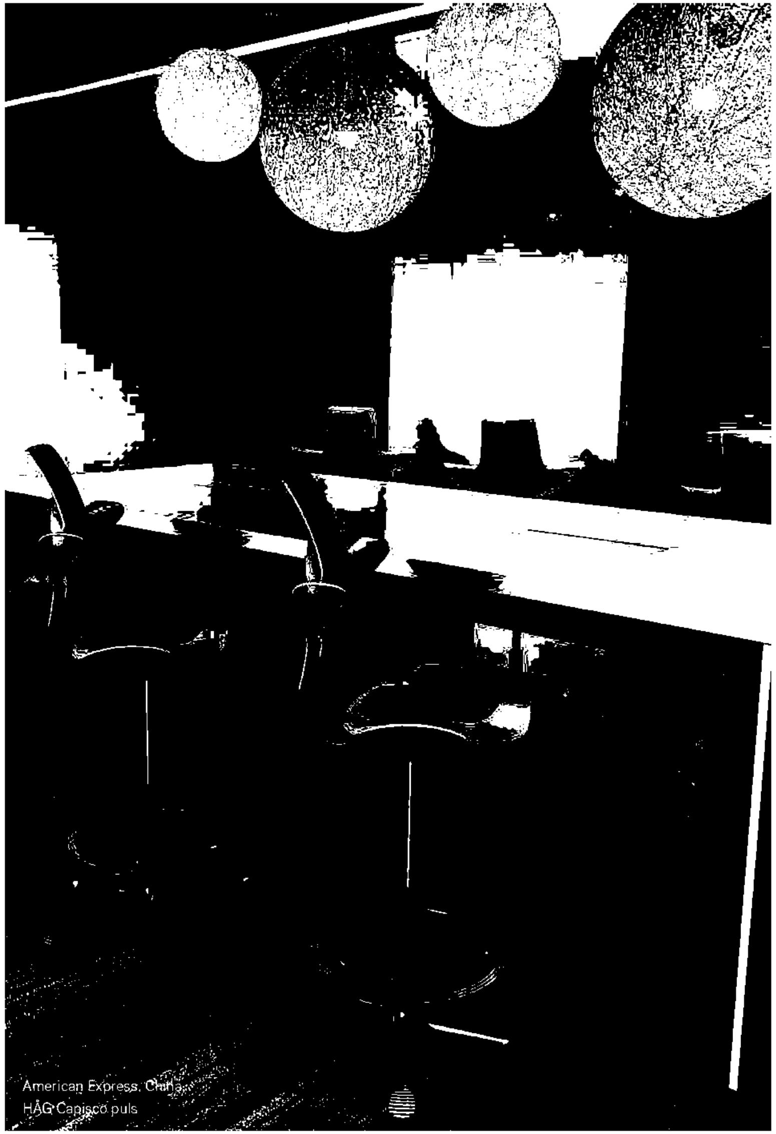
Unless that is, you set out to do something which is different and better, providing our customers with an alternative which they do not yet have, that offers tangible improvement. This consideration is at the heart of Flokk. The result is a strong urge to move forward, in all aspects of our operation.

It makes us fundamentally design driven. We will always keep the human at the centre of our processes. We will deploy the best of our capabilities, invite strong skilled designers with perspectives different than our own, incomprehensive design collaborations, in order to make products and services that make a difference to our customers and those who use our products.

It makes us adapt to changing work-life practices, by ensuring our products are designed for the future, not the past. And by offering an increasing array of attractive, flexible solutions, for every professional furnishing purpose. It makes our sustainability efforts very practical. Our products are engineered for assembly with no glue, making them easy maintain, to repair, and eventually to dismantle in pure material categories. While we design the products to be prepared for future circular economic models, we also ensure circular economy today, by using significant and strongly increasing amounts of post-consumer recycled material in our products.

And it makes us design for the highest of industrialization rates, giving us economy of scale. We conceive everything bottom up, which is harder, but takes us further and keeps us in control of how every detail is produced. In our own factories, and with suppliers.

We are Flokk. A company of dedicated people, with strong and complementing competencies, joined by common aspirations and ideals. A group of brands & products with different identities and attributes. There to help our clients build their flokks, through furnishing inspiring workspaces. We are large, growing, and profitable. But size in itself, is not interesting. It only gets interesting when we use our size and profitability to invest even more, to get even further, in areas that matter. Better products, with functionality & visuals that make people prefer them and want to keep them longer, produced with the lowest possible environmental footprint. This is our practice and our aspiration.



American Express, China
HÅG Capisco puls

Our brands

HÅG

HÅG's sitting concept was established during the 1970's and remains just as relevant and unique. Based on the belief that humans are not made to sit still, HÅG persists in making every workday healthier, better, and more productive. When you sit in a HÅG chair, you sit in balance. This provides more natural movement of your whole body without involving any physical or mental effort.

We seek to develop products that are empathic to people's needs as well as aesthetically pleasing, always reaching for the most sustainable approach.

2020 was a year where many of us were forced to work from home. Not only a day now and then, but for an extended period. Many became more conscious about the importance of having a proper home office chair, and chose HÅG, and particularly HÅG Capisco Puls, as a solution. This tells us that we somehow has succeeded with the aesthetically in a combination with a healthy approach, by providing chairs that suits the needs for an appropriate domestic work situation.

RH

With roots going back to 1977, RH is an integral part of the Swedish design tradition. When the first RH chair was launched, it attracted well-deserved attention because it took users seriously.

Today, the RH chair is recognised by ergonomists, physiotherapists and other professionals for its unique ergonomic philosophy. It is based on the importance of an upright sitting position, support and active sitting. These are qualities that increase users' job satisfaction and perfor¬mance. They are also qualities that help to create a more effective working environment. The RH brand focuses on environmental effective solutions, with extensive use of recycled materials. Most RH chairs have removable cushions on the seat and back, to provide for easy replacement of wear parts and so prolong the lifetime of the chairs.

All RH chairs have been developed with a focus on functionality. As a result, RH products are comfortable ergonomic chairs that offer many adjustment possibilities and are durable. Despite the advanced construction and maximum performance, they are easy to understand and use, with clear pictograms and intuitive handles and grips. An RH chair offers a high level of individual seating comfort, dynamic ergonomics, user friendliness and flexibility.

GIROFLEX

Giroflex's roots go back a long way in history. More than 145 years ago Albert Stoll I became a chair manufacturer in Koblenz, Switzerland. The first swivel chair with a suspension system, the "Federdreh", was developed and patented worldwide as early as 1926. The "Giroflex" (turn and flex) brand name, introduced in 1948, can be traced back to this invention. Since then, the brand has been synonymous with wide-ranging expertise in ergonomic seating. As an international quality brand, Giroflex epitomizes the Swiss benchmark for value. Swiss craftsmanship in engineering, product development, manufacture and design as well as a strong commitment to sustainability are the hallmarks of the brand philosophy.

Giroflex is highly specialized in swivel chairs, but offers a complementary range of conference and visitor chairs for the complete seating furnishing of office areas. Decades of scientific research on dynamic sitting have resulted in two functional principles that make the Giroflex seating experience so unique: The Organic Move synchronized mechanism and the dual-zone seat profile. The latest development of the synchronized mechanism has led to the self-adjusting Balance Move mechanism used in the giroflex 313.

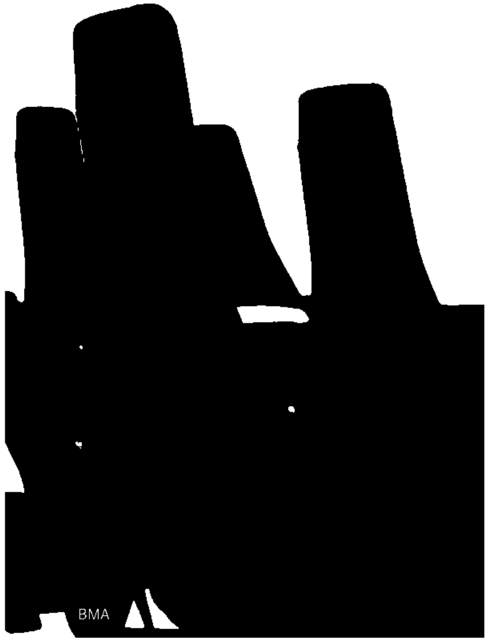
BMA

BMA Ergonomics was founded in Zwolle, the Netherlands as Bio Mechanical Advisory in 1988. At BMA, knowledge and expertise in the field of ergonomics and biomechanics is combined with technology and sustainability. It is BMA's mission to improve the posture of office workers and to ensure that everyone learns to adopt a healthier way of working: Work Healthy – Sit Smart!

The patented Axia movement mechanism makes it easy to change between the three main working postures of office workers. The Axia chair that fits all. Thanks to the modular system and the bespoke program, the chair can be customized to its user.

An Axia chair with direct feedback (Smart Active Technology) functions as a personal coach: it encourages movement for improved circulation and helps you achieve a better posture. The Axia is a sustainable, circular office chair.

American Express, China,
Offecct Carry On



BMA

Giroflex313
conference meeting-room

OFFECCT

Offecct is a Swedish design brand with a passion for all kinds of meeting places. In partnership with selected designers and architects, and with the aim of always being sustainable in the long term, we develop original design and produce innovative furnishings for the whole world.

It is our conviction that original design, genuine quality and individualized solutions prolong the life cycle of our products. Everything we do at Offecct is dedicated to the mission of creating sustainable meetings and sustainable life cycle for furniture, in collaboration with our clients. We call this mission the Offecct Lifecircle philosophy.

As Offecct is a design brand, the highest level of design in every detail is the basis of our operation. To us it´s not enough to launch another chair or sofa into the market. We want to add other qualities in addition to aesthetics with every new product that is released. We produce furniture with a mission; to procure for a sustainable future.

RBM

Established in Denmark in 1975, RBM´s history is deeply entrenched in the traditions of Danish design, and represents a Scandinavian state of mind expressed through design. The product range consists of a wide range of meeting chairs and tables, designed for meeting and conference rooms, canteens, education, public spaces and open-plan offices. RBM furniture enables you to create environments that encourage collaboration, learning, sharing, relaxation or play, because at the end of the day all that matters is an enriched daily life.

Cooperation with selected designers has given the RBM brand a distinct and authentic Scandinavian identity with unique products covering major consumer needs in this market segment.

The RBM Noor is an environmental-friendly and sustainable collection of chairs launched in 2013, and is the successful result of an. Innovative design collaboration between designers: Form Us With Love, StokkeAustad, Susanne Grønlund/Grønlund Design and the Flokk design team.

In 2020, RBM launched a new wide range of soft seating furniture of meeting chairs, sofas and tables for the Scandinavian markets that widens our offering of choice in this category and will enable our customers to create great and flexible working environments.

MALMSTOLEN

Malmstolen do not compromise. Malmstolen have made the decision, we do not compromise on quality and we do not compromise our scientific when developing our chairs. We design and build our chairs with a high-end quality and Malmstolen is made after how the human body works, not the other way around.

Malmstolen has all throughout the brands history worked to create the best ergonomic work chairs in the market. You can be sure that the chair you choose is not just comfortable today, but will continue to give you support, relief, relaxation and freedom of movement for many years to come. Malmstolen is also taking a big responsibility for the environment and have the whole chair range with the Nordic Ecolabel today! As we say, everybody should have the opportunity to sit in a Malmstolen chair. Our goal is to create a more human working environment for a long time!

PROFIM

The Profim brand stands for 30 years of tradition, Polish values, and passionate work. Throughout its history, Profim's development has been dynamic – and brought new infrastructure, tools, and knowledge. This is how a strong brand with a rich product portfolio was created.

Profim offers swivel armchairs and chairs, visitor chairs and soft seating furniture. Since its founding 30 years ago, Profim has been manufacturing products which meet the highest standards in terms of ergonomics, quality and design. Profim has always pursued conscious and authentic design, with a close attention to detail. Profim surprises with just how thoughtful office chairs can be, how a well-designed piece of furniture can change its user's efficiency and increase their work satisfaction – all at an affordable price.

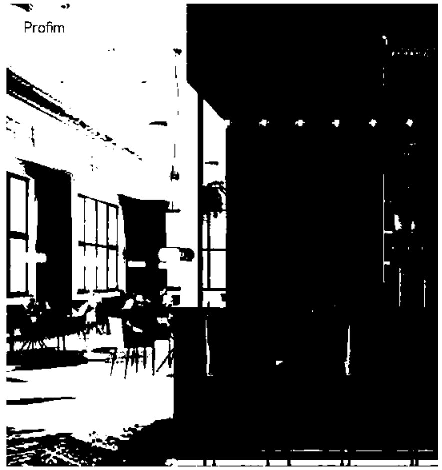
The Profim factory is located in Turek, central Poland. Profim was the first Polish manufacturer of office chairs to receive ISO 9001 Quality Management Systems certificate.

9TO5 SEATING

Sit down and get comfortable. While sitting comes naturally, there's much more to the "get comfortable" part of this saying. It might take a simple height adjustment or a slide of the seat pan, but if the price of the chair does not align with your budget, it'll never be the right fit for you. Our team of industrial designers, engineers, and manufacturing automation specialists is constantly improving the product and discovering efficiencies in processes, resulting in greater value and shorter lead times.

From task to lounge, we are designing and delivering chairs that are as gorgeous as they are functional, yet most find the quality most attractive. When comparing seating, fit and finish is often a pretty good indicator of price, but with us that's not the case. Our award-winning chairs are often perceived to be much more expensive than they are. Innovation, along with unmatched manufacturing prowess, is why other brands only talk about quality while we're able to back it up with one of the best warranties in the industry. Not only will you be comfortable choosing 9to5 Seating, you'll be able to relax, knowing you will be sitting pretty for years to come.


Profim


Profim

Some Flokk Projects

Alrek Helseklynge - UiB, Norway
869 RBM Noor,
140 RBM Standard folding tables,
14 RBM u-Connect tables

Astra Zeneca, Sweden
200 RH Logic

Bestseller Beijing, China
1256 HÅG SoFi mesh

Campus, Balma, Poland
721 Profim Trillo, Aziz, Vancouver Oto4

Cofco Office, USA
1000 9to5 Seating Vault

Crawford & Company, USA
350 9to5 Seating Neo

DEBEKA, Germany
789 HÅG SoFi

Dept. of Veterans Affairs, USA
331 9to5 Seating Sophie,
420 Neo

DLA Piper, Australia
313 HÅG SoFi

DRV Braunschweig-Hannover, Germany
1000 BMA Axia 2.4

DSD Duales System Deutschland (Der Grüne Punkt), Germany
261 HÅG SoFi mesh,
102 HÅG Capisco

Eurodesk, the Netherlands
215 RH Mereo 300

Freshfields, United Kingdom
1200 HÅG SoFi mesh

Helsana, Switzerland
50 Giroflex 353, 64

Installator, Marocco
1100 Profim Resso

Kammarkollegiet, Sweden
246 HÅG H05 refurbished

Linköping University, Sweden
800 Profim Light Up

Mesh Norway AS, Norway
300 HÅG Capisco Puls,
186 RBM Noor

Miklagard Hotell, Norway
794 HÅG Conventio,
394 RBM Standard Folding table

Ministry of Foreign Affairs, Norway
175 RH Logic,
40 HÅG Capsisco

National Bank, Al Hadaba, Kuwait
100 Profim Softbox

NAV, Norway
259 HÅG SoFi mesh

Neste, Singapore
49 RH Logic

Nordic Biomaker, Sweden
86 HÅG SoFi,
12 Offecct Ezy

Orsted, Zero Waste Designed, Poland
70 HÅG Capisco

Politechnika Łódzka, Szkopieck, Poland
600 RBM Noor

Porsche, China
263 Profim Fan

PZU, Poland
1100 Profim Fan

Raiffeisen Circle, Switzerland
372 Giroflex 313

Schenker, Switzerland
94 Giroflex 64, **18** HÅG Capisco

Siemens, Hungary
80 Profim Xenon

Spotify, Singapore
2 Offecct Montparnasse,
8 Offecct KaliChair,
2 Offecct Nobis Table,
65 Offecct SoundwaveAndo,
50 Offecct SoundwaveStripes

SSI Schäfer-Shop / Giebelstadt, Germany
450 Giroflex 353

St Patricks College, Australia
1005 RBM Ana

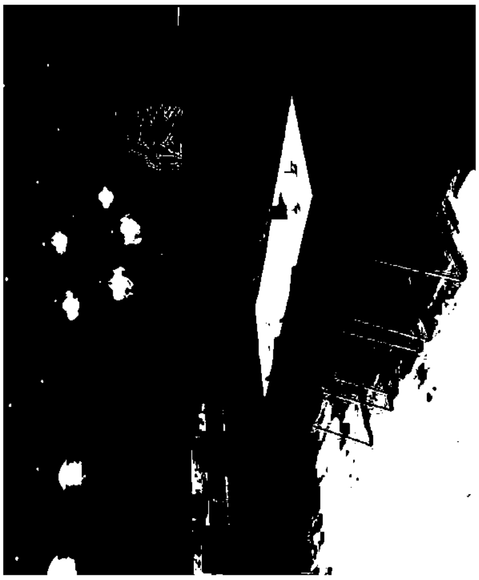
Students Lodge Bern, Switzerland
350 RBM Noor & RBM Ana

Sumitomo Mitsui Trust Bank Nagoya Station, Japan
28 Offecct Soundwave

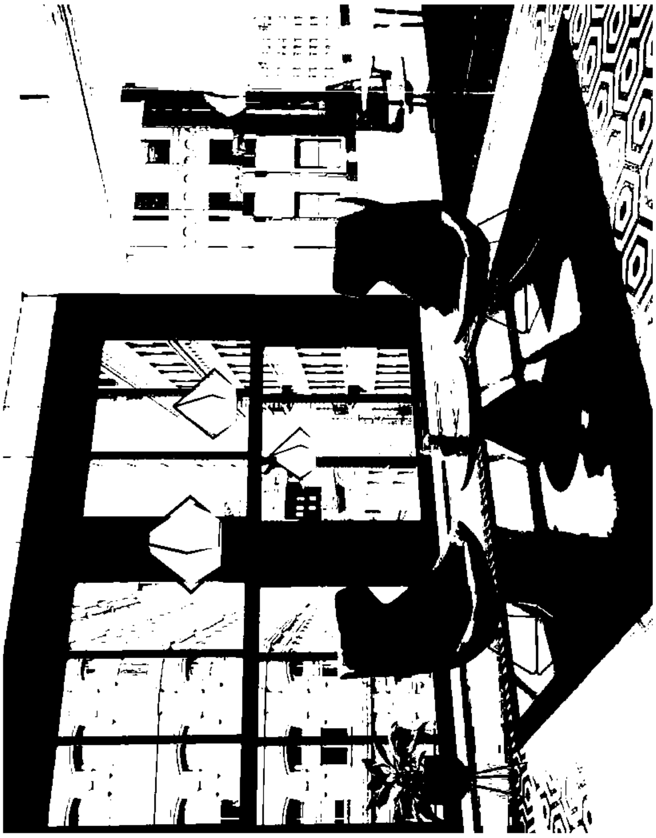
UMCS Lublin, Poland
2000 RBM Ana

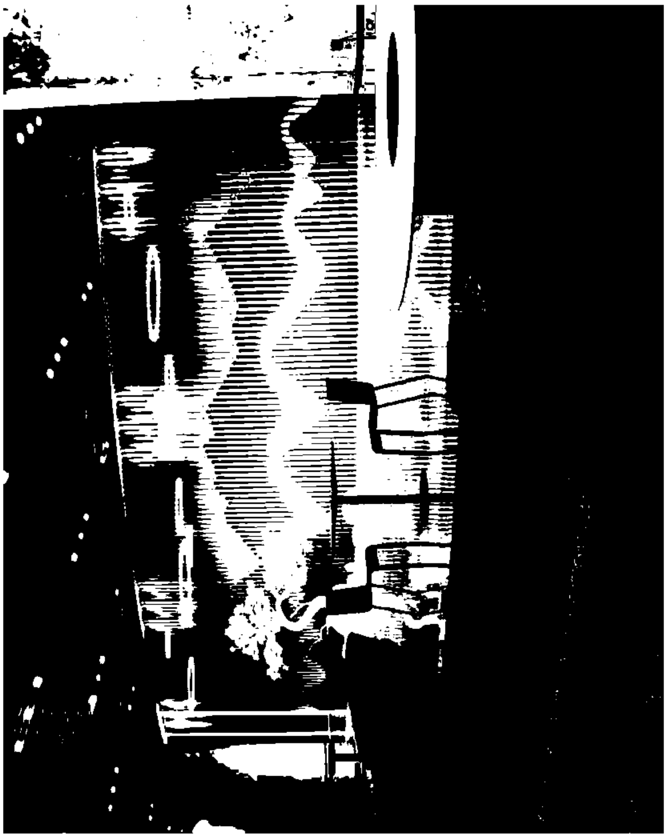
Bestseller, Beijing, China.
HÅG SoFi mesh

9to5 Seating, USA,
Kip Dining

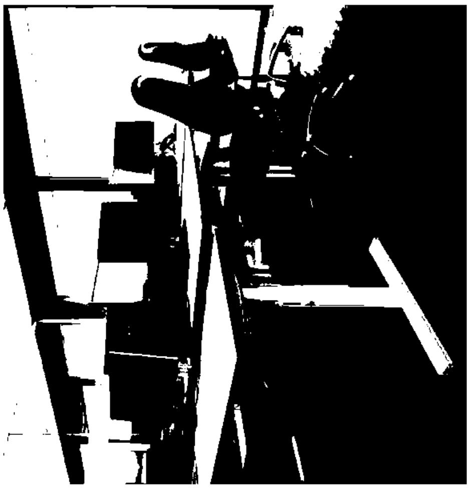


9to5 Seating, USA,
Jax Focus

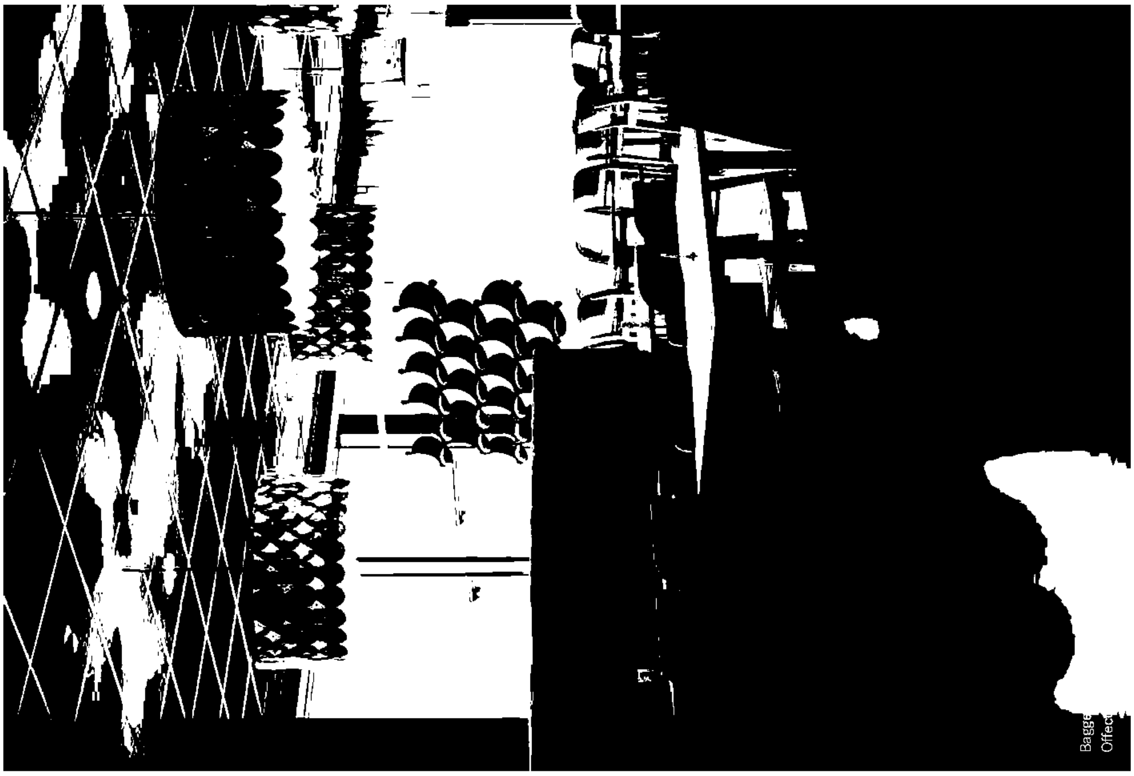




Zhejiang University of Technology, China,
Offecct OnPoint

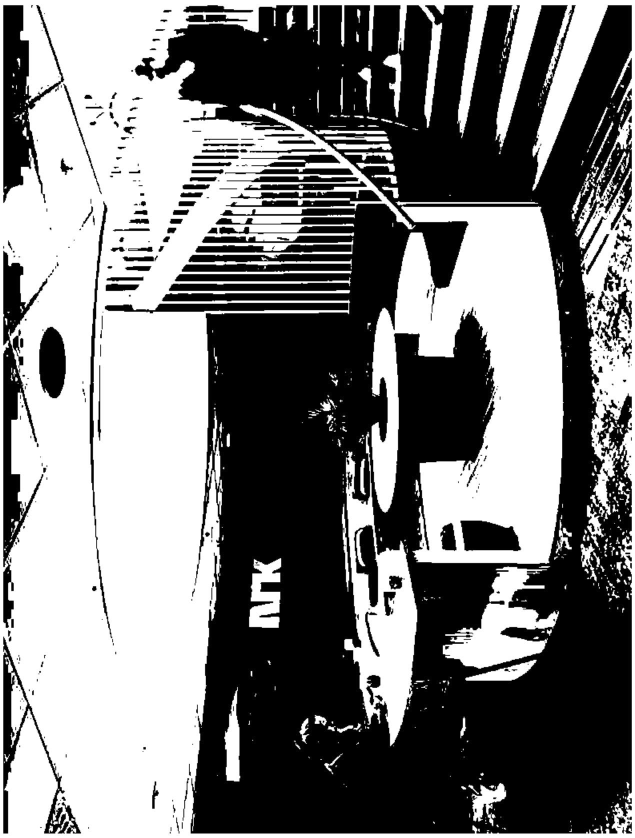


Eurodesk, the Netherlands,
RH Mereo



Bagge
Offec

Amgen, Sweden,
RH New Logic



NRK Porsgrunn, Norway,
Offecct Carry On, Offecct OnPoint

Annual Accounts

Board of Directors' Report 2020

Flokk is a leading manufacturer of workplace furniture in Europe with a significant foothold in US and Asia, and is the owner of the product brands HÅG, Profim, 9to5 Seating, RH, Giroflex, BMA, Offecct, RBM, and Malmstolen. Flokk has been a leader in the development of sustainable furniture for decades with a focus on creating environmentally friendly products in an environmentally friendly way.

Flokk's head office is in Oslo, Norway, and the Group has production sites in Norway (Røros), Sweden (Nässjö and Tibro), Poland (Turek), USA (Hawthorne), Switzerland (Koblenz), Latvia (Ogre) and China (Zhongshan). In addition, Flokk has sales offices in Norway, Sweden, Denmark, Germany, Belgium, the Netherlands, UK, France, Switzerland, Singapore, USA, Canada, China, and Australia. About 1800 employees work together to realize the vision of Flokk: Inspire great work.

GOING CONCERN
The Group and Flokk Holding AS have good levels of profitability and equity. In accordance with Section 3-3 of the Norwegian Accounting Act, it is hereby confirmed that the prerequisites for the going concern assumption exist and accordingly the accounts have been prepared based on the going concern principle.

GENERAL CONDITIONS
In 2020, the Group was affected by both the Covid-19 pandemic, as well as the consequences of the fire the factory in Turek, Poland in late November 2019, where parts of the production facility was damaged.

Starting from March, Flokk's core markets were impacted by the global spread of Covid-19 virus. The Group reacted swiftly by adjusting the cost base to the new conditions, but also in terms of taking advantage of new sales opportunities in the home office segment and through digital channels which contributed significantly to the development during the year.

In the course of 2020, the Group executed several major projects. These most significant were implementing new ERP system in Profim, starting to rebuild of the Turek manufacturing site, moving the production of the Malmstolen brand to the production site in Nässjö, strengthening the digital commercial communication, making the digital dealer portal ready for launch, as well as moving into new corporate headquarters at Skøyen in Oslo.

ACQUISITION OF SIA RING CHAIRTECH BALTIC
In September 2020, Flokk acquired the company Ring Chairtech Baltic SIA in Latvia. Ring Chairtech has a long and proud legacy of producing chair mechanisms of high quality to some of the leading seating manufacturers in the world and has been an important supplier for the Flokk Group over many years, as the seating mechanisms from Ring are used in some of Flokk's most successful chairs in the RH portfolio. Flokk Group acquired all relevant IP, machines, tools, and production of Ring Chairtech's chair mechanism assortment. Through this acquisition, Flokk gained full control of the value chain related to production of the RH brand.

STRUCTURAL CHANGES
In the course of 2020, Flokk made structural changes to optimize its portfolio and leverage economies of scale benefits where possible. Changes in the legal structure were completed in the Netherlands where BMA Ergonomics B.V. merged into Flokk B.V.

MARKETS
After a solid start of 2020, Flokk experienced a drop in order entry towards end of first quarter 2020 as the effect of the pandemic started to impact most of Flokk's markets. At the same time, the Work-From-Home segment showed healthy growth, and this segment has been a strong contributor to the sales achieved in 2020. As face-to-face sales meetings and international travel became difficult, the Flokk sales teams shifted to digital platforms and found new ways to interact and cooperate with partners and customers.

In total, the Group's sales revenues declined with 2.9% compared to 2019 caused by both the fire at the Turek production facility, and the Covid-19 pandemic. HÅG continues to be the largest and most profitable brand in the Group and saw growth in net sales of 4.7% compared to 2019. This was mainly driven by an increase in the Work-From-Home segment and good growth for products like HÅG Capisco, HÅG Capisco Puls and HÅG Creed. The Profim brand was significantly impacted by both the factory fire in late 2019 and the pandemic through 2020 and experienced a decline in net sales of 33% compared to 2019. The Profim brand remains the second largest brand in the Group. 9to5 Seating in the US was impacted by the pandemic through 2020, with lock downs and strict restrictions in the major states leading to a decline in net sales of 16% compared to 2019.

Germany continues to be the largest market in the Group and saw a 10% decline through 2020 due to the pandemic and factory-fire impact. USA is the Group's second largest market and saw a mixed performance through 2020 – the online and Work-From-Home segment saw 80% growth in 2020, while the dealer driven business of 9to5 Seating saw a decline. The Scandinavian markets saw varying impacts from the pandemic. Denmark and Norway declined 9%, while Sweden was down 16% through 2020. Switzerland had growth of 8%, UK & Ireland grew 7%, while we saw a mixed development in Asia: Australia with growth of 35%, Shanghai grew 25% and Singapore saw a decline of 25%. The business with IKEA was heavily impacted by both factory-fire and the pandemic and saw a decline of 56% through 2020.

THE GROUP'S RESULTS

INCOME STATEMENT
The Flokk Group had sales revenues of NOK 2 929,3 million compared to NOK 3 015,5 million in 2019. The decrease in sales was caused by Covid-19 pandemic and the reduction in of the order intake in most markets where Flokk operate. The fire in Turek late November 2019 affected the sale of the Profim brand in 2020. Total operating income was NOK 3 017,4 million compared to NOK 3 162,3 million in 2019. The operating profit for the period was NOK 362,9 million compared to NOK 275,1 million in 2019. The operating margin in 2020 was 12.0%. Net financial expenses amounted to NOK 305,9 million compared to NOK 118,4 million in 2019. The increase financial expenses are mainly caused by higher interest expenses from increase bank loan facilities following the 9to5 Seating acquisition late 2019. Profit before tax amounted to NOK 57,0 million, compared to NOK 156,7 million in 2019. Profit for the year amounted to NOK -2,0 million compared to NOK 138,9 million in 2019.

Currently the Flokk Group has one Alternative Performance Measure: Adjusted EBITA. This is EBITA adjusted for M&A and integration activities, and normalised for full year inclusion of acquired companies, as if the Group had owned the company from 1st of January. For 2020 this APM, Adjusted EBITA, ended at NOK 465,9 million compared to NOK 510,8 million in 2019. The adjusted EBITA margin was 15.8% in 2020 compared to 14.8% in 2019.

FINANCIAL POSITION
Total investments in the Group amounted to NOK 102,8 million covering purchase of property, plant, and equipment of NOK 88,0 million and capitalised development costs of NOK 8,4 million. Purchase of business amounted to NOK 6,5 million. Many of the planned investments were set on hold when the Covid-19 pandemic hit Flokk's markets. Most of the Group's investments in property, plant and equipment were in production equipment and IT systems for digitalisation, as well as the implementing of the EPR system M3 at the Turek plant in Poland. A major part of the investments was also in the new headquarter at Skøyen in Oslo.

Total cash flow for the Group derived from operating activities amounted to NOK 516,0 million. The difference in relation to the operating profit is mainly due to depreciation, taxes paid, unrealised exchange rate differences and changes in working capital.

The Group's total assets at the end of the year stood at NOK 6 063,5 million, an increase of NOK 267,7 million from the end of 2019. The equity ratio was 18.1% compared to 19.6% in 2019. The Group's current liabilities at the end of the year was 17.7% of its total liabilities, on same level as the year before. The total debt ratio was 81.9% vs. 80.4% in 2019.

The Group monitored its liquidity closely throughout the year. At the end of 2020, the net interest-bearing liabilities amounted to NOK 3 090,7 million, a decrease of 7.3% compared to the end of the previous year. Debt financing is subject to requirements concerning the achievement of key figures linked to profits and solvency. Bank covenants are calculated at the end of every quarter, and the Group met the requirements at the end of 2020.

At the beginning of 2020, the Group had a total credit line of NOK 4 104,5 million, consisting of long-term loans of NOK 3 909,2 million and an unused overdraft limit of NOK 195,3 million. Available funds in the form of unused credit facilities and cash and cash equivalents as of 31 December 2020 amounted to NOK 1 013,9 million.

FINANCIAL RISK
Approximately 91% of the Group's sales are invoiced in currencies other than Norwegian krone. A large share of the company's financial risk is therefore linked to exchange rate fluctuations, especially with respect to SEK, DKK, EUR, PLN, and USD. Currency derivates are used to reduce currency risk. The Group's balance sheet is exposed to exchange rate fluctuations in EUR and USD, as loans in EUR and USD exceed receivables in these currencies. This exposure is not hedged.

Credit risk associated with counterparties being unable to meet their financial obligations is regarded as acceptable. The majority of the Group's sales are in Northern and Central Europe. Sales are made to dealers and importers with whom the Group has been working for some time. Historically, losses from receivables have been limited and amounted to NOK 0.4 million in 2020. Gross trade receivables as at 31 December 2020 amounted to NOK 387.5 million.

Flokk regards the Group's liquidity as satisfactory. No decisions have been made to implement any measures that would change the Group's liquidity risk. The Group has centralised its financing function, which has responsibility for financing, currency risk, interest rate risk, credit risk and liquidity management.

RESEARCH AND DEVELOPMENT
The speed of development on products, sustainability and marketing going into 2020, was affected by the pandemic. While certain new product development and upgrades, as well as new marketing development were paused, strategic activities were shielded. Digital marketing efforts were upheld and strengthened, drawing on already developed content, as well as in house competencies to produce webinars and panel discussions that lead to a sharp rise in online traffic and followers.

Flokk's website visits increased 100% vs 2019 and our social media community grew by 58%, generating more leads for the sales force. In 2020, Flokk continued the development of our dealer portal, a back-to-front digitally integrated platform for e-commerce, leading to the launch of the first storefront in the beginning of 2021. A new pricelist tool was completed, giving increased efficiency and quality gains.

Home office campaigns were launched and as the Group regained commercial traction, activities in new product development were picked up in early fall of 2020. These include strong new products for home office, tailored for digital distribution and the future of work.

The Covid-19 pandemic has impacted the future of work. For Flokk it renders the launches planned for 2021 and into 2022 even more relevant. Sustainability performance has become more important and is spreading as purchasing criteria, which is in line with Flokk's long term sustainability focus. The digitalization of business in general makes Flokk's e-commerce developments valuable and helps differentiate Flokk from many competitors in the office furniture industry.

MANUFACTURING AND PURCHASING OPERATIONS (MPO)
The manufacturing and purchasing were affected by the Covid-19 pandemic situation during 2020 and have mitigated almost all impacts on logistic difficulties, material constraints and labour availability, but the delivery performance has, for some brands, been affected by the situation. No manufacturing site have been forced to close in whole or parts due to pandemic. In parallel to integration projects, MPO put focus in meeting high demands on lead time, quality, direct salary, and outbound logistics at all of Flokk's sites, while at the same time reducing total material cost more than expected.

During summer 2020, the Group transferred all manufacturing of the Malmstolen products to the Nässjö site in Sweden and closed the facility in Hunnebostrand, Sweden. This facility was sold in January 2021. The transfer of the production was done successfully without any operational challenges. Due the major fire at the Turek facility at the end of 2019, efforts and resources have been spent into rebuilding the portfolio during 2020. By the end of 2020, 90% of the total portfolio had been re-introduced.

WORKING ENVIRONMENT, EQUAL OPPORTUNITIES, AND DISCRIMINATION
The parent company, Flokk Holding AS, has no employees. The company hires all administrative services from its subsidiaries.

Flokk's vision is to "Inspire great work", and core values are human-centred, sustainable, and innovative. The Flokk Value Program is kept alive through the learning, competence development and training platform Learning@Flokk.

In addition to a separate value learning program, an e-learning course focusing attitude and behaviour related to Flokk's values as part of an overall Code of Conduct program was introduced in 2020.

The collaboration between Flokk and the trade unions is based on trust, open dialogue, and good collaboration. This is also an important forum to share relevant information in a timely manner. At Flokk' site in Poland, there is also a close dialogue with the internal union with representatives from various parts of the value chain.

The organisation was severely affected by the Covid-19 pandemic during 2020. Many white-collar employees were on temporary leave, and some permanently laid off, due to the negative business effects. At the end of 2020, all furloughed employees were fully back to work again.

In September 2020, Flokk's head office was moved to Skøyen, a location centrally placed in Oslo. The move to new attractive surroundings has had a very positive effect on the organisational culture.

Within Flokk, everyone has equal opportunities for employment and development, regardless of gender, age, ethnicity, religion, and all other diversity factors in general. In addition, women and men who perform the same job should receive equal pay before their individual work performance is assessed. For new recruits and the composition of teams/departments, Flokk aim for a working environment with variations in age, gender, background etc. taking several diversity factors into account. Flokk work actively to prevent discrimination based on age, gender, disability, ethnic background, national origin, skin colour or personal beliefs. Flokk will lift the focus even further in 2021 and select the most relevant diversity factors for the Group.

Following the acquisition of the Polish company Profim in 2018, a comprehensive synergy and improvement program has been carried out to improve the efficiency of the operations, which has led to a reduction in personnel in 2019 and 2020. In addition, the fire in its production plant in Turek in November of 2019 led to further staff reductions. In total, the workforce was reduced by 503 employees during 2020.

9to5 Seating, the US-based office seating company acquired in November 2019, de-manned 63 positions during 2020 to adjust the cost base to lower volumes.

At year-end 2020, the Group had 1,840 employees, of whom 711 women and 1,129 men. This gives a women's employment ratio of 38.6% and a men's employment ratio of 61.3%. There are two women on the company's board of directors, which results in a female share of 33.3%. There is one woman in the Group's Management team.

After 2020, the Group reported a Lost Time Frequency Rate (LTIFR) of 5.3 (number of incidents involving absence * 1 million/number of completed hours) and a Recordable Case Frequency Rate (RCFR) of 1.4 (number of injuries without absence * 1 million/number of hours worked).

EXTERNAL ENVIRONMENT
The Group strives to minimise its overall environmental impact globally, with a comprehensive strategy to position itself internationally in the top tier within the area of ESG. The Group has succeeded in being a leader in the sector for development of eco-effective products, through a structured focus on climate, resources, and health. Flokk's sustainability strategy in the years ahead will be for the company to distinguish itself from others on the market through ambitious long-term targeted activities. The Group imposes strict environmental requirements for new product solutions, use of chemicals and choice of materials throughout the value chain, both internally and from its joint venture partners.

In 2020, focus has been on securing sales through difficult times providing required environmental documentation and support, aligning energy management efforts and prepare for launching colour sorted recycled post-consumer plastics. The Group's environmental and energy management system is certified in accordance with ISO 14001:2015 and ISO 50001:2018. Annually, the Group reviews the aspects of the operation, which affect the external environment and energy consumption. Risks and opportunities are assessed at the factories and headquarters, and the most significant aspects defined provide guidance for the annual targets, in compliance with the Group's long-term targets aligned with global strategies.

Climate - with the long-term target of 55% reduction in carbon intensity per unit by 2030, the Group contributes to the EU's objective of cutting greenhouse gas emissions by 50-55% by 2030. 93% of the integrated brands' electricity is renewable, leading to 9% reduction in CO_2e emissions per unit and 56% reduction in CO_2e emissions per revenue since 2015. As the

Group is ISO 50001:2018 certified, it complies with EU's EED – Energy Efficiency Directive.

Resources - with the long-term target of an average of 60% recycled materials in its products by 2030, the Group contributes to the UN's Sustainable Development Goal number 12, designed to "Ensure sustainable consumption and production". Flokk's three latest launched office chairs contain 61-63% recycled materials (HÅG Capisco Puls Black, RH New Logic and BMA Axia Vision), assuring that the strategy and its activities give tangible results. In 2020, Flokk used 735 tonnes recycled plastics in its products (2019: 664 tonnes) and reached the target of 80% of our waste being material recycled (2019: 77%). We are launching new initiatives and commercial pilots in 2021 to further develop the circular business model development.

Health - the Group continuously aims to reduce the number of chemicals, as well as eliminate all use of unwanted chemicals in its products and production. In 2020, we did not reach our target to remove three chemicals at each site, as two were added at Røros and two were removed in Nässjö. The Group uses REACH as basis when imposing environmental requirements on itself, its partners, and suppliers.

Flokk documents and communicates its products' environmental performance through carefully selected international labels and certificates. The Environmental Product Declaration (EPD) documents the product's environmental performance throughout its lifecycle from cradle to gate, by quantifying energy consumption and associated greenhouse gas emissions in the value chain. Four of the Group's ranges of chairs carry the Nordic Swan Ecolabel, which defines strict requirements for the use of chemicals and recycled materials. The Group has several chair series with Cradle to Cradle™, and the most important products can boast the GREENGUARD GOLD indoor climate certificate - a guarantee of contribution to a healthy indoor environment by not emitting hazardous gases.

The Group has high continuous focus on social responsibility. All employees and suppliers undertake to comply with the company's strict ethical guidelines, based on The Ten Principles of the UN Global Compact, which includes human rights, working conditions, bribery, corruption, and animal welfare. The company is a member of the Initiative for Ethical Trade (IEH). The company creates long-term value for owners and society by engaging in efficient commercial activities based on the principle of sustainable development. The company seeks a positive contributor to society for its employees, partners, and subcontractors. A great deal of work is put into maintaining a good dialogue with the responsible authorities and other important opinion makers. In the future, much of the work will be focused on streamlining and gaining control over the increased supply chain following new acquisitions.

The Group's annual Corporate Sustainability Report is integrated into the Annual Report, based on the internationally recognised Global Reporting Initiative (GRI) format. GRI Standards cover how the Group works strategically and expediently to improve its environmental performance, the results achieved, and how the organisation handles its corporate social responsibility through dialogue with both internal and external stakeholders.

MANAGEMENT CHANGES

As of 1 March 2021, Mr. Henning Karlsrud joined Flokk as the Group's new CFO. Mr. Eirik Kronkvist will leave in June 2021.

FLOKK HOLDING AS

Flokk Holding AS is the Group's parent company. The company's activities include direct or indirect ownership of other companies engaged in the production and sale of office furniture, including chairs, and anything else naturally associated with such. The company was established on 28 April 2014. Flokk Holding AS is a holding company for Flokk AS in Norway and Trispin Acquico AB in Sweden.

Flokk Holding AS had no operating revenues in 2020. Its operating expenses amounting to NOK 8.7 million consisted of fees paid to the board and for other consultancy services. The company's income consists of group contributions and dividend from its subsidiaries. Profit before tax was NOK -65,0 million, compared to NOK 844,0 million in 2019. Higher financial expenses were caused by an increase in interest expenses due to higher loan after the acquisition of 9to5 Seating late 2019. Profit for the year amounted to NOK -62,9 million compared to NOK 819,4 million the previous year. At year end, Flokk Holding AS had total assets of NOK 6 502,1 million.

ALLOCATION OF PROFIT OF THE YEAR

The board proposes that the annual profit of the year of NOK -62,9 million in Flokk Holding AS be allocated as follows:

Transferred to other equity	NOK -62,9 million

FUTURE PROSPECTS

The ongoing pandemic stemming from Covid-19 affected the Group's top line significantly in 2020. In response to this situation, management quickly implemented measures to reduce cost and to safeguard liquidity. For the Group, the health of employees continues to be the top priority, and the management continues to follow the national guidelines for local measures in all markets, as we have done since the outbreak of the pandemic.

Impacts from the pandemic is expected to continue to affect the Group's results in 2021, especially during the first half of 2021. In second half of 2021, the Group expect to see increase in demand as more markets is believed to return to a more normal level of business. In the start of 2021, there are several of the Group's markets where the authorities continue to have strict measures that affect the Group's sales activities. As a response to this, the Group will continue exploring digital sales campaigns, launching sales efforts to tap in demand in the work-from-home segment and utilizing dealer web shops to fulfil customer demands.

It is also important to keep the Group's value chain operating as normal, and several measures have been put in place to ensure that the Group's factories can continue to produce. Management is monitoring the development closely and is continuously evaluating if further actions are required.

The organisation has built internal competences that enables the Group to efficiently extract synergies across the value chain from new acquisitions. Flokk will continue to leverage these competences and grow further through mergers and acquisitions (M&A). Even though the office seating industry has seen increased activity within M&A over the past years, the industry remains highly fragmented in both Europe and the US. Flokk sees many interesting opportunities and look to execute on further acquisitions if found value accretive to the Group.

Flokk has become a leading player in the global office seating industry through both organic and inorganic growth. The Group's long-term strategy is to continue to grow profitability by helping inspire great work.

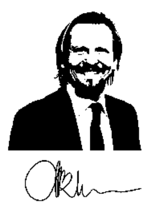
Oslo, 27 April 2021


Mikael Aro
Chairman of the Board


Thomas Hofvenstam
Board Member


Pernille Stafford-Bugg
Board Member


Joachim Espen
Board Member


Andrzej Bartos
Board Member


Kristine Landmark
Board Member


Lars I. Røiri
CEO

Statement of comprehensive income

NOK (thousands)	Notes	1.1-31.12 2020	1.1-31.12 2019
Sales revenues	5	2 929 347	3 015 477
Other operating revenues	26	88 025	146 773
Total operating income		**3 017 372**	**3 162 250**
Cost of materials		1 093 663	1 178 318
Inventory movements, in-house production	15	(31 797)	11 457
Personnel expenses	10	848 686	915 148
Depreciation, amortization and impairment	7, 12, 22	178 463	235 686
Other operating expenses	10, 13	565 454	546 561
Operating expenses		**2 654 469**	**2 887 170**
Operating profit		**362 903**	**275 080**
Financial income	17	1 668 623	475 674
Financial expense	17	(1 974 499)	(594 037)
Net financial income/(expense)		**(305 876)**	**(118 363)**
Profit before tax		**57 027**	**156 717**
Taxes	14	58 989	17 813
Profit for the year		**(1 962)**	**138 904**
Other comprehensive income			
Exchange differences on translation of foreign operations		(11 939)	(34 552)
Items that may be reclassified subsequently to income statement		**(11 939)**	**(34 552)**
Remeasurement of defined benefit pension plans, net of taxes	11	(20 635)	(11 600)
Items that will not be reclassified to income statement		**(20 635)**	**(11 600)**
Other comprehensive income, net of taxes		**(32 574)**	**(46 152)**
Total comprehensive income		**(34 536)**	**92 752**
Profit for the year attributable to:			
Equity holders of the parent		(3 029)	138 737
Non-controlling interests		1 067	167
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	19	(34 210)	92 585
Non-controlling interests		(326)	167
Information concerning:			
Earnings per share	20	(101)	4 625
Diluted earnings per share	20	(101)	4 625

Consolidated statement of financial position

NOK (thousands)	Notes	31.12 2020	31.12 2019
Assets			
Deferred tax assets	4, 14	155 765	113 389
Goodwill	4, 7	3 205 282	3 248 467
Other intangible assets	4, 7	330 860	305 163
Right-of-use assets	22	224 466	144 597
Property, plant and equipment	12	517 401	546 855
Non-current financial assets		14 675	15 476
Total non-current assets		**4 448 449**	**4 373 947**
Inventories	15	378 302	336 583
Trade receivables	16	378 911	401 794
Other short-term receivables	16	37 210	185 967
Derivatives	8	1 882	
Cash and cash equivalents		818 712	497 486
Total current assets		**1 615 017**	**1 421 830**
Total assets		**6 063 466**	**5 795 777**
Equity and Liabilities			
Share capital	19	90	90
Share premium		755 720	755 720
Total paid in capital		**755 810**	**755 810**
Retained earnings		299 912	334 123
Non-controlling interests	3	43 811	44 137
Total other equity		**343 723**	**378 260**
Total equity		**1 099 533**	**1 134 070**
Pension obligations	4, 11	98 056	68 785
Deferred tax liabilities	14	165 446	118 925
Warranty provisions	23	3 312	4 126
Long-term interest-bearing loans	8, 9	3 645 004	3 557 914
Leasing liability	22	172 100	97 025
Other long-term liabilities		1 047	23 701
Total non-current liabilities		**4 084 965**	**3 870 476**
Short-term interest-bearing loans	8, 9	206 051	210 959
Derivatives	8		3 342
Leasing liability	22	57 690	49 459
Trade payables		258 267	211 461
Taxes payable	14	69 768	4 279
Accrued liabilities		87 029	75 251
Warrenty provisions	23	8 348	7 672
Other short-term liabilities	24	191 815	228 807
Total current liabilities		**878 968**	**791 230**
Total liabilities		**4 963 933**	**4 661 707**
Total equity and liabilities		**6 063 466**	**5 795 777**

31 December 2020
Oslo, 27 April 2021

Mikael Aro
Chairman of the Board

Thomas Hofvenstam
Board Member

Pernille Stafford-Bugg
Board Member

Joachim Espen
Board Member

Andrzej Bartos
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

Consolidated statement of cash flows

NOK (thousands)	Notes	1.1-31.12 2020	1.1-31.12 2019
Operating activities			
Profit before tax [*]		57 027	156 717
Depreciation, amortization and impairment	7, 12, 22	178 463	235 686
Unrealised exchange rate difference		92 084	(59 139)
Accrued interest loans		33 209	7 019
Capitalised borrowing costs		14 340	10 715
Taxes paid	14	(7 720)	(28 842)
Cash flow from operating activities before change in working capital		**367 403**	**322 155**
Cash flow from change in working capital:			
Change in inventories		(28 924)	29 813
Change in current receivables		188 353	(55 897)
Change in payables		40 441	(57 612)
Change in current liabilities		(51 240)	44 458
Cash flow from operating activities		**516 033**	**282 918**
Investing activities			
Acquisition of business, net of cash acquired	3	(6 448)	(981 127)
Purchase of intangible assets			(230)
Purchase of property, plant and equipment	12	(87 952)	(150 322)
Capitalised development expenditures	7	(8 397)	(29 270)
Sale of tangible assets		4 021	
Sale of financial assets		290	
Cash flow from investing activities		**(98 486)**	**(1 160 948)**
Financing activities			
Proceeds from interest-bearing loans	9		1 094 776
Borrowing costs paid		(10 361)	(20 766)
Down payment of interest-bearing loans	9	(50 968)	(50 000)
Long term receivable shareholder			(13 895)
Payment of principal portion of lease liabilities (IFRS 16)		(56 498)	(39 115)
Group contributions paid		(2 000)	
Cash flow from financing activities		**(119 827)**	**971 000**
Cash flow for the year		**297 720**	**92 970**
Cash and cash equivalents at the beginning of the period		497 486	406 571
Exchange rate difference in cash and cash equivalents		23 506	(2 055)
Cash and cash equivalents at the end of the period		**818 712**	**497 486**
Cash and cash equivalents booked as bank deposit		818 712	497 486
[*] Includes			
Interest income received		1 800	2 026
Interest expenses paid		157 698	120 346
Interest portion of lease liabilities (IFRS 16)		5 163	3 031

Unrealised exchange rate difference includes a profit of NOK 1 882 thousand (NOK 676 thousand) on unrealised forward exhange contracts.

Consolidated statement of changes in equity

NOK (thousands)	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total other equity	Total equity
Equity 31.12.2018		**90**	**755 720**	**42 837**	**198 700**		**241 537**	**997 347**
Profit for the year					138 737	167	138 904	138 904
Other comprehensive income				(34 552)	(11 600)		(46 152)	(46 152)
Business combinations	3					43 970	43 970	43 970
Equity 31.12.2019		**90**	**755 720**	**8 285**	**325 837**	**44 137**	**378 259**	**1 134 069**
Profit for the year					(3 029)	1 067	(1 962)	(1 962)
Other comprehensive income				(10 546)	(20 635)	(1 393)	(32 574)	(32 574)
Equity 31.12.2020		**90**	**755 720**	**(2 261)**	**302 173**	**43 811**	**343 723**	**1 099 533**

Notes – Group

NOTE 1 – GENERAL INFORMATION

Flokk Holding AS and its subsidiaries (collectively the Group) develops, produces, and distributes seating solutions for the office market through independent retail chains, importers, and dealers. The parent company, Flokk Holding AS, is registered in Norway and has its head office in Oslo.

The Group has production facilities in Norway (Røros), Sweden (Nässjö, Tibro), Switzerland (Koblenz), Poland (Turek), United States (Los Angeles), China (Zhongshan) and Latvia (Ogre). The Group primarily sells its products in Europe and in North America. An overview of the Group's companies are provided in note 18. The Group's ultimate parent company is Spinnaker Holdco S.à.r.l (former Triton IV No.10 S.à.r.l.).

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2021.

NOTE 2 – ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, which are measured at fair value. All figures are stated in NOK thousands, unless otherwise is specifically stated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Flokk Holding AS and its subsidiaries (the Group). The accounting policies as set out below have been consistently applied to all reporting periods presented, except for the implementation of IFRS 16 as stated below. All intercompany transactions and balances have been eliminated. All companies have the same financial year.

The Group controls an entity when the Group has the power to govern the subsidiary, has exposure or rights to variable returns from the subsidiary and can affect the returns in the subsidiary. If the Group has control, but owns less than 100% of the subsidiaries, the companies are still consolidated while non-controlling interests' share of profit or loss after tax and their share of equity are presented on separate lines.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group has foreign companies with functional currencies other than NOK. At the reporting date, the assets and liabilities of these companies are translated into NOK using the exchange rate at the reporting date. Items in the statement of comprehensive income are translated at the monthly average exchange rates. If currency rates are fluctuating significantly, the transaction date exchange rates are applied for significant transactions. Exchange differences on translation of foreign operations are recognised in other comprehensive income.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES IMPLEMENTED WITH EFFECT FROM 1 JANUARY 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year. Below amendments in IFRS which have been applicable for the Group's 2020 consolidated financial statements are listed, as well as the effect of the amendments.

IFRS 16 LEASES

Effective 1 January 2019, the Group adopted IFRS 16 using the modified retrospective approach.
See also note 22 Leases.

As at 1 January 2019, the Group measured lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019. Further, the Group recognized right-of-use assets at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. The Group has applied the following practical expedients to leases previously classified as operating leases at the date on initial application:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for low value assets
- Excluded any initial direct costs from the measurement of the right-of-use asset
- Applied hindsight when determining the lease term for contracts containing options.

On the transition to IFRS 16, the Group elected to not reassess whether a contract is, or contains a lease, as a practical expedient. The Group applied IFRS 16 only to contracts that were previously identified as leases.

The following table reconciles the operating leases commitments as of 31 December 2018 with the lease liability recognized upon implementation of IFRS 16:

Reconciliation, NOK (thousands)	Fair Value
Operating lease commitments as of 31 December 2018	112 137
Practical expedient related to short-term leases	(2 382)
Practical expedient related to low-value leases	(134)
Effect of discounting using the Group's weighted average incremental borrowing rate of 3%	(11 666)
Lease liabilities recognized upon recognition of IFRS 16 as of 1 January 2019	**97 955**
Of which:	
Non-current lease liabilities [1]	60 795
Current lease liabilities [2]	37 160
Total lease liability as of 1 January 2019	**97 955**

[1]Non current lease liabilities are presented within "total non current liabilities"
[2]Current lease liabilities are presented within "total current liabilities"

The following tables shows the impact on the consolidated statement of financial position and the statement of comprehensive income

NOK (thousands)	01.01. 2019	31.12 2019
Right of use asset	97 955	144 598
Leasing liability (Long-term)	60 795	49 459
Leasing liability (Short-term)	37 160	97 025
Consolidated income statement		
Other operating expences		(42 146)
Depreciation		41 085
Financial expences		3 031

Short-term and low-value leases are presented within "other operating expenses".

CLASSIFICATION

Assets related to normal operating cycles for goods and services that are held for the purpose of trading or are expected to be realised within 12 months after the reporting period, are classified as current assets. Cash and cash equivalents are also classified as current unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. Correspondingly, liabilities related to normal operating cycles for goods and services that are held for the purpose of trading or are expected to be realised within 12 months after the reporting period are classified as current liabilities. Liabilities are also classified as current if there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

THE USE OF ESTIMATES AND JUDGEMENTS

Preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies often requires management to exercise judgement and make use of estimates. Estimates are based on historical information and judgements are largely made based on management's knowledge of the market and various indicators. Certain accounting policies are regarded as being particularly important to the Group's financial position, as they are largely determined based on judgements and estimates. These will typically be:

- Business combination (see note 3)
- Goodwill (see note 7)
- Net pension obligations (see note 11)
- Deferred tax assets (see note 14)

A detailed description of the significant accounting judgement and significant estimates and assumptions are included in the individual note where applicable.

OPERATING SEGMENTS

The Group has three segments: Flokk (HÅG, RH, RBM, BMA, Giroflex, Offecct and Profim), Malmstolen and 9to5. These are segments where risk and returns for the brands in the markets differ significantly and the management regularly receive detailed financial information that are the basis for allocation of resources.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are measured at acquisition cost, net of accumulated depreciation and/or any accumulated write-downs. The acquisition cost includes costs directly linked to the acquisition of the asset. Subsequent costs are allocated to the assets carrying value in the statement of financial position when it is likely that future financial benefits will flow to the Group and the expense can be measured reliably. Expenses incurred after the asset is in use, e.g. repair and maintenance costs, are recognised in the statement of comprehensive income in the period the expense is incurred.

When assets are sold or disposed of, the difference between the consideration and the asset's carrying amount is recognized in the statement of comprehensive income. Depreciation is calculated using the linear method over the following period:

- Land, buildings and other property — 10-25 years
- Machinery and equipment — 6-8 years
- Furniture and fittings — 3-10 years

The residual values, useful lives, and methods of depreciation of property of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in the statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is applied using a linear method over the estimated economic useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense is recognised in the statement of comprehensive income.

Goodwill have indefinite useful lives and are not amortised. Goodwill is tested for impairment annually at the cash-generating unit level, please see "Business combinations and goodwill" below.

BUSINESS COMBINATIONS AND GOODWILL
Business combinations are accounted for using the acquisition method, see note 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Non-controlling interests arise in cases where the Group acquires less than 100% of the shares in the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of the non-controlling interests is recognised at the equity attributable to the parent.

In business combinations where the Group's cost exceeds the net fair value of identifiable assets, liabilities and contingent liabilities, the difference is reported as goodwill. If the difference is negative, it is recognised directly in the statement of comprehensive income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), that are expected to benefit from the synergies of the combination, irrespective of whether other assets of liabilities of the Group are assigned to those units or groups of units. A CGU is the smallest identifiable group of assets that generate incoming cash flows, and which is essentially independent of incoming cash flows from other assets or groups of assets. The Group has assigned goodwill to three CGUs that each have an independent value chain (See note 5). Each of these units represents part of the Group's activities that can be separated and operate as a separate business separate from the Group's other businesses.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculate the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period. If the recoverable amount of the CGU is less than the carrying value, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in CGU. An impairment loss for goodwill is recognised immediately in the statement of comprehensive income and is not reversed in a subsequent period.

The Group's goodwill is linked to the acquisitions done in the period 2014-2020. A specification of goodwill is shown in note 6.

RESEARCH AND DEVELOPMENT COSTS (INTERNAL DEVELOPMENT)
Expenses related to research activities are recognized in the statement of comprehensive income when incurred. Expenses related to development activities are capitalized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Expenses that are capitalized include material costs, direct personnel expenses and a portion of indirect costs that are directly attributable to the development. Capitalized development costs are recognized in the consolidated statement of financial position at cost less any accumulated depreciations and accumulated impairment losses. The asset is tested for impairment annually before the development is complete. Depreciation of the asset begins when development is complete, and the asset is available for use. It is depreciated linearly over the period of expected future benefit.

OTHER INTANGIBLE ASSETS
Other intangible assets consist of brand acquired in connection with acquisition of Profim in Poland. Other intangible assets are recognised at cost and amortisation is applied using a linear method over the useful life.

TRADE RECEIVABLES AND PROVISIONS
Trade receivables are measured at amortized cost. On initial recognition, trade receivables are measured at the transaction price. Provisions are made using a simplified method for expected credit losses that is determined based on individual customer assessments and expected lifetime losses for the receivables.

INVENTORIES
Inventories, including semi-fabricated products, is recognised at the lowest of cost price and net realisable value. Net realisable value refers to the net amount that is expected to be realized from the sale of inventory in the ordinary course of business. Costs are established using the FIFO method. The processed inventories include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories are written down in its entirety.

Inventories are assessed for obsolescence. Obsolescence arises when the inventories contain faulty components or components for products which are no longer for sale, and thus do not represent any value to the Group. Provisions for obsolescence are reversed in those instances when the components are nonetheless able to be used in production.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Flokk has established a group account system (cash pool system) of which Flokk Holding AS is the group account holder. The bank can settle each withdrawal and the available balance against each other such that the net balance represents the outstanding balance between the bank and Flokk Holding AS. The Group recognises the net balance of the accounts included in the group account system.

CASH FLOW STATEMENT
The cash flow statement is prepared using the indirect method. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

CURRENCY DERIVATIVES
The manner which the Group utilises currency derivatives does not qualify as hedge accounting. The Group has financial hedging in which unrealised losses and gains by changes in value are recognised through statement of comprehensive income as losses and gains on currency and recognised in the statement of financial position at fair value. Realised gains or losses on forward contracts are classified as financial income or financial expense in the statement of comprehensive income.

INTEREST-BEARING LOANS
Interest-bearing loans are recognised at the fair value of the loan less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortised cost. Gains and losses are recognised in net financial items when the liabilities are derecognised as well as through the amortisation process. The upfront fees are part of the borrowing cost and are recognised as part of the interest. Borrowing costs are capitalized and distributed through the statement of comprehensive income in line with the loan's repayment period.

PROVISIONS FOR OBLIGATIONS
Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that the Group must fulfil the obligation, and the obligation has been reliably estimated.

EQUITY

Share capital

Ordinary shares are classified as equity. Expenses directly associated with the issuing of new shares or options, less deductions for tax, are recognised as a reduction in the received remuneration in equity.

EXCHANGE RATE DIFFERENCES

Foreign currency transactions are translated at the exchange rate on the transaction date. Monetary items (debt or receivable) in foreign currency are translated into functional currency using the exchange rate on the statement of financial position date. Non-monetary items measured at historical rates expressed in foreign currency are translated into functional currency using the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate determined at the time of measurement. Exchange rate fluctuations are recognized in the statement of comprehensive income under financial income and expenses on an ongoing basis, except for exchange rate changes on foreign currency loans designated as effective hedging of a net investment in a foreign entity, or monetary items that are considered part of the net investment. These changes in exchange rates are recognized as part of other comprehensive income.

TAXES

Income tax expense in the financial statements includes tax payable and the changes in deferred tax for the period. Assets and liabilities from deferred tax are computed for all temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and their respective tax bases and tax loss carried forward. For the calculation of deferred tax assets and liabilities, the nominal tax rates expected to be applied when the asset is realised or the liability is paid will be used. The nominal tax rates and tax laws used are those that are enacted or substantively enacted at the statement of financial position date in the countries where the Group operates and generates taxable income.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax liabilities related to withholding tax and other tax on dividends are recognised in connection with retained profits in associates and foreign subsidiaries when a dividend is expected to be paid in the foreseeable future.

Deferred tax liabilities for temporary differences are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities and deferred tax assets are not recognised for the initial recognition of goodwill.

The deferred tax and deferred tax assets are recognized independently of when the differences will be reversed. The deferred tax and deferred tax assets are recognized at nominal value Tax payable and deferred tax are recognised in other comprehensive income to the extent that these relate to matters that are recognised in other comprehensive income.

LEASES

Identifying a lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (less than NOK 50 thousand).

For these leases, the Group recognises the lease payments as other operating expenses in the statement of comprehensive income when they incur.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The Group determines the lease term as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognises these variable lease expenses in statement of comprehensive income. The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

The Group measures the right-of-use assets at cost, less any accumulated depreciations and impairment losses, adjusted for any remeasurement of lease liabilities the cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use assets, except that the right-of-use assets are depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

WARRANTY PROVISIONS, SEE NOTE 23

The Group provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these warranties are recognised when the product is sold. Initial recognition is based on historical data for service work and warranty repairs. The provisions expected to be incurred within one year are classified as current liabilities, while those expected to be incurred in more than one year are classified as non-current liabilities in the consolidated statement of financial position. The estimate of the warranty provision is revised annually. Warranty costs associated with repairs are recognised through statement of comprehensive income as costs of materials, while instalment costs are recognised through statement of comprehensive income as other operating costs.

PENSIONS

The Group provides pension plans for all employees. The costs associated with the pension agreements appear as personnel expenses in the statement of comprehensive income. The Group's employees are members of collective defined contribution pension schemes. Payments linked to the contribution plans are recognised as a cost in the period to which the contributions relate.

Employees in Switzerland, and some employees in Norway with partial disability have a defined benefit scheme. The costs associated with these schemes are based on a linear carrying forward of pension earnings against probable accumulated liabilities at the time of accrual. A linear accrual model distributes the future accumulated liabilities linearly over the accrual period and regards the employees' accrued pensions' rights in the period as a pensions cost. Any new, or changes in existing benefits-based pension scheme results in changes to the pension liabilities. The introduction of new schemes or changes to existing schemes that appear with retrospective effect may impact the future pension liability. Any such changes are recognised through statement of comprehensive income immediately.

The effect of accrued pension benefits is divided over the remaining average accrual period. In the case of contribution plans, payments have been made to the insurance company. Once the contribution has been paid there are not further liabilities. Payments linked to the contribution plans are recognized as a cost in the period to which the contributions relate.

The AFP contractual pension scheme is a multi-employer defined benefit, but is recognised as a defined contribution plan. Companies that participate in the AFP scheme are jointly responsible for two-thirds of the payable pension. Flokk recognises this as a cost on a current basis. The pension earning period coincides with the period of employment.

Remeasurement of defined benefit plans relate to changes in the basis data, estimates and changes in assumptions, and is recognized in other comprehensive income in the period in which it occurs. Plan changes are recognised in the income statement as a single event unless the change is conditional on the employees remaining in the company. In the event of the latter, the change is amortised over the remaining pension earning period.

REVENUE FROM CONTRACTS WITH CUSTOMERS
The Group enter into agreements with customers that includes terms for discount, volume bonus and delivery terms. The frame agreement part of these contracts is typically valid for 1 year or 2 years, of which each specific product delivery has individual contract terms either covered by the main agreement or by separate agreement. Discount level is based on obtained sales through a bonus period, which is normally defined as a calendar year. For sales to customers without any written contracts, the terms are agreed in an order confirmation. Discount is recognized per sales order; volume bonus is estimated and accrued quarterly based on actual sales. On 31 December, the Group recognize the total volume bonus as discount in the statement of comprehensive income and as short-term liability in consolidated statement of financial position.

Delivery terms varies from customer to customer. Revenue is recognized to the extent that is it probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Revenues are not recognized before all conditions associated with the sale have been met.

SALE OF GOODS
The Group sells furniture through independent retail chains, dealers, and importers. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally at agreed place of delivery. The customers have no return rights if the delivery is according to the agreed specification and quality. Revenues are recognized based on the agreed price less any discounts.

The normal credit term is 30 to 45 days upon delivery.

The Group considers whether there are other conditions in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Such conditions could be variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any). Refer also to warranty provisions above.

FREIGHT EARNINGS
The Group has income from freight of transportation of goods, where the Group is the principal for the freight agreement.

GOVERNMENT GRANTS
Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the grant reduces the carrying amount of the asset and is recognized in the statement of comprehensive income over the expected useful life of the asset as a reduction in the depreciation.

RELATED PARTIES
Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also related if they are subject to common control or common significant influence.

Consolidated companies have transactions with related parties. This is mainly purchase and sale of the Group's products, as well as administrative services. All transactions between related parties are based on the principle of "arm's length" (estimated market value).

EARNINGS PER SHARE
The Group presents earnings per share and diluted earnings per share. Earnings per share are calculated by dividing the statement of comprehensive income for the year after non-controlling interests by the average number of outstanding shares during the period. The diluted earnings per share is the profit attributable to the equity holders of the parent divided by the average number of outstanding shares in the period, adjusted for any diluting effects.

NEW AND AMENDED STANDARDS ISSUED
BUT NOT YET EFFECTIVE
At the date of the authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- The Conceptual Framework for Financial Reporting (effective on or after 1 January 2020)
- Amendments to IFRS 3 – Definition of a Business (effective on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 – Definition of Material (effective on or after 1 January 2020)

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTE 3 – BUSINESS COMBINATIONS

ACQUISITION IN 2020
On 9 September 2020, Flokk acquired 100% of the shares in Ring Chairtech Baltic SIA (Ring). Ring is a Latvian manufacturer, specializing in seating mechanism. The acquired company has been a supplier to Flokk for many years and the rationale for the acquisition was to secure the supply chain for a critical component.

The fair value of identifiable assets and liabilities in Ring at the date of acquisition were:

NOK (thousands)	Fair Value
Intangible assets	115
Property plant and equipment	449
Right-of-use assets	
Deferred tax assets	575
Inventory	4 470
Trade receivables	1 320
Other receivables	56
Cash	313
Total Assets	**7 298**
Deferred tax liabilities	550
Long term debt	
Trade payable	1 494
Short term debt	929
Total Liabilities	**2 973**
Total identifiable net assets at fair value	4 325
Cash payment	(4 459)
Goodwill	**134**

The purchase price allocation for the acquisition of Ring is not finalized as of 31 December 2020.

Cash flows from Ring are in Euro (EUR). Goodwill on 31 December is converted to the current closing rate.

A total of NOK 886 thousand was expensed in acquisition cost in 2020 and is included in other operating expenses.

Analysis of cash flow on acquisition (in NOK thousands):

Cash holding in Ring	313
Cash payment	(4 459)
Net cash flow	**(4 146)**

Ring contributed NOK 4 132 thousand to the Group's revenues and NOK 1 974 thousand to the Group's operating profit for the period 09.09.2020 - 31.12.2020.

If Ring was acquired as of 1 January 2020, this company would be included in the Group's financial statement with a total turnover of NOK 22 919 thousand and an operating profit of NOK 2 253 thousand.

ACQUISITION IN 2019

9to5 Seating

On 25 November 2019, 95.45% of the interests in 9to5 Seating LLC was acquired by Flokk USA Holding LLC, a company controlled by Flokk Holding AS. 9to5 Seating LLC is a US company, incorporated in Los Angeles, California. Prior to the acquisition of 9to5 Seating LLC, all underlying assets and liabilities of D3 Inc, the past owner of the 9to5 activity, was acquired through an asset purchase agreement by 9to5 Seating LLC.

As a part of the acquisition, Flokk Holding AS also acquired 95.45% of the shares in Habitat Ltd, a Hong Kong based company, which in turn holds all shares in Zhongshan Habitat Furniture Ltd, incorporated in Zhongshan, China.

By acquiring 9to5 Seating, the Group has production capacity in both North - America and in China.
It is expected that this capacity can be utilized to reduce delivery time for other brands distributed by the Group in North - America and China.

Zhongshan Habitat Furniture Ltd is a sub-supplier to 9to5 Seating LLC. Over 95% of the revenues in Zhongshan Habitat Furniture Ltd is from deliveries to 9to5 Seating assembly plant in LA and the company is a main part of 9to5 Seating's value chain. The two acquisitions are considered to represent one cash generating unit. 9to5 Seating LLC and Zhongshan Habitat Furniture Ltd (hereinafter referred to as 9to5) develop, manufacture, market and distribute the 9to5 brand in North America. 9to5 offers seating solutions, mainly in the task seating segment with an innovative and design-oriented portfolio.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of identifiable assets and liabilities in 9to5 as at the date of acquisition were:

NOK (thousands)	Fair Value
Intangible assets	5 971
Property plant and equipment (note 12)	22 350
Right-of-use assets	39 290
Financial assets	356
Inventory	74 497
Trade receivables	49 094
Other receivables	11 916
Cash	36 855
Total Assets	**240 329**
Deferred tax liabilitiy	1 717
Long term debt	53 320
Trade payable	20 963
Short term debt	45 403
Total Liabilities	**121 404**
Total identifiable net assets at fair value	118 925
Cash payment	(1 017 981)
Non-controlling interests	(46 005)
Goodwill	**945 061**

The purchase price allocation (PPA) was completed in 2020, and the updated PPA gave an increased net value of assets of NOK 2,4 million, correspondingly decreasing the goodwill.

Cash flows from 9to5 are in United States Dollar (USD). Goodwill and non-controlling interests (NCI) on 31 December are converted to the current closing rate.

RECONCILIATION OF GOODWILL AND NCI ON 31 DECEMBER 2020

NOK (thousands)	Goodwill	NCI
Preliminary PPA on acquisition date	947 474	46 005
Total comprehensive income for the year		(1,868)
Currency translation	(43,322)	
Carrying value on 31 December 2019	**904 153**	**44 137**
PPA adjustment	(2,413)	
Total comprehensive income for the year		(326)
Currency translation	(47,243)	
Carrying value on 31 December 2020	**854,496**	**43,811**

A total of NOK 44 522 thousand was expensed in acquisition cost in 2019 and is included in other operating expenses.

Analysis of cash flow on acquisition (in NOK thousands):

Cash holding in 9to5	36 855
Cash payment	(1 063 986)
Cash payment from external shareholder (4.55% of the shares)	46 005
Net cash flow	**(981 126)**

Goodwill identified upon the acquisition was associated with the expected future synergies from the business and access to the US market that was identified in the conducted acquisition analysis. There were no events during the period that affected the value of the companies during the period 25.11.2019 - 31.12.2020. Goodwill is tax deductible for 9to5 Seating LLC.

9to5 contributed NOK 386 506 (36 425) thousand to the Group's revenues, and NOK 27 980 (-17 653) thousand (including acquisition cost) to the Group's operating profit for the period 01.01.2020 - 31.12.2020 (25.11.2019 - 31.12.2019).

NOTE 4 –ESTIMATES, ASSUMPTIONS AND SIGNIFICANT JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

These estimates have been made largely based on management's subjective judgements and assumptions about the future. Future events can result in changes to these estimates.

The Group's significant accounting estimates relate to the following items:

BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTERESTS

In business combinations, the assets taken over are at fair value at the time of purchase. The various assets are valued on the basis of acknowledged valuation methods, and goodwill is the residual in this type of purchase price allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets, but the sum of the total value surplus will always be consistent with the purchase price paid. Further details are disclosed in note 3.

GOODWILL

The carrying amount of goodwill in the Group is tested annually for impairment, or more often if indicators of impairment exists. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the strategy for the overall business, significant negative industry or economic trends, and significant loss of market share.

In accordance with IAS 36 Impairment of assets, the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimated of future performance, revenue generating capacity of the assets, margins, and assumptions of the future market conditions. Recessionary effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. This is particularly relevant in Scandinavia and Central Europe. Discount rates are impacted by several macroeconomic factors including borrowing rates, inflation assumptions and currency development.

The Group has been cautious in its projections of future cash flows to reduce the uncertainty in these estimates. Sensitivity analyses have been performed on projected earnings and the discount rate which show that there is a substantial margin (headroom) compared to carrying amounts. Management's judgements are based on historical data and its market knowledge. The business is substantially affected by the economic cycle in its main markets. The carrying value of goodwill is NOK 3 205 million (NOK 3 248 million). Further details and assumptions used are disclosed in note 7.

DEFERRED TAX ASSETS

Deferred tax assets are recognized to the extent that it is probable that the tax assets will be realised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the expected timing, the level of future taxable profits as well as tax planning strategies and the existence of taxable temporary differences. Different market conditions and the long-term nature and complexity of existing contracts, differences between actual performance and the assumptions that have been made, or future changes in these assumptions, it may be necessary to adjust tax revenues and expenses which have already been recorded. Adjustment of tax revenues and/or expenses will impact the estimated future cash flow arising from deferred tax loss carried forward. Further details are disclosed in note 14. The carrying value of deferred tax assets is NOK 155 765 thousand (NOK 113 390 thousand)..

NET PENSION OBLIGATIONS

Defined benefit plans are calculated based on a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, future salary adjustment, etc. could have substantial impacts on the estimated pension obligation. Similarly, changes in the selected assumptions for the return on pension assets could affect the amount of the pension assets. Significant variability in particularly the level of interest rates can have a material effect on the estimated pension obligation and expenses. The carrying value of net pension obligations is NOK 98.1 million (NOK 68.8 million).

NOTE 5 – MANAGEMENT OF CAPITAL AND FINANCIAL RISKS

The Group's capital consist of equity. The Group's goal of sound financial capacity is met with this financing structure. See note 8.

OBJECTIVES AND STRATEGY

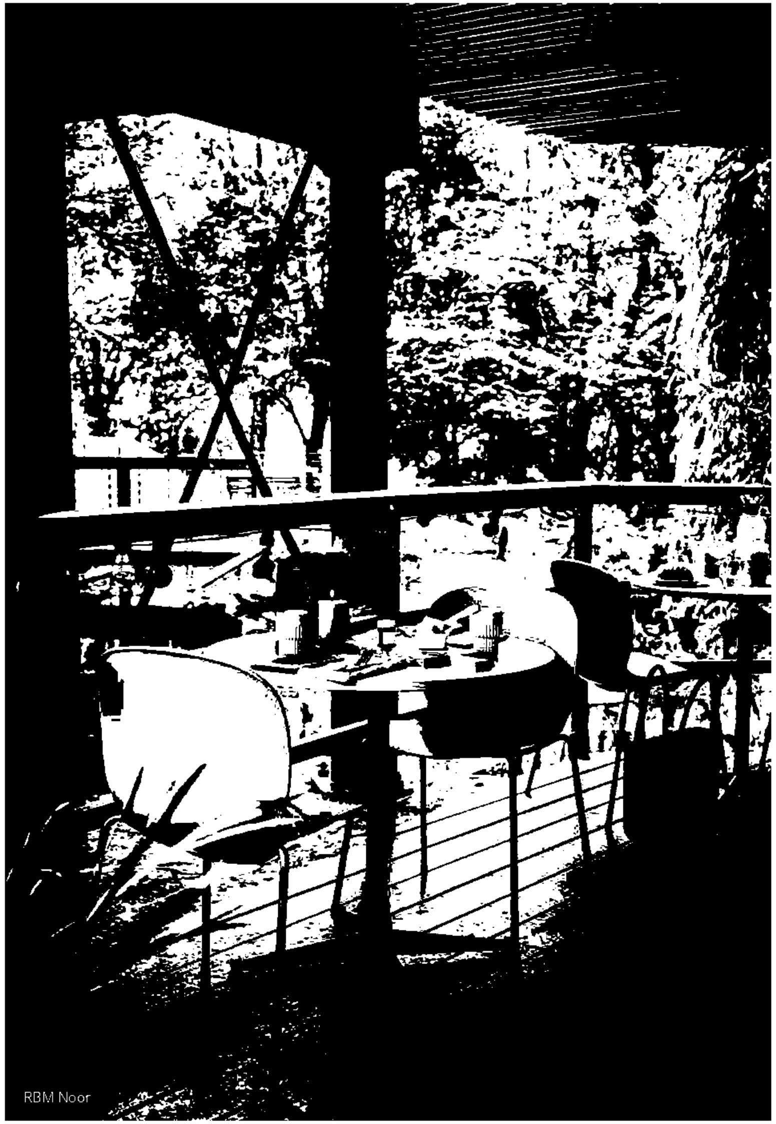
The overall objective of the Group's capital management is to be an attractive borrower through sound liquidity planning so that the Group at all times will be offered cost-effective funding to top-market conditions for comparable borrowers and securities. The Group shall keep good relations with at least two sources of financing.

The capital management shall meet the Group's collective need of funding. Every funding decision shall be made with consideration to the Group's current need of financing, and the targets described below for capital management:

- Low funding risk
- High flexibility with reference to interest rate management and securities
- Limited administration

The Group considers that it has satisfactory access to capital. See also reference to interest rate risk in note 8.

Currency exposure associated with the Group's operations is hedged by the expected net cash flows in the currency associated with operational factors being hedged using forward contracts. The hedge agreements are made only for a limited period of time and only to the extent that these expected cash flows are certain.



RBM Noor

NOTE 6 – SEGMENT INFORMATION

For management purposes, the Group is organized into business areas based on degree of integration. When acquiring businesses, the extent to which the acquired business is to be integrated with the existing business, is determined. Fully integrated business areas have one common value chain, separated from the non-integrated business areas. Management reporting is based on the Group's operating segments subject to reporting:

FLOKK

The Group is a niche supplier that develops, manufactures, and sells seating for working environments. A large proportion of these products consist of multifunctional work chairs with casters. The customer structure in the business areas consists of a very large number of dealers in all the main markets. Outside the main markets, importers buy directly and sell on to dealers and end-customers. The size of our customers varies significantly. Integrated brands consist of the part of the Group that is fully integrated, i.e., it is followed up as a separate segment with a similar value chain.

To further strengthen the efficiency and performance of the Group, two more brands were added to the Flokk segment during 2020, Offecct and Profim. Offecct and Profim were separate segments in the 2019 Annual report. During 2020 all parts of the Profim and Offecct value chain have been integrated into the Flokk segment. The manufacturing plant in Turek is absorbing production activities for all the brands within the Flokk portfolio and all supporting functions in Profim and Offecct is organized within the Flokk Matrix organisation, hence, it is not possible to measure the Profim and Offecct performance separately. Rebuilding the plant to include Giroflex and Offecct portfolio is ongoing and start of production will take place in the fourth quarter of 2021. Flokk segment includes the brands HÅG, RH, RBM, BMA, Giroflex Profim and Offecct.

MALMSTOLEN

Malmstolen develop, manufacture and sells ergonomic working chairs from Sweden. The segment has its own management, and the value chain is completely separate and is managed by a separate organization. There are no cross functions or integration with other parts of the Group. Malmstolen consists of the Malmstolen brand.

9TO5 SEATING

When acquiring 9to5 Seating in 2019, Flokk established production capacity in both North America and in China. The assembly site in Los Angeles, CA is supported by a production site in China. 9to5 develops, distributes, and markets ergonomic office seating in the mid and low range price segment. The products are distributed through dealers by using independent sales representatives in North America, mainly in the US.

Management follows up segments based on revenues and costs. All costs related to M&A activities and integration of business are reported as extraordinary (integration cost) as part of the Groups M&A strategy. Management monitor extraordinary cost, project by project separated from the segment performance.

Per 31.12.2020	Flokk	Malmstolen	9to5	Other/ Eliminations	Consolidated
Sales revenues	2 480 727	61 977	386 643		2 929 348
Other income, see note 26	88 025				88 025
Total operating income	**2 568 753**	**61 977**	**386 643**		**3 017 372**
Operating costs	2 233 554	61 486	359 428		2 654 469
Operating profit	**335 198**	**491**	**27 214**		**362 903**
Integration costs	(57 921)	425	19 587		(37 909)
Adjusted income	**277 277**	**916**	**46 802**		**324 994**
Per 31.12.2019					
Sales revenues	2 911 452	67 600	36 425		3 015 477
Other income, see note 26	146 773				146 773
Total operating income	**3 058 225**	**67 600**	**36 425**		**3 162 250**
Operating costs	2 775 356	57 735	54 078		2 887 169
Operating profit	**282 869**	**9 865**	**(17 653)**		**275 081**
Integration costs	225 227	856	23 535		249 618
Adjusted income	**508 096**	**10 721**	**5 882**		**524 699**

9to5 Seating included from 25 Nov 2019.

OTHER INFORMATION

All operating cost are allocated to the segment when occurred. Transactions between the segments are priced on market terms. The Group's financing (including finance cost, finance income and other income) and income tax are managed on group basis are not allocated to operating segments.

SALES REVENUES

The delivery obligation is generally considered to be fulfilled when the products are delivered at customers location or at place of instalment. Customers have no rights to return the products after they have been delivered. Normal credit time is 30 - 45 days after delivery. Income is recognized at the time of delivery only for the part of the consideration that the Group is ultimately entitled to. All fixed and variable discount is recognized upon delivery and retrospective volume bonus are included in the statement of comprehensive income and consolidated statement of financial position on 31 December.

RECONCILIATION TO PROFIT FOR THE YEAR

NOK (thousands)	2020	2019
Segment operating profit	**362 903**	**275 081**
Financial income	1 668 623	475 674
Financial expense	1 974 499	594 037
Income tax expense	58 989	17 813
Group operating profit	**(1 962)**	**138 904**

GEOGRAPHIC SEGMENT

NOK (thousands)	2020	2019
Revenues from external customers		
Poland	232 753	268 170
Scandinavia	703 361	875 844
Germany	528 754	597 337
The Netherlands	190 956	251 496
Belgium	130 956	144 292
Switzerland	170 617	159 600
France	96 625	130 034
UK	135 124	138 895
USA	487 388	64 562
Other countries	252 812	385 247
Total sales revenues	**2 929 347**	**3 015 477**

NOK (thousands)	2020	2019
Distribution of revenue per brand		
HÅG	858 505	798 634
RH	383 694	402 020
RBM	94 772	101 936
BMA	203 122	209 979
Giroflex	255 063	268 065
Malmstolen	61 977	67 600
Offecct	86 760	125 321
Profim	598 810	1 008 322
9to5	386 643	36 425
Total revenue from the brands	**2 929 347**	**3 018 302**
Derivatives		(2 825)
Total	**2 929 347**	**3 015 477**
Fixed assets		
Poland	209 700	228 775
Scandinavia	350 646	268 112
Germany	21 843	17 071
The Netherlands	5 707	9 017
Belgium	12 939	11 130
Switzerland	74 943	79 682
France	1 806	3 030
UK	9 580	13 742
Latvia	9 204	
Czech Republic	2 711	
Singapore	439	1 130
China	6 583	9 972
Australia	1 271	1 775
USA	34 495	48 016
Total	**741 867**	**691 452**

Included in fixed assets under geographic information are property, plant and equipment and right-of-use asset.

NOTE 7 – INTANGIBLE ASSETS

NOK (thousands)	Goodwill	Internal development	Other intangible assets	Total
Fiscal year 2019				
Carrying amount 01.01.2019	2 290 761	106 921	198 060	2 595 742
Investments		29 270	230	29 500
Additions through acquisitions [1]	947 474		206	947 680
Adjustment of purchase price allocation [2]	54 874			54 874
Translation differences	(44 642)	570	251	(43 821)
Impairment [3]		(7 044)		(7 044)
Reclassifications		(198)	400	202
Depreciation/Amortization		(14 761)	(8 742)	(23 503)
Carrying amount 31.12.2019	**3 248 467**	**114 758**	**190 405**	**3 553 630**
Per 31.12.2019				
Initial cost	3 248 467	239 475	246 153	
Accumulated depreciation/write-downs		(124 716)	(55 748)	
Fiscal year 2020				
Carrying amount 01.01.2020	3 248 467	114 758	190 405	3 553 630
Investments		7 993	403	8 397
Additions through acquisitions [1]	23		5 442	5 465
Adjustment of purchase price allocation [2]	(24 150)			(24 150)
Translation differences	(19 058)	5 167	(1 128)	(15 019)
Impairment [3]		(2 397)		(2 397)
Reclassifications		(13 375)	60 476	47 101
Depreciation/Amortization		(19 395)	(17 492)	(36 887)
Carrying amount 31.12.2020	**3 205 282**	**92 752**	**238 107**	**3 536 139**
Per 31.12.2020				
Initial cost	3 205 282	218 926	335 973	
Accumulated depreciation / write downs		(126 174)	(97 865)	
Useful life	Indefinite	6-15 years	4-10 years	

[1] See note 3 for information on intangible assets in acquired companies.
[2] See note 3 for information on adjustment to purchase price allocation.
[3] An amount of NOK 2 397 (7 044) thousand related to discontinued product is recognized as depreciation in the statement of comprehensive income on 31 December 2020 (31 December 2019).

OTHER INTANGIBLE ASSETS

Other intangible assets contains customer files, trademarks, technology and distribution access acquired through acquisitions. Amortization takes place linearly over respectively 10, 10, 4 and 5 years.

RESEARCH AND DEVELOPMENT AND PUBLIC GRANTS

The Group performs its own research and development within the field of seating solutions. External parties within a number of fields are often used as part of this work. The Group has several external designers who are engaged in product development. In most cases the designers are compensated for their work in the form of royalties on sales of the individual product. The Group also have some designers who receive a one-time payment for their services. in both cases, the cost is presented as other operating expenses in the income statement. A not inconsiderable proportion of the total R&D costs are royalties from sales that are recognised as costs in the individual year. Development costs incurred in the period and which satisfy the criteria for asset recognition are recognised in the statement of financial position. An impairment test is performed every year. The test uses the same preconditions for growth and return on investment and WACC as for goodwill. Costs for ongoing Development activities as per 31 December are expected to have future earnings that exceed the value recognised in the statement of financial position and expected future costs. As per 31 December 2020, the Group had 66 R&D projects ongoing of which 34 will be launched during 2021.

The Group receives government grants for research and development.

NOK (thousands)	2020	2019
Skattefunn (tax deduction of R&D expenses)	712	3 609
Training grant	496	603
The Research Council of Norway	2 612	3 514
Grant from EU	419	
Sum	**4 238**	**7 727**
Research and development recognised in statement of comprehensive income	55 760	43 521

GOODWILL

Goodwill distributed per enterprise purchase and CGU NOK (thousands)	Acquired in	Goodwill
Scandinavian Business Seating Holding AB	2014	524 928
Scandinavian Business Seating Holding AS	2014	1 111 592
BMA Ergonomics BV	2015	38 773
Giroflex AG	2017	13 366
Offecct AB	2017	59 041
Profim Sp. Z.o.o	2018	550 461
Ring Baltic SIA	2020	23
Flokk		**2 298 183**
Malmstolen AB	2017	52 603
9to5	2019	854 496
Total goodwill		**3 205 282**

The Group has accumulated goodwill of NOK 3 205 282 thousand. Goodwill is the residual value consisting of the difference between the purchase price and the capitalized value of an acquired company. Goodwill is allocated in connection with acquisitions in 2014, 2015, 2017, 2018, 2019 and 2020. See note 3 for allocation of Goodwill.

The Group has identified three cash generating units (CGU's). Flokk consisting of the brands HÅG, RH, RBM, BMA, Giroflex Offecct and Profim. During 2020 the Offecct and Profim activities have been fully integrated into the Flokk matrix organisation. The manufacturing site in Turek is supporting all of the Flokk brands. The production of Giroflex and Offecct wil be relocated to Turek during 2021. Management is not able to report separate cash flows from Offecct and Profim CGU and have included both in the monitoring of the Flokk cash Flow performance.

The Group monitors the development, production, and distribution of these brands as one unit. Costs are not allocated to the different brands. In addition, the Group has its own cash flows from the brands Malmstolen and 9to5.

Goodwill is tested for impairment annually and if impairment indicators are identified. Goodwill is tested by comparing the present value of the discounted value of future cash flows and the carrying amount.

ASSUMPTIONS

When determining the value in use for the CGU's, the following assumptions are considered to be the most sensitive:

Revenues
Revenue development is based on the budget for 2021 and management's revenue forecast for the growth in the period 2022-2024. Expected growth is equal share of volume and price growth. Budgets and forecasts are approved by the Board of Directors. Revenue estimates, which have a material effect on figures in the statement of comprehensive income and statement of cash flows, have taken into account that the Group is entering a post-covid period with and expected growth rate above normal. The management have during 2020 executed several cost saving initiatives throughout the Group. The cost saving initiatives in combination with the expected increase in market demand post the Covid19 pandemic is expected to impact the EBITA significantly in the next 3-4 years. The long-term growth has been fixed at two per cent, reflecting the long-term rate of inflation plus a very conservative growth rate.

Gross margins
The Group expects sound gross margins in the years ahead. There are continuous improvement projects in procurement and logistics, as well as production optimization. The Group has, over the past years, shown that these projects have had an effect and it is expected that this will also apply in the future.

Weighted average cost of capital (WACC)
A low risk-free interest rate influences the WACC. The cash flow is discounted with WACC before tax. A tax rate that applies to the countries from which the cash flows arise is used when calculating the WACC before tax.

The Group has applied the following assumptions for estimating WACC:

- The long term risk-free interest rate is equivalent to the interest rate on 10 year government bonds as this corresponds with the time horizon on the relevant cash flows.
- The risk premium is 5% based on market research undertaken by the Norwegian Society of Financial Analysts and the recommendation from its members.
- Beta is 1.5 due to the cyclical nature of the industry
- Corporate Spread is 4.0%, where 1.25% reflects the current uncertainty in the borrowing market plus the NIBOR/STIBOR spread against a long-term risk-free interest rate.

IMPAIRMENT TESTS OF GOODWILL

As a result of the impairment test performed in 2020, no impairment has been recognised. It is the managements opinion that the assumptions used in the tests are the best estimate for long term market development combined with the development of the Group.

SENSITIVITY

Sensitivity calculations were conducted for the CGU's with different parameters. Weighted average cost of capital (WACC) added 2%, long-term growth equal to zero and the cash flows are also extrapolated using Earnings before interest, taxes and amortisation (EBITA) at 2020 level. For each test, the other variables are unchanged. Calculated headroom reflects the difference between value in use and net assets including goodwill.

The tests show that the conclusions, with reasonable changes to the assumptions, do not change in relation to the fact that the Group can justify its recognised goodwill. 9to5 goodwill is sensitive for changes in WACC. If WACC increases with 2%, the carrying value of Goodwill will be less than the value in use. A good performance in 2021 for the 9to5 CGU is important in order to maintain the carrying value of Goodwill. Cash flow projections are based on extrapolating figures for 2022-2024 from estimates in the company's and the Group's senior management strategy plan for 2021. A constant growth rate has been applied throughout the time period of the cash flow projections.

NOTE 8 – FINANCIAL INSTRUMENTS AND RISKS

MARKET RISK

The Flokk Group has centralised its financing function which has responsibility for financing, foreign currency risk, interest rate risk, credit risk and liquidity management. The Group has established guidelines for interest rates, currency and credit set out in policies.

Price risk

The Flokk Group works proactively with the risk of major changes in raw material prices. The group-wide Sourcing and Procurement process is actively structured to have dual sourcing, globally indexed priced raw material and to work closely with its suppliers as business partners in a joint effort for common value creation.

Effects of increase/reduction in selling prices and rebates:

If the Group's net selling prices were 1% higher or lower in 2020 and other variables remained constant, it would have resulted in a higher or lower operating profit of NOK 29 293 thousand (NOK 30 155 thousand). If rebates on gross sales were 1% lower or higher in 2020, and other variables remained constant, it would have resulted in an increase or reduction in the operating profit of NOK 54 213 thousand (NOK 57 320 thousand).

Foreign currency risk

NOK 2 685 million (NOK 2 743 million in 2019) of the Group's sales revenues are denominated in foreign currency. The Group has an even flow of revenues, and its sales are not generally based on a few large individual orders generating a large share of the sales. The Group invoices the customer in the customer's own currency. This means that a large share of the company's financial risk is attached to changes in exchange rates, especially in SEK, DKK, GBP, EUR, PLN and USD. The Group has foreign currency risk connected to future cash flow in foreign currency and net investments in subsidiaries abroad. In order to limit the effect of fluctuating exchange rates, the company uses foreign currency derivatives. Normally, between 50-70% of expected net foreign currency exposure is secured through use of derivatives. The forward contracts are with a large, well-known recognised finance institution in Norway and any credit risk is therefore considered minimal. These contracts are treated as ordinary derivatives where the unrealised gains and losses are recognised in the in the statement of comprehensive income as currency gains/losses and are recorded at fair value. The Group has investments in subsidiaries in foreign currency where the net investments are exposed for currency risks by conversion.

Effects of increase/reduction in foreign currency:

If NOK compared to other currencies was 10% weaker/stronger as per 31.12.20 and all other variables were consistent, this would have caused the following change in profit before tax:

Foreign currency risk	+/- NOK (thousands)
10% change in currency rate EUR/NOK	5 235
10% change in currency rate DKK/NOK	4 221
10% change in currency rate GBP/NOK	1 398

FOREIGN CURRENCY DERIVATIVES MADE TO SECURE FUTURE CASH FLOW AS PER 31.12.20

Figures in NOK (thousands)	EUR	DKK	GBP
Payments due in 2021 (nominal amounts)	52 352	42 213	13 975

Interest rate risk

The Group's interest rate risk is primarily connected to long-term liabilities. As the net interest bearing liabilities per 31.12.20 was 51% (58% in 2019) of the consolidated statement of financial position, the profit for the year is considerably exposed to the interest level. The liabilities primarily consists of floting-rate loans. In 2020, the Group's floating-rate loans have been in NOK, EUR and USD. With net interest-bearing liabilities of NOK 3 090 478 thousand (NOK 3 333 738 thousand in 2019), the level of interest rates significantly affects the financial expenses.

Effects of increase/reduction in interest:

If the interest was 1% weaker/stronger as per 31.12.20 and all other variables were unchanged, this would have resulted in higher/lower profit before taxes of NOK 47 624 thousand (NOK 28 751 thousand).

CREDIT RISK

The credit risk represented by contracting parties not being able to meet their obligations is regarded as low. The majority of the Group's sales are to Northern/Central Europe, with the company selling to dealers and importers with whom it has a long-standing business relationship. The Group has guidelines to ensure that outstanding accounts conform to fixed credit limits. The Group has no major credit risk linked to one particular contracting party or several contracting parties who can be regarded as a group by virtue of similarities in the credit risk. The Group has guidelines to ensure that sales are only made to customers who have not previously had significant problems with payment and outstanding accounts do not exceed fixed credit limits.

MAXIMAL EXPOSURE FOR CREDIT RISK AS PER 31.12. OF FINANCIAL INSTRUMENT:

NOK (thousands)	2020	2019
Gross trade receivables (note 16)	387 520	405 927
Other receivables	37 210	185 967
Cash and cash equivalents	818 712	497 486
Total	**1 243 442**	**1 089 380**

LIQUIDITY RISK

The Group's activities are not capital intensive and normal annual investment represents 3-6% of the Group's sales. The Group regards its liquidity as good. Attention is given to the Group's liquidity throughout the year, in terms of both working capital elements and operational activities. The working capital elements have been in focus for several years and the Group has strategies, key figures and action plans that are continuously followed up on during the year. The Group carefully considers the effects on liquidity of operational activities, projects, and investments before these are initiated, in order to retain predictability in liquidity development. The Group's focus on operational effectiveness in all parts of the value chain and close follow-up on working capital ensure that there is satisfactory liquidity for further investment in product development and market development and for servicing debt. No decision has been made to implement any measures that will change the liquidity risk.

MATURITY PROFILE OF THE GROUP'S LIABILITIES:

NOK (thousands)	31.12.2020	2021	2022	2023	2024	2025
Interest-bearing liabilities						
Bank loans	3 909 428	220 698	50 000	63 000	3 575 730	
Lease liabilities	229 790	57 690	41 973	33 247	17 214	79 666
Sum of interest-bearing liabilities	**4 139 218**	**278 388**	**91 973**	**96 247**	**3 592 944**	**79 666**
Non-interest-bearing liabilities						
Trade payables	258 267	258 267				
Other short term liabilities and provisions	287 192	287 192				
Other long term liabilities	1 047	262	262	262	262	
Sum of non interest-bearing liabilities	**546 506**	**545 721**	**262**	**262**	**262**	
Total	**4 685 724**	**824 109**	**92 235**	**96 509**	**3 593 206**	**79 666**

USE OF FAIR VALUE

The value of cash and overdraft facility recognised in statement of financial position is approximated to fair value based on such instruments having a short repayment period. Similarly, the book value of trade receivables and trade payables is approximated to the fair value as they are included on normal conditions.

The Group does not practice hedge accounting. Financial derivatives are recognised at fair value. Fair value is based on statements from credit institutions. As at 31.12.20, the fair value of forward currency exchange contracts amounted to NOK 1 882 (-3 342) thousand. Value change recognised for 2020 was a gain of NOK 5 224 (1 476) thousand.

FAIR VALUE HIERARCHY

NOK (thousands)	Category	Fair value	Book value	Fair value	Fair value level *
2019					
Non-current assets					
Shares in other companies	B	759	759	759	3
Total		**759**	**759**	**759**	
Current assets					
Trade receivables	A		401 794	401 794	
Cash and cash equivalents			497 486	497 486	
Total			**899 280**	**899 280**	
Long-term liabilities					
Long-term interest-bearing loans	A		3 605 618	3 605 618	
Total			**3 605 618**	**3 605 618**	
Short-term liabilities					
Short-term interest-bearing loans	A		225 606	225 606	
Trade payable	A		211 461	211 461	
Derivatives	B	3 342	3 342	3 342	2
Total		**3 342**	**440 409**	**440 409**	
2020					
Non-current assets					
Shares in other companies	B	206	206	206	3
Total		**206**	**206**	**206**	
Current assets					
Trade receivables	A		378 911	378 911	
Derivatives	B	1 882	1 882	1 882	2
Cash and cash equivalents			818 712	818 712	
Total		**1 882**	**1 199 505**	**1 199 505**	
Long-term liabilities					
Long-term interest-bearing loans	A		3 688 730	3 688 730	
Total			**3 688 730**	**3 688 730**	
Short-term liabilities					
Short-term interest-bearing loans	A		220 698	220 698	
Trade payable	A		258 267	258 267	
Total			**478 965**	**478 965**	

Category:
A: Assets/liabilities at amortised cost
B: Assets/liabilities at fair value through profit and loss

*) The following hierarchy is used for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 9 – LOANS, MORTGAGES AND GUARANTEES

NOK (thousands)	2020	2019
Long-term interest bearing loans		
Bank loans	3 688 730	3 605 618
Borrowing costs	(43 726)	(47 704)
Total	**3 645 004**	**3 557 914**
Short-term interest bearing loans		
Bank loans	220 698	225 606
Borrowing costs	(14 647)	(14 647)
Total	**206 051**	**210 959**
Maturity dates down payment, interests and borrowing costs		
Within 1 year	190 332	207 330
From 2 to 5 years	4 060 680	3 288 348
Interest rate and currency rates as per 31.12. is used for calculating future amortisation and interests.		
Carrying amount of loans per currency:		
NOK	163 000	213 000
EUR	2 722 278	2 564 588
USD	853 260	878 030
Total long-term	**3 738 538**	**3 655 618**
USD - Drawdown revolving credit facility	170 652	175 606
CZK - car financing	238	
Total	**3 909 428**	**3 831 224**
Changes interest-bearing liabilities		
Per 01.01	3 831 224	2 849 610
Down payments	(50 968)	(50 000)
New loans		919 170
Car financing	238	
Loan in purchased business	968	
Drawdown revolving credit facility		175 606
Exchange differences on translation of loans in foreign currency	127 966	(63 162)
Per 31.12.	**3 909 428**	**3 831 224**

Per 31 December 2020, the loan is drawn in NOK, EUR and USD and is due in 2024. In 2019, the bank loan increased with USD 100 million and a drawdown of the revolving credit facility of USD 20 million, in connection with the purchase of the US entity 9to5 Seating. The borrowing costs are capitalised and expensed over the lifetime of the loan.

The assets pledged as security are all shares in some subsidiaries, and in addition, some properties are pledged.

The loan interests are floating and normally tied for three months at a time. The average interest rates in 2020 before margin was for the NOK-loan 0.91%, the EUR-loan 0% and USD-loan 0.75%. The interest rates correspond to the sum of relevant IBOR, and an interest margin based on the key figure NIBD/EBITDA, EBITDA/Total Net Finance Charges and an investment limit. The margin is set every quarter according to an incremental scale in relation to key performance indicators (covenants) achieved.

At the end of 2020, the Group had a total credit facility of NOK 4 104 468 thousand (NOK 4 012 480 thousand), consisting of bank debt of NOK 3 909 190 thousand (NOK 3 831 244 thousand) and an unused bank overdraft limit of NOK 195 278 thousand (NOK 195 000 thousand).

The bank overdraft facility is NOK 400 000 thousand, but parts have been converted into a guarantee framework. Available funds in the form of unused credit facilities and cash at bank per 31.12.20 amounted to NOK 1 013 990 thousand, which constitutes about 34.6% of the sales revenues (NOK 678 742 thousand in 2019). The Group is currently experiencing good profitability. The external borrowing carried out in the Group is based on the Group continuing to be profitable and solid. One goal is therefore to maintain the Group's profitability, and measures are continuously implemented to adapt cost levels to the changing income picture.

Besides the Group's strategy for future growth and profitability, the management specifically follows up the specific requirements stipulated in the agreement with the Group's main banker. Those parts of the business that particularly influence the development of these requirements (covenants) are subject to special follow up. In case of a decline in demand for Flokk's products, the Group has processes and contingency plans for rapid changes the activity levels, investments, and general expenses to secure covenant levels. Forecasts are reviewed frequently. The bank covenants are the ratios NIBD/EBITDA, EBITDA/Total Net Finance Charges, and an investment limit. Bank covenants are calculated at the end of every quarter but monitored on a monthly basis. A renegotiation of the bank agreement was completed in December 2020 with new levels of the NIBD/EBITDA covenant going forward. The company fulfilled the covenants in the loan agreement as at 31.12.2020.

NOTE 10 – PERSONNEL EXPENSES AND AUDITOR'S FEES

NOK (thousands)	1.1-31.12 2020	1.1-31.12 2019
Personnel expenses		
Salaries	686 950	728 033
Social security contributions	104 664	116 381
Pension expenses, see note 11	37 260	36 305
Other benefits	19 812	34 429
Total Personnel Expenses	**848 686**	**915 148**
Average number of full-time equivalent employees	2 023	2 622
The Group has received government grants related to the Covid-19 pandemic.		
Covid 19-support	46 540	
Received government grants are recognized in the income statement as a reduction in the personnel expenses.		
Loan to employees		
One employee was given a loan of USD 1 582 thousand in 2019. The loan is due on 26 November 2029 and free of interest. The amount is presented as non-current financial assets in the statement of financial position. No other loans have been provided to employees in the Group as of 31 December 2020.		
Audit fee - NOK (thousands) excl. VAT		
Audit fee	7 332	5 322
Other assurance fees	225	
Tax services fees	2 017	4 284
Other fees	1 131	900
Total	**10 705**	**10 506**

NOTE 11 – PENSIONS

The Group provides pension plans for all employees. The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pensions.

On 01.12.2012, the pension agreements of all Norwegian employees were changed from a defined benefit plan to a defined contribution plan. As of 01.12.2012, employees with partial disability still have a defined-benefit scheme, the main elements of which are 60% of final pay and a 30-year earning period. The scheme also covers survivors and full disability pension. As of 31.12.2020, the defined benefit plan covered no active and 16 retired members. The Group has not provided any guarantees to employees should National Insurance benefits change. The defined benefit plan have been funded by the accumulation of funds with an insurance company. The fund invests in shares, bonds, the capital market, real estate, and hedge funds. Future return is estimated based on historical return on these investments. The future return is uncertain and is dependent of interest level, development on the stock exchange and administration of the risks. The pension liability has been calculated using a straight-line pension-earning basis. Unrealised gains and losses resulting from changes in actuarial assumptions are distributed over the estimated remaining average pension-earning period.

The company's unsecured scheme comprises an agreement-based early retirement scheme (AFP) and a former President & CEO's pension agreement, which is financed via the company's operations. For the Group's companies in other countries, defined contribution pension plans for all employees are established. Provisions have been made for the Group's share of under-coverage of the old occupational pension scheme.

AFP is a benefit-based multi-employer plan in which the financing share attached to the premium is included as a defined contribution scheme. The own share linked to the scheme is booked as a cost on a current basis. The pension earning period coincides with the period of employment. The discount rate tracks the interest rate for government bonds.

The Group's employees in Switzerland have a pension scheme that falls under the provisions for defined benefit pension in accordance with IAS 19. The scheme includes all employees of Flokk AG. Pension funds are managed by a private pension fund which is independent of the companies. The Pension Fund has an independent board that is responsible for the sound management of the pension funds. The Pension Fund guarantees under Swiss law, a minimum return on funds. As of 31.12.2020, this scheme had 76 active and 120 retired members.

ASSUMPTIONS USED TO DETERMINE DEFINED BENEFIT OBLIGATIONS AS OF 31 DECEMBER

	2020		2019	
NOK (thousands)	**CH**	**NO**	**CH**	**NO**
Discount rate	0.15 %	1.50 %	0.25 %	1.80 %
Future salary increase	0.50 %	2.00 %	0.50 %	2.25 %
Future increase in G-multiplier		2.00 %		2.00 %
Future pension increases	0.00 %	0.00 %	0.00 %	0.70 %
Return on plan assets	0.90 %	5.60 %	3.40 %	6.10 %

Parameters such as salary growth, increase in the basic amount (G) and inflation are determined in accordance with recommendations in the different countries.
The mortality estimate is based on tables for the different countries that are as up to date as possible. In Norway, the K2013 life table is used. In Switzerland, the BVG2015 GT is used. The actuarial gains and losses are recognised in other comprehensive income and are essentially related to changes in economic assumptions.
Return on pension funds are expected to be on same level in 2021. Future returns are uncertain and dependent on interest rates, stock market fluctuations and risk management. Contributions to the pension scheme for 2020 are calculated to NOK 4 877 thousand.
For the Group's companies in other countries, defined contribution pension plans for all employees are established.

COMPONENTS OF NET PENSION COST

NOK (thousands)	2020 Covered	2020 Not covered	2019 Covered	2019 Not covered
Pension costs defined contribution plan	43 530		30 797	
Pension costs defined benefit plan	5 215		3 732	
Net pension costs	**48 744**		**34 530**	
Changes in gross pension obligation				
Pension obligations 1.1	477 496		441 200	108
Interest expenses on pension obligations	1 363		4 091	
Net change in social security expenses	6 330		4 742	
Contribution by plan participants	3 660		3 711	
Benefits paid during the year	(16 340)		(31 046)	
Administration costs	251		224	
Other	29 498		10 856	(108)
Actuarial gains/losses	28 517		43 718	
Pension obligations 31.12.	**530 775**		**477 496**	**0**
Changes in gross pension fund assets				
Pension plan assets (fair value) 1.1.	408 711		387 671	
Return on pension plan asset	1 168		3 580	
Premium payments	9 016		7 914	
Benefits paid during the year	(16 340)		(31 046)	
Other	26 839		11 240	
Actuarial gains/losses	3 326		29 351	
Pension plan assets (fair value) 31.12.	**432 720**		**408 711**	
Net pension plan assets/(-obligations)	**(98 056)**		**(68 785)**	**(108)**

WEIGHTED AVERAGE ASSET ALLOCATIONS AS OF 31 DECEMBER 2020, BY ASSET CATEGORY

Cash	14 %
Equity instruments	28 %
Debt instruments	47 %
Real estate	11 %
Other	1 %
Total	**100%**

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

NOK (thousands)	Land, buildings and other property	Machinery and equipment	Furniture and fittings [1]	Assets under construction	Total
Fiscal year 2019					
Carrying amount 01.01.19	253 096	118 379	133 176	63 958	568 609
Investments	5 337	2 071	21 118	121 796	150 322
Acquisitions through business combinations		8 226	12 794		21 020
Impairment, see note 26	(35 318)	(40 010)	(6 958)	(837)	(83 124)
Disposals	(1 380)	(1 045)	(587)		(3 012)
Transferred assets under construction	5 752	28 750	49 513	(84 917)	(902)
Reclassifications	(1 681)	(2 548)	(8 611)	(1 311)	(14 151)
Recognised as an expense		(594)	(5 701)	(2 256)	(8 551)
Depreciation	(14 701)	(27 816)	(39 841)		(82 358)
Translation differences	(1 419)	360	(535)	594	(1 000)
Carrying amount 31.12.19	**209 686**	**85 773**	**154 368**	**97 027**	**546 854**
Per 31.12.19					
Initial cost 31.12.19	528 426	780 663	670 683	97 027	2 076 799
Accumulated depreciations	(318 740)	(694 890)	(516 315)		(1 529 945)
Carrying amount 31.12.19	**209 686**	**85 773**	**154 368**	**97 027**	**546 854**
Fiscal year 2020					
Carrying amount 01.01.20	209 686	85 773	154 368	97 027	546 854
Investments	10 388	310	16 817	60 437	87 952
Acquisitions through business combinations		354	63		417
Disposals	(4 096)	(688)	(4 327)		(9 111)
Transferred assets under construction	10 037	16 506	18 343	(92 206)	(47 320)
Reclassifications	12 624	(4 331)	(19 684)	13 737	2 346
Recognised as an expense			(10 225)	(126)	(10 351)
Depreciation	(19 014)	(19 883)	(31 302)		(70 199)
Translation differences	7 005	1 755	5 507	2 546	16 813
Carrying amount 31.12.20	**226 630**	**79 796**	**129 560**	**81 415**	**517 401**
Per 31.12.20					
Initial cost 31.12.20	558 103	706 005	643 244	81 415	1 988 767
Accumulated depreciations	(331 473)	(626 209)	(513 684)		(1 471 366)
Carrying amount 31.12.20	**226 630**	**79 796**	**129 560**	**81 415**	**517 401**
Useful life	10-25 years	6-8 years	3-10 years		

The Group has property, plants and equipment in use that are fully depreciated.
1) In furniture and fittings, tools and fixtures for the production of the Group's products are included.

NOTE 13 – OTHER OPERATING EXPENSES

NOK (thousands)	1.1-31.12 2020	1.1-31.12 2019
Premises expenses	48 325	50 590
Marketing expenses	46 753	72 412
Travelling expenses	11 046	31 746
Fees	83 666	88 329
Business acquisition expenses	6 852	23 665
External freight expenses	176 314	144 904
Royalty	19 931	35 125
Car expenses	12 273	16 653
IT-expenses	46 792	39 527
Other operating expenses	113 502	43 610
Total other operating expenses	**565 454**	**546 561**

The Group has received government grants related to the Covid-19 pandemic.

Covid-19 support	3 870	

Received government grants are recognized in the income statement as a reduction in the operating expenses.

NOTE 14 – TAXES

The major components of income tax expense are:

NOK (thousands)	2020	2019
Taxes payable on this years result, Norway	7 776	163
Taxes payable on this years result, abroad	40 656	31 922
Changes in deferred tax and deferred tax benefit, Norway	(8 622)	24 164
Changes in deferred tax and deferred tax benefit, abroad and Group	15 316	(41 550)
Taxes previous years	3 863	3 114
Income tax expense reported in the income statement	**58 989**	**17 813**

Reconciliation of the Group's tax rate.
In the following table, reported taxes are reconciled with the tax expense based on the Norwegian tax rate of 22% (22% in 2019).
The main components are:

	2020	2019
Profit before tax	57 027	156 718
Norwegian tax rate (22%)	12 546	34 478
Change in assessment previous years [2]	25 293	(4 820)
Permanent differences	19 866	(8 350)
Effect of change in tax rate [1]	(26)	
Other: differences in tax rates, currency etc.	1 310	(3 494)
Income tax expense	**58 989**	**17 813**
Effective tax rate	**103 %**	**11 %**

1) The tax rate in Sweden changed from 21.4% to 20.8% from 01.01.2021. Revaluation of deferred tax is included in change in deferred tax and deferred tax benefit, abroad and Group.
2) The amount consists of changes in income tax expenses, deffered tax and expired tax loss carry forward.

Tax rates outside Norway that deviate from 22%:
The largest effects are related to 9to5 Seating LLC. (US 29.8%) and Flokk GmbH (Germany 30%) which have higher nominal tax rates than the nominal tax rate in Norway, while Flokk AG (Switzerland 19%) and Profim Sp. Z.o.o. (Poland 19%) have lower nominal tax rates. Effective tax rate in 2020 is negatively affected by Polish tax regulations for insurance payments.

NOK (thousands)	2020	2019
Deferred tax on temporary differences:		
Property, plant and equipment	(524 574)	(411 379)
Intangible assets	(142 536)	(68 420)
Current assets	10 180	27 362
Liabilities and other differences	250 265	75 979
Tax loss carried forward	228 448	256 039
Pension obligations not covered	97 440	68 785
Total temporary differences	**(80 777)**	**(51 634)**
Net deferred tax	**(9 681)**	**(5 535)**

Deferred tax are presented at gross value in the statement of financial position.

Deferred tax asset	155 765	113 390
Deferred tax	(165 446)	(118 925)
Net deferred tax	**(9 681)**	**(5 535)**

Deferred tax assets are mainly linked to temporary differences in non-current assets, intangible assets and tax losses carried forward. Deferred tax assets on tax losses carried forward are only capitalized to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used. If it is unlikely that future profits will be sufficient to absorb the tax-reducing temporary differences, deferred tax assets are not recognized. For the Group, all tax-reducing temporary differences have been recognized.

NOK (thousands)	2020	2019
Reconciliation of deferred tax		
Opening net balance as of 01.01.	(5 535)	34 078
Deferred tax acquired in business combinations	(1 729)	
Tax expense during the period recognised in comprehensive income	(6 694)	17 386
Tax expense during the period recognised in OCI	4 705	(2 653)
Reclassification in purchase price allocation, see note 3		(54 770)
Other: differences in tax rates, currency etc.	(429)	424
Closing net balance 31.12.	**(9 681)**	**(5 535)**
Reconciliation of taxes payable for the year ended 31.12.		
Current income tax charge	48 432	32 085
Tax payment, not settled	35 368	3 554
Prepaid income tax	(10 608)	(31 553)
Other changes	(3 424)	193
Closing balance 31.12.	**69 768**	**4 279**

NOTE 15 – INVENTORIES

The Groups's total inventories include the following:

NOK (thousands)	2020	2019
Raw materials	243 059	233 137
Work in progress	50 848	42 304
Finished products	84 395	61 142
Total inventories	**378 302**	**336 583**
Inventory movements, in house production	31 797	(11 457)
Provision for obsolete inventories	23 031	37 329

An assessment of realisable value was carried out after deducting selling costs. This resulted in a total write down in inventories as at 31 December 2020 of NOK 7 277 thousand (NOK 28 798 thousand in 2019. Of this amount, NOK 20 333 thousand refers to the fire incident at Profim). The amount is classified as cost of material. See note 26.

NOTE 16 – TRADE RECEIVABLES AND OTHER RECEIVABLES

NOK (thousands)	2020	2019
Carrying amount	387 520	405 927
Provisions for bad debt	8 609	4 133
Total trade receivables	**378 911**	**401 794**
Prepaid expenses	29 001	29 478
Deposits	553	1 052
Other receivables	7 656	155 437
Total other receivables per 31.12	**37 210**	**185 967**
Total receivables per 31.12	**416 121**	**587 761**
Change in provision for bad debt:		
Provision per 01.01.	4 133	6 837
Change in provision during the year	4 476	(2 704)
Provision per 31.12.	**8 609**	**4 133**
Realized losses	372	1 810

BREAKDOWN OF TRADE RECEIVABLES BY DUE DATE:

NOK (thousands)	2020	2019
Trade receivables not due	325 726	331 137
Overdue receivables 1-30 days	42 410	58 386
Overdue receivables 31-60 days	7 967	8 865
Overdue receivables over 60 days	11 417	7 539

Provisions are made for expected losses on receivables based on relevant information available at the time of reporting, including historical, current and future information in accordance with a simplified expected loss model. The provision is to be based on objective criteria. Further, the Group utilizes external and internal credit ratings, as well as a comprehensive assessment of each individual customer.

NOTE 17 – FINANCIAL ITEMS

NOK (thousands)	1.1-31.12 2020	1.1-31.12 2019
Financial income		
Interest income	1 801	2 026
Foreign exchange gain derivatives	62 982	16 874
Other foreign exchange gain[1]	1 603 823	456 606
Other financial income	17	168
Total	**1 668 623**	**475 674**
Financial expenses		
Interest expenses	190 908	124 938
Interest expense on lease liabilities	5 163	3 031
Foreign exchange loss derivatives	67 530	21 946
Other foreign exchange loss[1]	1 692 822	426 430
Other financial expenses	18 076	17 692
Total	**1 974 499**	**594 037**
Net financial income/(expense)	**(305 876)**	**(118 363)**

1) Includes currency deviation on loan in foreign currency, see note 9.

NOTE 18 – LIST OF GROUP COMPANIES

The following companies have been consolidated:

Company	Country of origin	Ownership %	Voting rights
Flokk Holding AS	Norway		
Flokk AS	Norway	100 %	100 %
Flokk USA Holding AS	Norway	100 %	100 %
Sundveien AS	Norway	100 %	100 %
Malmstolen AS	Norway	100 %	100 %
Trispin Acquico AB	Sweden	100 %	100 %
Flokk AB	Sweden	100 %	100 %
Fastighets AB Stolhuset	Sweden	100 %	100 %
Malmstolen AB	Sweden	100 %	100 %
Malmstolen Produktion AB	Sweden	100 %	100 %
OFFECCT AB	Sweden	100 %	100 %
Flokk A/S	Denmark	100 %	100 %
Flokk Holding ApS	Denmark	100 %	100 %
Flokk GmbH	Germany	100 %	100 %
Flokk Holding GmbH	Germany	100 %	100 %
Flokk B.V.	The Netherlands	100 %	100 %
Flokk Limited	UK	100 %	100 %
Flokk Sarl	France	100 %	100 %
Flokk AG	Switzerland	100 %	100 %
Flokk NV	Belgium	100 %	100 %
Flokk sp. z o.o. (former name: Profim sp. z o.o.)	Poland	100 %	100 %
Flokk Asia Pte Ltd	Singapore	100 %	100 %
Flokk Asia Pte Ltd, Hong Kong Branch	Hong Kong	100 %	100 %
Habitat Ltd	Hong Kong	95,45 %	95,45 %
Flokk Trading (Shanghai) Co., Ltd	China	100 %	100 %
Zhongshan Habitat Furniture Co. Ltd	China	100 %	100 %
Flokk Australia Pty Ltd	Australia	100 %	100 %
Flokk USA, Inc.	USA	100 %	100 %
Flokk USA Holding LLC	USA	100 %	100 %
9to5 Seating LLC	USA	95,45 %	95,45 %
Flokk Furniture Inc.	Canada	100 %	100 %
SIA Ring ChairTech Baltic	Latvia	100 %	100 %
Flokk Česko s.r.o.	Czech Republic	100 %	100 %

NOTE 19 – SHARE CAPITAL

As of 31 December 2020, Flokk Holding AS had a share capital of NOK 90 thousand divided into 30 shares with nominal value of NOK 3 thousand each. All ordinary Flokk shares have equal voting rights. There are no restrictions connected to trading the shares in Flokk Holding AS.

Overview of shareholder and number of shares outstanding in Flokk Holding AS as per 31 December 2020:

Shareholder	Share capital	No. of shares
Flokk Holding II AS	NOK 90 000	30
No. of outstanding shares per 31.12.19		30
No. of outstanding shares per 31.12.20		30

Triton and Innova are shareholders in Flokk Holding II AS (parent company) through their ownership in the company Spinnaker Bidco S.à.r.l. Management and Board of Directors are shareholders in Flokk Holding II AS (parent company) through their ownership in the companies Spinnaker Norway MipCo AS and Spinnaker Norway Mipco 2 AS. With the exception of the rights in § 7 in the company's articles of associations, the preference shares, preference B-shares and the ordinary shares give equal rights in the Flokk Holding II AS.

Overview of shareholders in Flokk Holding II AS as per 31 December 2020:

Shareholder	Ordinary shares	Preference shares	Preference B-shares
Spinnaker Bidco S.à.r.l.	21 272 728	2 515 375	100 000
Spinnaker Norway MipCo AS	3 439 924	84 000	
Spinnaker Norway MipCo 2 AS	2 461 165		
Total	**27 173 817**	**2 599 375**	**100 000**

NOTE 20 – EARNINGS PER SHARE

NOK (thousands)	2020	2019
Earnings per share	(101)	4 625
Diluted earnings per share	(101)	4 625
Profit for the year attributable to equity holders of the parent	(3 029)	138 737
Weighted average of number of shares outstanding	30	30
Weighted average of number of shares outstanding (diluted)	30	30

NOTE 21 – RELATED PARTIES

Note 19 provides information about the Group's structure, including details of the subsidiaries and the holding company.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See note 6 in the financial statements of Flokk Holding AS for further details.

The parent company, Flokk Holding II AS, owns shares in Flokk Holding AS which have been pledged as security for financing relating to Flokk Holding AS.

For compensation to key management personnel, please refer to note 25.

NOTE 22 – LEASES

The Group has adopted IFRS 16 Leases as of 1 January 2019. Prior to 2019, the Group held no assets classified as financial leases under IAS 17.
The Group's lease agreements mainly relate to the lease of buildings, machinery and equipment and vehicles.

RIGHT-OF-USE ASSETS
The Group leases several assets such as offices and other facilities, machinery and equipment and vehicles. The Group's right-of-use assets are categorised and presented in the table below:

NOK (thousands)				
Right-of-use assets	**Buildings**	**Machinery and equipment**	**Vehicles**	**Total**
Carrying amount of right-of-use assets 31.12.2019	**117 310**	**1 973**	**25 314**	**144 598**
Addition through acquisition	9 565			9 565
Additions	115 059	6 464	9 950	131 472
Depreciation for the year	(43 063)	(2 201)	(14 606)	(59 869)
Adjustments	(6 501)		(36)	(6 537)
Translation differences	4 249	71	917	5 237
Carrying amount of right-of-use assets 31.12.2020	**196 620**	**6 308**	**21 538**	**224 466**
Lower of lease term or useful life	0-72 years	0-5 years	0-5 years	
Depreciation method	Linear	Linear	Linear	

Lease term of useful life of buidlings are normally in the range of 5 10 year. The Group's production facility in Poland have a long term leasing agreement with a remaining life of 72 years.

Lease liabilities	**2020**	**2019**
Maturity analysis contractual undiscounted cash flows		
Less than 1 year	57 759	50 338
1-2 years	41 973	37 202
2-3 years	33 247	21 637
3-4 years	26 880	15 336
4-5 years	17 214	10 767
More than 5 years	81 096	27 025
Total undiscounted lease liabilities at 31.12.	**258 170**	**162 306**
Summary of the lease liabilities		
Total lease liabilities at 01.01.	146 483	97 955
New lease liabilities recognised in the year	133 141	87 643
Cash payments for the principal portion of the lease liability	(61 943)	(42 146)
Interest expense on lease liabilities	5 163	3 031
Currency translation differences	6 945	
Total lease liabilities at 31.12.	**229 789**	**146 483**
Current lease liabilities	57 690	49 459
Non-current lease liabilities	172 100	97 025
Total cash outflows for leases	**61 943**	**42 146**

The leases do not contain any restrictions on the Group's dividend policy or financing.
The Group does not have significant residual value guarantees related to its leases to disclose.

Summary of other lease expenses recognised in comprehensive income		
Variable lease payments expensed in the period		
Operating expenses in the period related to short-term leases (including short-term low value assets)	266	2 402
Operating expenses in the period related to low value assets (excluding short-term leases included above)		89
Total lease expenses included in other operating expenses	**266**	**2 491**

PRACTICAL EXPEDIENTS APPLIED
The Group also leases personal computers, IT equipment and machinery with contract terms of 1 to 3 years. The Group has elected to apply the practical expedient of low value assets for some of these leases and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The Group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases, presented in the table above.

VARIABLE LEASE PAYMENTS
In addition to the lease liabilities above, the Group is committed to pay variable lease payments for some of their leases. The variable lease payments are expensed as incurred and not included in lease liability.

EXTENSION OPTIONS
The Group's lease of buildings have lease terms that vary from 0 years to 72 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right.

PURCHASE OPTIONS
The Group leases machinery and equipment and vehicles with lease terms of 3 to 5 years. None of these contracts includes a right to purchase the assets at the end of the contract term.

NOTE 23 – WARRANTY PROVISIONS

NOK (thousands)	**2020**	**2019**
Balance 01.01.	11 798	13 368
Acquisition of a subsidiary	0	146
Provisions arising during the year	5 415	1 204
Provisions used	(5 857)	(2 920)
Translation difference	304	
Balance 31.12.	**11 660**	**11 798**

The Group has a provision of NOK 11 660 thousand for warranty claims per 31 December 2020 for chairs sold in the past five years. The warranty costs are estimated to be paid out over the next five years. Approximately 40% of the amount is expected to be paid out within one year.

The Group has a warranty period of 10 years on spare-parts for HÅG, RH and BMA products, and a warranty period of six years on RBM spare-parts. The Group has a three-year warranty period on products sold which are intended for 24/7 use.

The Group has a warranty period of five years on certain Profim products, specifically the Standard series and certain Classic products. For the remaining products in the Classic series, the Group has a warranty period of three years.

The 9to5 products have a lifetime warranty, with the exception of the @NCE Series, the Logic Plus Large Occupant series, and products with HD (Heavy Duty) options where the Group has a warranty period of five to 10 years.

NOTE 24 – OTHER SHORT-TERM LIABILITIES

NOK (thousands)	**2020**	**2019**
Accrued salary expenses	71 454	73 290
Other accrued expenses	120 361	155 517
Total other short-term liabilities	**191 815**	**228 807**

NOTE 25 – REMUNERATION TO EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

PAYMENTS TO EXECUTIVES

NOK 1000	CEO	Other members of Group Management[1]	Board
2019			
Board of Directors fee			1 278
Salaries	4 599	18 016	
Bonuses	900	4 182	
Other benefits	143	1 325	
Pension expenses	133	4 970	

[1] Eirk Kronkvist, Lillevi Ivarson, Christian Lodgaard, Frederik Fogstad, Trygve Aasland, Patrik Röstlund, Piotr Chełmiński, Trond Langeland, Rene Sitter

NOK 1000	CEO	Other members of Group Management[1]	Board
2020			
Board of Directors fee			1 827
Salaries	4 596	21 410	
Bonuses	360	1 522	
Other benefits	144	1 713	
Pension expenses	183	1 421	

[1] Eirk Kronkvist, Lillevi Ivarson, Christian Lodgaard, Frederik Fogstad, Trygve Aasland, Patrik Röstlund, Piotr Chełmiński, Trond Langeland, Rene Sitter, Jonas Allers Wismer

The CEO has an agreement for full pay for up to 24 months in the event of termination of employment by the company. There is no agreement for any remuneration in the event of the chair of the board leaving the position.
In accordance with the current bonus scheme for management and senior employees, the Group has accrued an amount of NOK 7 428 thousand in the statement of comprehensive income as of 31.12.20. The bonus will be due for payment in 2021. There are no option programmes or agreements of share-based payment in the company.

Shares owned by management and board members in the parent company Flokk Holding II AS through the company Spinnaker Norway MipCo AS pr. 31.12.20:	Ordinary shares	Preference shares
Group Management		
Lars Ivar Røiri (Røiri Invest AS)	400 000	10 000
Lillevi Ivarson (Tunset AS)	160 000	4 000
Eirik Kronkvist	80 000	2 000
Patrik Röstlund	80 000	2 000
René Sitter	80 000	2 000
Christian Lodgaard	48 000	1 200
Frederik Fogstad	16 000	400

Shares owned by management and board members in the parent company Flokk Holding II AS through the company Spinnaker Norway MipCo 2 AS pr. 31.12.20:	Ordinary shares	Preference shares
Board		
Aromi Invest Oy (Esko Mikael Aro)	255 000	4 500
Pernille Stafford	34 000	600
Kristine Landmark	7 095	558
Group Management		
Piotr Chełmiński	195 500	3 450
Frederik Fogstad	127 500	2 250
Cross Invest AS (Trygve Aasland)	127 500	2 250
Lars Ivar Røiri (Røiri Invest AS)	85 000	1 500
Patrik Röstlund	85 000	1 500
Christian Lodgaard	42 500	750
Jonas Allers Wismer	42 500	750
Trolan AS (Trond Langeland)	38 150	2 630

NOTE 26 – FIRE INCIDENT AT PROFIM

On the night of the 26th and 27th of November 2019, a fire erupted at the Profim production plant in Turek, Poland which resulted in the destruction of part of the production hall affecting the metal shop, paint shop and chrome department. All employees that were onsite in the area exposed by the fire were immediately evacuated and most importantly - no one was injured. There were several actions initiated to address the new situation and a crisis team was established involving all departments of the company. The main task assigned to the crisis team was to provide a recovery plan which included initiatives to immediately outsource services and components that were affected in the fire, initiate commercial activities to uphold market share and identify substitute products from other brands in the Group to offer to customers.

RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

NOK (thousands)	2020	2019
Other income [1]	88 025	146 771
Cost of labour	23 059	6 699
Impairment of property, plant and equipment, see note 12		83 124
Cost of materials, see note 15		20 333
Other costs	2 780	
Net effect on comprehensive income	**64 966**	**36 615**

1) Settlement from the insurance is classified as other income in the statement of comprehensive income.

NOTE 27 – EVENTS AFTER THE REPORTING DATE

No events have occurred after the balance sheet date, with or without accounting consequences, which are of such significance they could affect the presented accounts.

Impacts from the Covid-19 pandemic is expected to continue to affect the Group's results in 2021, especially during the first half of 2021. In second half of 2021, the Group expect to see increase in demand as more markets will return to a more normal level of business. In the start of 2021, there are several of the Group's markets where the authorities continue to have strict measures that will affect the Group's sales activities.

The financial plan for 2020-2023 was updated in August/September 2020 and take into account the anticipated effects from the Covid-19 pandemic. For 2020, the actual EBITA came in on the estimate for 2020. The start of 2021 follows the same trend for the financial outlook for 2021.

The Group's presentation currency and Flokk Holding AS' functional currency is NOK (Norwegian Krone). Since year-end 2019, the NOK depreciated significantly against most other currencies in March, before becoming more stable towards the end of 2020. In 2020, this currency fluctuation affected the statement of comprehensive income and consolidated statement of financial position. Please see note 8 and 9 for further information about Flokk Group's exposure and sensitivity related to changes in foreign exchange rates.

Flokk Holding AS – Income statement

NOK (thousands)	Notes	1.1-31.12.2020	1.1-31.12.2019
Personnel expenses	2	2 083	1 868
Other operating expenses	2, 10	6 567	17 109
Total operating expenses		**8 650**	**18 977**
Operating profit		**(8 650)**	**(18 977)**
Financial income	3	1 538 066	1 330 516
Financial expense	3	1 594 411	467 562
Net financial income/(expense)		**(56 345)**	**862 954**
Profit before tax		**(64 994)**	**843 977**
Taxes	4	(2 102)	24 576
Profit for the year		**(62 892)**	**819 401**
Information concerning:			
Transferred to other equity		(62 892)	819 401
Total distribution		(62 892)	819 401

Flokk Holding AS – Balance Sheet

NOK (thousands)	Notes	31.12.2020	31.12.2019
Assets			
Deferred tax benefit	4	14 406	5 371
Shares in subsidiaries	5	3 380 657	3 380 657
Loan to subsidiaries	6	2 141 329	2 073 658
Total non-current assets		**5 536 392**	**5 459 686**
Group receivables	6	202 386	145 572
Cashpool receivables	6	134 798	154 995
Other receivables		58 558	62 489
Total receivables		**395 742**	**363 056**
Cash and cash equivalents		569 965	149 986
Total current assets		**965 708**	**513 041**
Total assets		**6 502 100**	**5 972 728**
Equity and Liabilities			
Share capital	7	90	90
Share premium	7	755 720	755 720
Total paid-in equity		**755 810**	**755 810**
Retained earnings	7	970 283	1 033 175
Total equity		**1 726 093**	**1 788 986**
Long-term interest-bearing loans	8	3 688 538	3 605 618
Total long-term liabilities		**3 688 538**	**3 605 618**
Short-term interest-bearing loans	9	220 652	225 606
Taxes payable	9	9 007	2 074
Trade payable	9	649	448
Cashpool liabilities	6,9	820 564	332 370
Group payable	6,9	571	590
Other short-term liabilities	9	36 026	17 036
Total current liabilities		**1 087 469**	**578 124**
Total liabilities		**4 776 007**	**4 183 742**
Total equity and liabilities		**6 502 100**	**5 972 728**

31 December 2020
Oslo, 27 April 2021

Mikael Aro
Chairman of the Board

Thomas Hofvenstam
Board Member

Pernille Stafford-Bugg
Board Member

Joachim Espen
Board Member

Andrzej Bartos
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

Flokk Holding AS – Cash Flow Statement

NOK (thousands)	1.1-31.12 2020	1.1-31.12 2019
Profit before tax	(64 994)	843 977
Group contribution	(133 342)	(119 535)
Change in cashpool recevables	20 197	(154 995)
Change in cashpool liabilities	488 194	332 370
Change receivables	(43 026)	104 313
Change in payables	182	(1 081)
Change in other provisions	93 890	(7 235)
Cash flow from operating activities	**361 100**	**997 814**
Loan to subsidiary	(11 049)	(1 031 498)
Proceeds from borrowings	393	898 403
Down payment of interest-bearing loans	(50 000)	(50 000)
Net change in bank overdraft		107 408
Group contribution received	119 535	37 624
Dividends and loan subsidiaries		(827 927)
Cash flow from financing activities	**58 879**	**(865 990)**
Cash flow for the year	419 979	131 824
Cash and cash equivalents at 01.01	149 986	18 162
Cash and cash equivalents and cashpool deposit at 31.12	**569 965**	**149 986**
Specification:		
Bank deposits at 31.12	556	54 762
Cash pool deposits at 31.12	569 409	95 223

Notes – Flokk Holding AS

NOTE 1 – ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the provisions of the Accounting Act and good accounting practice in Norway. The company was founded on 28.04.2014.

USE OF ESTIMATES

The management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, as well as assets and liabilities that are uncertain on the balance sheet date, in the preparation of the annual accounts pursuant to good accounting practice.

CURRENCY

Transactions in foreign currencies are translated at the exchange rate at the time of the transaction. Monetary items in foreign currencies are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items measured at the historic exchange rate expressed in foreign currency are translated to NOK using the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate set on the balance sheet date. Foreign currency changes are recognised through profit and loss during the accounting period.

TAX

Tax consists of payable tax and changes in deferred tax. Deferred tax/tax assets are calculated for all differences between the accounting and tax related values of assets and liabilities. Deferred tax is calculated using 22% of the basis of the temporary differences that exist between accounting and tax related values, as well as the tax related deficit that can be carried forward at the end of the accounting year. Net deferred tax assets are recognised to the extent it is probable they can be used in the future.

Payable tax and deferred tax are recognised directly against equity to the extent that the tax items relate to equity transactions.

CLASSIFICATION AND STATING OF BALANCE SHEET ITEMS

Current assets and current liabilities encompass items that fall due for payment within one year of the acquisition date, and items linked to the product cycle. Other items are classified as non-current assets/non-current liabilities.

Current assets are stated at the lower of cost and fair value. Current liabilities are recognised at their nominal amount on the date they were established.

Non-current assets are stated at acquisition cost less depreciation and write-downs. Non-current liabilities are recognised in the balance sheet at their nominal amount on the date they were established.

SUBSIDIARIES/ASSOCIATED COMPANIES

Subsidiaries and associated companies are valued in accordance with the cost method in the financial statements. Investments are stated at the cost of the shares unless they have had to be written down. They are written down to fair value when the fall in value is due to causes that it cannot be assumed will be transient and this is regarded as necessary pursuant to good accounting practice. Impairment charges are reversed when the basis for impairment not longer exists.

Dividends, group contributions and other contributions are recognised in the same year they are allocated in the subsidiary. If dividends/group contributions exceed the post-acquisition detained share of earnings, the excess amount represents repaid invested capital and distributions are deducted from the value of the investment recognised in the balance sheet of the parent company.

RECEIVABLES

Trade and other receivables are stated in the balance sheet at their nominal value less provisions for expected bad debts. Bad debt provisions are made on the basis of individual assessments of the individual receivables. In addition to this an unspecified provision is made to cover expected bad debts from other trade receivables.

CASH FLOW STATEMENT

The cash flow statement was prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid placements.

The Group has a group account system where Flokk Holding AS is the group account holder. The bank can settle each move and balance against each other so that the net position represents the balance between the bank and Flokk Holding AS.
The entire amount in the group account system is presented as cash and cash equivalents. The sub-account holders' deposits/deductions are presented as cash pool receivables and cash pool liabilities. In the cash flow, this is separated out on a separate line.

CONSOLIDATION

Flokk Holding AS is 100% owned by Flokk Holding II AS. The Group's supreme parent company is Spinnaker Holdco S.á.r.l. (former Triton IV No. 10 S.á.r.l.), an investment company registered in Luxembourg. Flokk Holding presents the consolidated financial statements for the Group. The consolidated financial statements can be obtained upon request to Flokk Holding, Drammensveien 145, 0277 Oslo.

NOTE 2 – OPERATING EXPENSES

NOK (thousands)	2020	2019
Fees auditor	2 429	3 293
Fees consultancy	2 223	9 800
Financial and legal consultancy	1 752	3 470
Provision directors' fee	2 083	1 868
Other operating expenses	163	546
Total operating expenses	**8 650**	**18 977**

NOTE 3 – AGGREGATED FINANCIAL INCOME/EXPENSE

NOK (thousands)	2020	2019
Financial income		
Interest income	84 979	24 948
Foreign exchange gain	1 319 745	356 166
Group contribution	133 342	119 535
Other financial income		829 867
Total	**1 538 066**	**1 330 516**
Financial expense		
Interest expense	188 042	122 828
Foreign exchange loss	1 390 632	328 063
Other financial expenses	15 737	16 671
Total	**1 594 411**	**467 562**

NOTE 4 – TAXES

NOK (thousands)	2020	2019
Taxes payable this years result	6 933	
Change deferred tax	(9 035)	22 502
Change previous years		2 074
Income tax expense	**(2 102)**	**24 576**
Profit before tax	(198 337)	724 442
Group contribution	133 342	119 535
Permanent differences		18 844
Received dividend		(827 927)
Tax loss carried forward		(91 566)
Change temporary differences	3 950	(10 715)
Interest deduction carried forward	92 558	
Basis for taxes payable	31 514	(67 388)
22% taxes payable	**6 933**	**0**
Profit before tax	(64 994)	843 977
22% taxes	(14 299)	185 675
Taxes due to:		
Permanent differences		(163 173)
Change previous years	12 197	2 074
Income tax expense reported in the income statement	**(2 102)**	**24 576**
Specification of the basis of deferred taxes		
Temporary differences included in the provision for deferred taxes:		
Borrowing costs	(58 401)	(62 351)
Tax loss carried forward	31 326	86 767
Unutilized interest deductibility	92 558	
Total temporary differences	**65 483**	**24 415**
Net deferred tax	**14 406**	**5 371**
Deferred tax and deferred tax benefit are booked as gross value in the balance sheet statement.		
Deferred tax benefit	27 255	19 089
Deferred tax	(12 848)	(13 717)
Total	**14 406**	**5 371**

Flokk Holding AS is a holding company that receives Group contribution.
Deferred tax benefit is capitalized and will be utilized against future Group contributions.

NOTE 5 – SHARES IN SUBSIDIARIES

Company	Business location	Time of acquisition	Ownership	Company's share	Booked value	Equity	Profit for the year
Trispin Acquico AB	Stockholm	2014	100 %	100 %	942 240	3 013	(24 098)
Flokk AS	Oslo	2016	100 %	100 %	2 438 417	1 182 372	53 925
Total					**3 380 657**		

Equity and profit for the year are from the last approved annual accounts. The profit is after tax and Group contribution.

A capital increase was approved at the extraordinary general meeting on 02.12.20 in Flokk AS. The purpose of the capital increase was to establish Flokk Ltd. and Flokk Sarl as subsidiaries of Flokk AS. The sole shareholder Flokk Holding AS, used their shares in Flokk Ltd. and Flokk Sarl as a contribution in kind in exchange for compensation by increasing the nominal value of the existing shares in Flokk AS. Total book value of the share contribution in kind was NOK 30 325 197.

NOTE 6 – RECEIVABLES AND DEBTS WITH COMPANIES WITHIN THE SAME GROUP AND WITH RELATED COMPANIES

RECEIVABLES

NOK (thousands)	2020	2019	2020	2019	2020	2019	2020	2019
	Flokk AS		Flokk BV		Flokk Holding GmbH		Flokk NV	
Loan to subsidiaries	274 367	263 258			113 372	106 805		
Accrued interest loan	4 909	9 149			3 851			
Group receivables								
Cashpool receivables			132 609	144 244				3 394
Group contribution	128 491	114 930						
Total	**407 767**	**387 338**	**132 609**	**144 244**	**117 223**	**106 805**		**3 394**
	Flokk AB		Malmstolen AB		Offecct AB		Flokk Holding ApS	
Loan to subsidiaries							105 000	98 515
Accrued interest loan							2 027	167
Group receivables								
Cashpool receivables		4 632		1		2 724	2 190	
Group contribution								
Total		**4 632**		**1**		**2 724**	**109 216**	**98 682**
	Sia Ring Chairtech		Flokk USA Holding LLC		Sundveien AS			
Loan to subsidiaries	570		998 337	1 017 220				
Accrued interest loan			20 112	6 021				
Group receivables			25 683					
Cashpool receivables								
Group contribution					4 851	4 605		
Total	**570**		**1 044 131**	**1 023 241**	**4 851**	**4 605**		
	Trispin Acquico AB		Flokk Holding II AS		Total			
Loan to subsidiaries	649 683	587 859			2 141 329	2 073 658		
Accrued interest loan	12 094	9 057			42 991	24 394		
Group receivables			370	1 643	26 052	1 643		
Cashpool receivables					134 798	154 995		
Group contribution					133 342	119 535		
Total	**661 777**	**596 916**	**370**	**1 643**	**2 478 513**	**2 374 225**		

LIABILITIES

NOK (thousands)	2020	2019	2020	2019	2020	2019	2020	2019
	Flokk AS		Flokk BV		Flokk GmbH		Flokk Holding GmbH	
Group payable	571	590						
Cashpool liabilites	105 665	40 632	83 535	95 344	42 132	18 153	8	
Total	**106 236**	**41 222**	**83 535**	**95 344**	**42 132**	**18 153**	**8**	
	Flokk NV		Flokk AB		Flokk Sarl		Flokk Ltd	
Group payable								
Cashpool liabilites	8 294		56 945		7 657	7 356	47 263	27 363
Total	**8 294**		**56 945**		**7 657**	**7 356**	**47 263**	**27 363**
	Flokk A/S		Malmstolen AB		Offecct AB		Flokk sp. z.o.o.	
Group payable								
Cashpool liabilites	31 033	10 245	18 979		7 232		278 382	
Total	**31 033**	**10 245**	**18 979**		**7 232**		**278 382**	
	Sundveien AS		Fastighet AB Stolhuset		Trispin Acquico AB		Total	
Group payable							571	590
Cashpool liabilites	12 755	11 681	11 041	5 687	109 645	115 909	820 564	332 370
Total	**12 755**	**11 681**	**11 041**	**5 687**	**109 645**	**115 909**	**821 134**	**332 960**

The Group has a group account system where Flokk Holding AS is the group account holder. The bank can settle each move and balance against each other so that the net position represents the balance between the bank and Flokk Holding AS.

As from 31.12.19, the total amount in the group account system is presented as cash and cash equivalents, and the sub-account holders' deposits/deductions are presented as cash pool receivables/cash pool liabilities. Previous years, Flokk Holding AS presented its deposit as cash and cash equivalents and its decuctions as short-term interest-bearing loans.

NOTE 7 – EQUITY

NOK (thousands)	Share capital	Share premium	Retained earnings	Total equity
Equity per 31.12.2019	**90**	**755 720**	**1 033 175**	**1 788 986**
Profit for the year			(62 892)	(62 892)
Equity per 31.12.2020	**90**	**755 720**	**970 283**	**1 726 093**

The share capital is NOK 90 000, divided into 30 shares with a nominal value of NOK 3 000. Flokk Holding AS has one class of shares and each share carries one vote.

Shareholders in Flokk Holding AS at year end	No. of shares
Flokk Holding II AS	30

NOTE 8 – RECEIVABLES AND LIABILITIES

NOK (thousands)	2020	2019
Long-term liabilities with maturity later than 1 year		
Bank loan	3 688 538	3 605 618
Total	**3 688 538**	**3 605 618**
Loans secured by mortgage	3 738 538	3 655 618
Assets mortgaged		
Shares	3 380 657	3 380 657

Per 31 December 2020, the loan is drawn in NOK, EUR and USD and is due in 2024. In 2019, the bank loan increased with USD 100 million and a draw down of the revolving credit facility of USD 20 million, in connection with the purchase of the US entity 9to5 Seating. The borrowing costs are capitalised and expensed over the lifetime of the loan.

The interest is variable and normally tied for three months at a time. The average interest rates in 2020 before margin was for the NOK-loan 0.91%, the EUR-loan 0% and USD-loan 0.75%. The interest rates correspond to the sum of relevant IBOR and an interest margin based on the key figure NIBD/EBITDA, EBITDA/Total Net Finance Charges and an investment limit. The margin is set every quarter according to an incremental scale in relation to key performance indicators (covenants) achieved. The company fulfilled the covenants in the loan agreement as at 31.12.2020.

At the end of 2020, the company had a total credit line of NOK 4 104,5 million, consisting of bank loan of NOK 3 738,5 million, bank overdraft of NOK 170,7 million and an unused bank overdraft limit of NOK 195,3 million.

NOTE 9 – CURRENT LIABILITIES

NOK (thousands)	2020	2019
Short-term interest-bearing loans	220 652	225 606
Group payable	571	590
Cashpool liabilities	820 564	332 370
Trade payable	649	448
Taxes payable	6 933	
Taxes previous year	2 074	2 074
Other short-term liabilities	36 026	17 036
Total current liabilities	**1 087 469**	**578 124**

NOTE 10 – AUDIT FEES AND DIRECTORS' FEE

There are no employees in Flokk Holding AS. The company is not obliged to have compulsory collective pension plans according to the Norwegian law of compulsory collective pension.

NOK (thousands)	2020	2019
Auditor (excl. VAT)		
Audit fee	957	694
Audit related consultancy services	1 401	2 560
Tax consultancy fee	72	39
Directors' fee		
Directors' fee paid out in 2020	1 827	1 278

NOTE 11 – EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date, with or without accounting consequences, which are of such significance they could affect the presented accounts.

Referring also to note 27 in the consolidated financial statements.

The annual financial statements were approved by the Board of Flokk Holding AS on the 27 April 2021.

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Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Flokk Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Flokk Holding AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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 management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial

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Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

EY
Building a better working world

3

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' concerning the financial statements, the going concern assumption, and proposal for the 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 27 April 2021
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

Independent auditor's report - Flokk Holding AS

A member firm of Ernst & Young Global Limited

The Environment and Corporate Social Responsibility

Flokk has had a strategic focus on sustainability for nearly 40 years. We have always led the way in our industry through the development, production and promotion of sustainable products and efficient operation of our production sites and value chains.

We aspire to be an environmentally conscious market leader whose circular products, services and processes are resource and energy efficient, generate minimum greenhouse gas emissions, do not present a risk to health or the environment and result in minimal waste generation. We are committed to our ongoing efforts with a focus on climate, resources and health to minimize the total environmental impact of the Group. And as our company is constantly growing, we see also through acquisitions the opportunity to scale these efforts. This will strengthen our power and ability further, to make an even greater difference.

For the brands that were part of Flokk in 2015, we have managed to reduce the energy consumed per unit by 23% to date. Even as the number of units produced increased by 20% in that same period. We see a positive trend in reaching the long-term target of an average of 60% recycled materials in our products. The focus going forward will be for Flokk to continue to improve and continue to grow as a pioneer within sustainability, working with both internal and external value chains. We will impose even stricter environmental requirements on all our suppliers, who must also submit to our ethical guidelines, which include human rights, working conditions, bribery, corruption and animal welfare.

We are highly aware of our responsibility as a producer beyond merely generating profits from selling smart seating solutions. With ESG at the core of our strategy, we wish to be a responsible social operator and to preserve natural resources and the people involved – by helping to protect people's rights, health and wellbeing, taking care of our common environment and practicing corporate social responsibility.

Flokk has a clear corporate identity and a positive reputation. We urge our employees to be good ambassadors for the company by conducting themselves in an ethical and responsible manner, with consideration of external stakeholders and the society in which we operate. These attitudes must be apparent in everything we do, throughout our value chain, from the sourcing of raw materials and product development, through sales, production, after-sales service and end-of-use.

Lars I. Røiri
Chief Executive Officer

Materiality and Boundaries

One important element of our sustainability report is to determine the topics on which it is relevant for us to communicate to our stakeholders. These are topics which reflect Flokk's significant economic, environmental or social impacts. Part of this work is to focus on identifying both internal and external viewpoints and inputs over time. We must adapt to the increased impact from the growth of our organisation, but also to a rapidly changing society and legislation, with requirements and expectations that are increasing in line with greater public awareness in every market.

MATERIALITY ANALYSIS

Flokk's materiality analysis is calibrated annually by Flokk management, based on an extensive internal survey and an external desktop analysis done late 2018. An updated internal survey reflecting the effects of Covid 19 is planned to be distributed in 2021.

The materiality assessment cycle defines an updated set of significant topics, for both the company and external stakeholders.

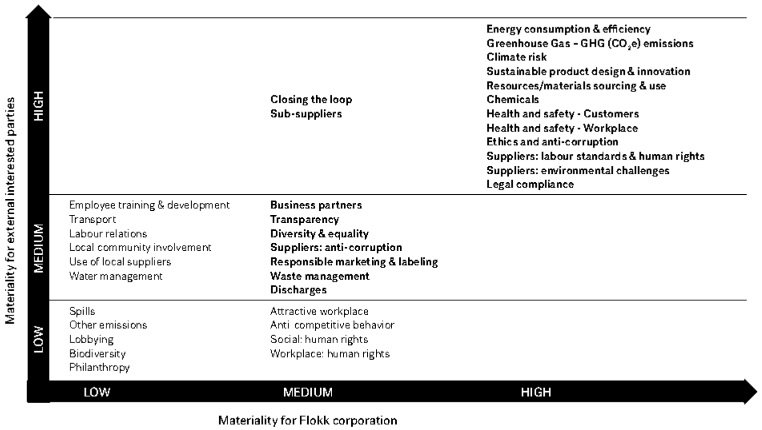
REPORT SCOPE

In this years' sustainability report, Profim, Offecct, Malmstolen and 9to5 Seating are not covered. The largest workplaces covered by this report are the factories at Røros, in Nässjö, Koblenz and the head office in Oslo.

The report presents primary data concerning 100% of the workforce in Flokk's integrated brands in Norway, Sweden, the Netherlands, Switzerland, Denmark, Germany, Belgium, France, the UK, China, Singapore, Australia, Canada and the USA.

Important topics for the report

- The environment – background, management and strategy
- Climate – Energy consumption and efficiency, Greenhouse gas - GHG (CO_2e) emissions
- Climate risk
- Resources – materials, waste and closed loop
- Chemicals – products, production and suppliers
- Health and safety – customer and workplace
- Ethical guidelines – code of conduct, anti-bribery & corruption
- Responsible supply chain – human rights and transparency
- Product design – liability and certification



In the Materiality matrix, all relevant topics related to sustainability are present, classified in order of materiality for Flokk and external interested parties. The significant topics (high high) are reported directly in accordance with guidelines from the GRI Standards.

Stakeholders – Dialogue

Collaboration among stakeholders across our complete value chain is essential for us to fulfill our high ambitions on sustainability, human factors & aesthetic innovation. We systematically accumulate knowledge through various channels. We consider what is expected of us and our deliveries, and what impact our products, our production and operations have on internal and external stakeholders.

Our stakeholders are entities or people throughout the value chain who have an impact on our business and operations, or who are affected by our activities, products and services, with the risks and opportunities inherent therein:

- Owners
- The Board and Group Management
- Colleagues and new employees
- Trade unions
- Consultants
- Customers - dealers, importers, end users
- Competitors
- Local communities
- Suppliers and transporters
- NGOs and organisations
- Authorities
- Industry associations
- Academia

INVOLVEMENT IN ORGANISATIONS

We are active members and contributors of:

- The Confederation of Norwegian Enterprise (NHO) through the trade association the Federation of Norwegian Industries, Furniture & Interiors – Furniture Committee, of which our CEO, Lars I. Røiri, is deputy member of the Board
- Through NHO, member of the German federation of furniture manufacturers, BSO, and the European Furniture Industries Confederation (EFIC)
- Norwegian Rooms furniture cluster, of which our VP Group Marketing, Marianne Otterdahl Møller, is a Board member, and where our VP Sustainability, Atle Thiis-Messel, participates in their Expert group for sustainability and circular business models
- The revision of the EN 1335 standard for office furniture at national and European level
- Various local & regional bodies round our production facilities

Involvement in projects

Project	Goal / Findings	Partners	Timeline
POCOplast	Collaboration to utilize post consumer plastics in aquaculture before lost in nature, value chain focus	NCE Aquatech, Bellona, Plasto, Empower, NOPREC, SINTEF	2020 →
Adapt AI	Process development for upstream Aluminium production, to enable higher post consumer recycled content while maintaining mechanical properties & downstream processing needs	Norsk Hydro ASA, SINTEF, Raufoss Technology AS, IDT AS	2020 2023
Circular textiles ecosystem	Circular textile solutions for seating application	RISE, Volvo, Artex, Bogesunds + 8 additional partners	2020 2021
InCharge	Remote charging for IOT applications	SINTEF, Nordic Semiconductors, Cisco	2019 2021
Circular building components	Product as a service offering and contract structure for "as a service" models towards commercial real estate companies	Selvaag Eiendom, Signify, IARK + 5 more companies	2019 2020
Circular Seating	Circular product development Improved post consumer recycled materials	SINTEF w/ funding from the Research Council of Norway	2018 2020
Leading in Environment & Quality	Tackle sustainability challenges Increase our competitive strength	Federation of Norwegian Industries + 22 companies	2017 →
Circular Furniture Flow	Confirmed our lead in circular product design & identified areas that need development to commercialise circular business models	White, Input, Vasakronan + 30 stakeholders within Swedish furniture industry	2016 2019

Stakeholder Matrix

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency	Key topics 2020	Response
INTERNAL			INTERNAL	
Owners	Private equity firm Triton AB's purpose is to achieve the greatest possible return on investment by creating sustainable, long term value in their portfolio companies, through changing economic cycles.	Triton maintains a clear, structured dialogue with Flokk through monthly video calls, quarterly performance reviews and an annual ESG forum. Flokk reports to Triton on key ESG KPI's biannually.	Three highlights from Triton's ESG agenda in 2020: A Reduction in energy consumption and comply with the European Energy Efficiency Directive (EED) B Include add ons in ESG program C Reduce numbers of recordable work related injuries	A Flokk reports energy consumption and carbon emission to Triton, complies with EED through ISO 50001 B ESG responsible person appointed at Turek C Managed to keep at same level as 2019 (8)
The Board and Group Management	The Board strives to ensure that the company acts ethically in all parts of the organisation and throughout the value chain.	Bimonthly Board meetings, attended by CEO, CFO, and other members of Group Management (GM) when relevant. The Board only works with the company via GM. Flokk has established a 'risk, environment, energy and quality' (REQ/ESG) forum meeting two to four times a year. ISO Management Review is integrated in the ESG agenda, in which VP Sustainability reports on status to GM.	Innovation, digitalization, brand strategies for acquired brands, strategic governance. Market communication of environmental benefits. Preparations for ISO 50001:2018 audit in Germany sales and service offices for the first time.	Raised level of innovation in portfolio development, including key sustainability topics. Continued migration of post consumer recycled material in component production. A continuous surge in marketing communication on sustainability for 2020. Flokk was ISO 50001:2018 audited in February'2021.
Employees and trade unions	Flokk employees influence the company through their productivity, creativity, competence and involvement. Flokk as a company influence its employees through personal development activities, compensation & benefit schemes, general working conditions as well as the company culture. Additionally, Flokk influences the employees' immediate environment: family, friends etc.	The employees are heard via various formal bodies linked to the trade unions, Board work, working environment committees, Corporate Executive Council etc. Our corporate culture is characterized by dialogue, transparency, trust and mutual respect. All employees have a biannual personal development talk, setting objectives and personal development goals all linked to Flokk strategy and the department's action plan.	Due to the Covid 19 pandemic, main focus in 2020 has been operations and reducing the impact of Covid 19. Flokk has cooperated well with the Unions and together we have found good solutions. Many of our employees have been on temporary layoff resulting postponement of plans. As an example is our working climate survey, which was planned for 2020, but has been postponed to 2021. Despite this we managed to launch our new learning management system Learning@Flokk, where all employees have access and can do mandatory and voluntary training programs, such as training in our code of conduct.	We emphasize keeping our employees updated on business status, important decisions and progress in relation to goals. We have monthly newsletters for all employees at Røros and Nässjö sites. Regular General Meetings take place four times a year, and departmental meetings are held at least every second month. In addition, Monthly Highlights of the value chain main activities is published.
EXTERNAL			EXTERNAL	
Customers - dealers, importers, end users	Flokk has three main customer groups: dealers, importers and end users. Dealers represent the public face of the company vis à vis end customers and users, and exercise considerable influence over the company's reputation.	Customer Survey was distributed to our dealers in 2019, findings to be processed Q2'2020. Environmental issues were covered this year, including environmental aspects on packaging, transportation, services to prolong life time and end of life handling.	Processing results from 2019 survey. Highest score: «Do Customer Service have enough product knowledge?». Lowest score: «How Solution oriented are your Customer Service team?» & «Is it easy to do business with Flokk?». Improvement area in general: transport & logistics and information about how to ensure recycling of our products end of life. Feasibility study on automatically intelligence (AI) proposal for streamlining the order entry.	Working on the 2019 survey results, continue work in 2021 and implement improvement actions. Update of CRM system with easier and better access to measurements of service level. AI ordering solution decided not suitable enough regarding many languages to be covered in Flokk (orders from dealers on local language). Project closed, will settle higher focus on Flokk HUB. Roll out plan pr market is settled for this.
Suppliers and their workers	Develop suppliers through a close cooperation. Focus on improving Low performing suppliers, increase business with High performing suppliers. Supplier Performance include Quality, Delivery, Risk (including environment and CSR) and Cost, and are key elements of strategic decisions and executions.	Meetings with key suppliers are held at least 2 times per year: Review performance, improvements and opportunities. Supplier Performance and risks are internally followed up monthly. As soon as a supplier is identified as a low performing supplier, we target this supplier to increase performance with a higher frequency of follow ups, and new business might be put on hold.	Main activity for 2020 was to reduce risk by monitoring the Covid 19 pandemic situation and how it might influence us and our suppliers. 2020 has also been influenced by integrating Malmstolen and its suppliers to our production in Nässjö.	This resulted in us acquiring one of our mechanism suppliers to our RH brand and to implement a strategy to use dual sourcing for sewing activities we presently have at LTP.
Local communities	Flokk is an important employer in several local communities and contribute accordingly. Through this we participate in the development of the business sector in the regions.	There is close cooperation on matters that affect the communities and the company. The company holds important positions, and actively participates in municipal and local business sector projects. It is important for Flokk to show engagement and act as a responsible business partner.	Flokk has contributed financially to culture and sports projects in the local communities, in addition to the statutory taxes and duties.	Flokk is a member of the Norwegian Mass Customization Cluster at Røros, Norway's leading professional environment in mass customization production. Flokk has of today the chairman of the Board. In Nässjö, sustainability and social development have been focused in several projects.
NGOs and organisations	Flokk is a member of the Ethical Trading Initiative Norway (IEH / ETIN) and collaborates with environmental organisations as needed. We support Hold Norge Rent through membership.	Representatives of the purchasing and sustainability departments are invited to seminars and courses run by IEH. We actively participate in the environmental foundation ZERO's Fossil Free plastics forum.	IEH has high focus on gaining control of a responsible supply chain in our dialogues. In 2020, we continued to work with, and financially support, ZERO on surveying potential and possible solutions of fossil free plastics.	Our annual reporting to IEH is integrated in this corporate sustainability report. We share our experience on increasing use of post consumer recycled plastics with ZERO's Fossil Free plastics forum.
Industry associations	A The Confederation o f Norwegian Enterprise (NHO), Furniture & Interiors. B Norwegian Rooms furniture cluster.	A Annual General Meetings, Board meetings. B Board member in the cluster, quarterly Board meetings.	A Pilot member of "Leading on Environment and Quality" project. EPD practice improvement. Position statements ahead of EFIC sessions (through NHO). B Downstream innovation, circular economy.	A Promotion of best practice for environmental criteria when purchasing office furniture, through EPDs. B Tailored academic training on MBA level for 5 employees

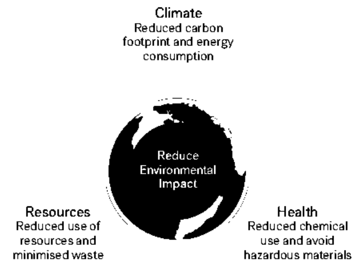
The Environment – Background

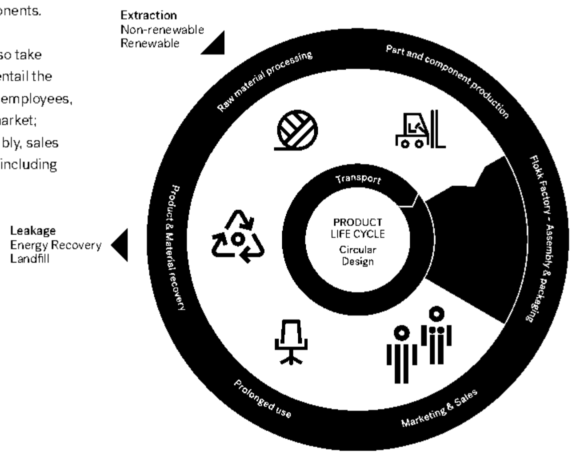
Sustainability has been a high priority for the company for nearly 40 years. In 1990, we were the first company in Norway to employ a full-time environmental manager – long before customers and the general public showed an interest in the environmental performance of companies and products in general. Early on, we established our three focus areas – climate, resources and health. Flokk have several milestones as sustainable pioneers; the first office chair producer in Europe to be ISO 14001 certified (1999), and the first office chair producer in the world to declare products with EPDs – Environmental Product Declarations (2004), and to obtain the Nordic Swan Ecolabel (2010). Over the last years, we have grown to become the office seating market leader in Europe, and we are now able to scale our ongoing efforts to reduce our impact, and thus make a significant difference.

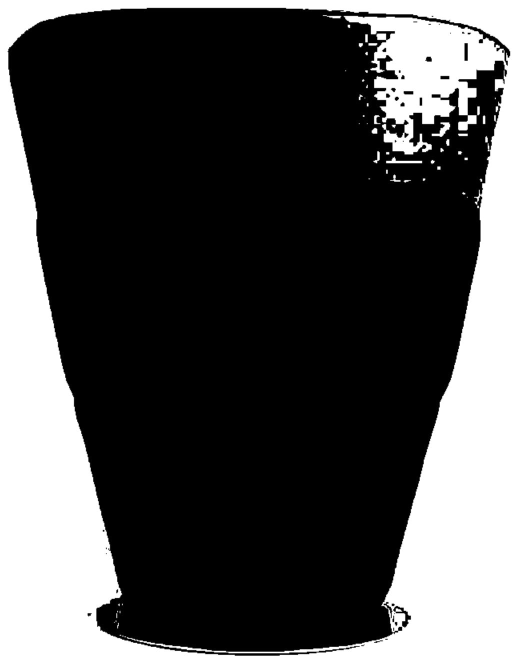
THE ENTIRE LIFE CYCLE COUNTS
Our environmental impact is one way or the other linked to all the people and entities involved, so we keep our focus throughout the entire value chain.

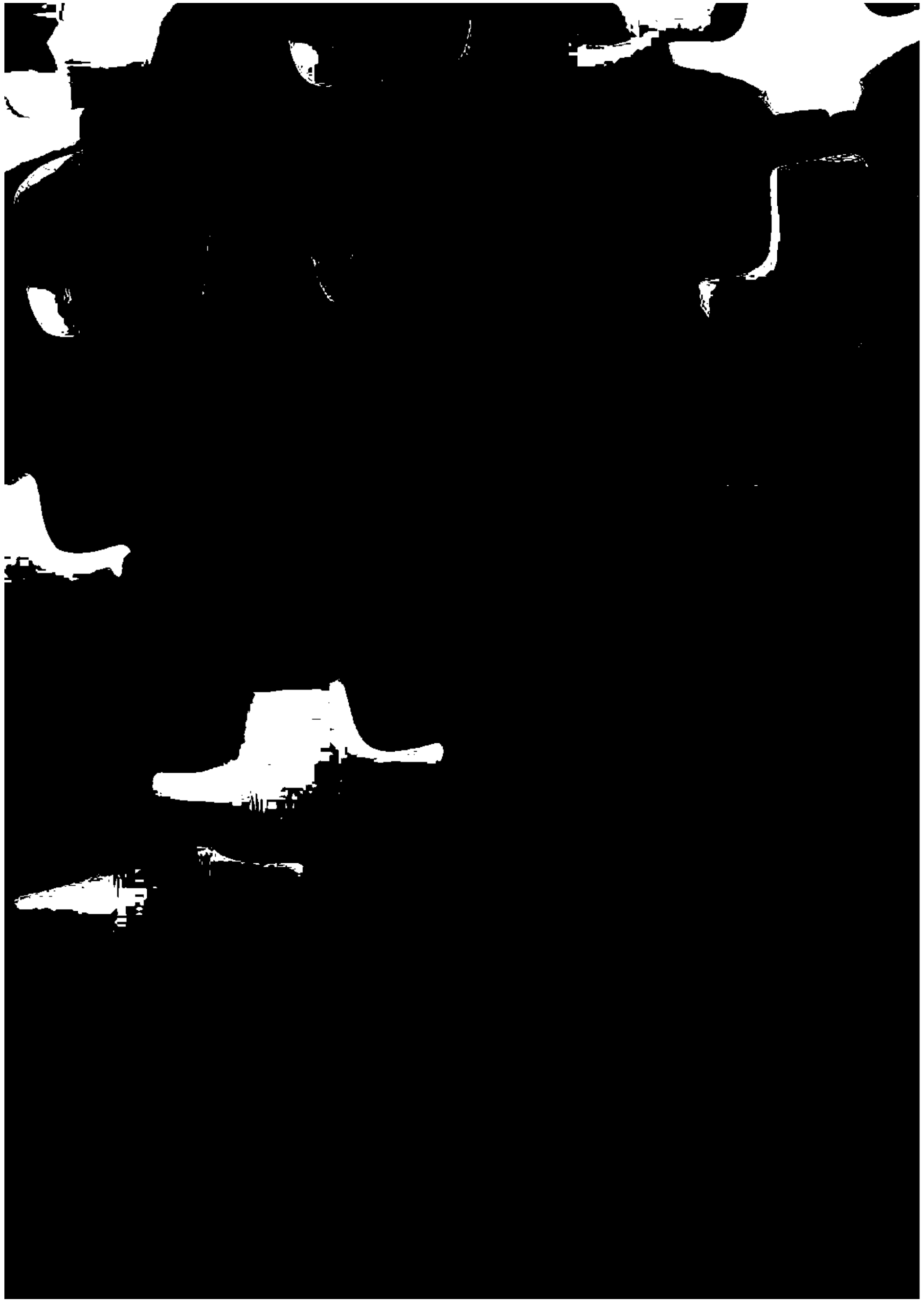
More than 90% of the total environmental impact of our products is generated before parts and components even arrive at our factories, and we make sure that we pay particular attention to these early phases in the product life cycle, such as our product design and development, and our procurement of raw materials and components.

The remaining phases also take high priority, since they entail the greatest exposure to our employees, our customers and the market; these are our final assembly, sales and distribution phases, including outbound transport









Circular Design

In 1993, we defined five (5) circular design criteria, the framework for our product development and product maintenance, and these are still valid. By designing properly and choosing the best solutions for each of these criteria, we have great potential to achieve a sustainable product with improved performance in each of our three (III) focus areas. We call this 5-III.

PRINCIPLES FOR SUSTAINABLE DESIGN – REDUCING ENVIRONMENTAL IMPACT

5 CIRCULAR DESIGN CRITERIA

1. **Low weight**
   fewer materials – weight optimisation
   – smart dimensioning

2. **Few components**
   integrated functions – resource efficient – fewer tools
   – simpler assembly – less packaging and transport

3. **Right choice of materials**
   increased use of recycled and renewable materials
   – no harmful chemicals

4. **Long life span**
   reduce need to replace our chairs – timeless design
   – high quality – multiple use flexibility – changeable wearing parts

5. **Design for disassembly**
   keep materials in closed loop – easy to dismantle
   – easy to sort for recycling with marked parts

3(III) FOCUS AREAS

I. **Climate** – reduced carbon footprint and energy consumption

II. **Resources** – reduced use of materials and minimised waste

III. **Health** – reduced chemical use and avoid hazardous substances

Sustainable Design and Innovation Recognitions in 2020

- RH New Logic – shortlisted as a Finalist for 'Household & Leisure Product of the Year' at the Plastics Recycling Awards Europe 2020, Amsterdam
- Flokk listed among top 10 of Europe's most sustainable furniture companies by Dodds & Shute Sustainability Report
- Gold medal in Svenska Designpriset (Swedish Design Award) for RH digital identity related to sustainability stories
- Bo Bedre Design award 2020 - The Norwegian design magazine Bo Bedre awarded Flokk with the prize of Manufacturer of the year in Norway. Flokk were 'noticed for throwing light on their sustainable production and their investments in environmental solutions.'

Sustainability Management and Strategy

Flokk's company values are intended to spotlight our culture and practices and ensures sustainability awareness as a key aspect of our operations. Our core corporate values are:

HUMAN-CENTRED
SUSTAINABLE
INNOVATIVE

Flokk has pursued triple bottom line principles since 1990. With the majority of our production & inbound value chains in Northern Europe, our sustainability focus has been on environment. Following climate risk assessment in 2019, we have established cradle-to-grave CO_2e emissions pr net sales as a KPI on corporate level. From previous analysis, as an industrial company, we know that the vast majority of our environmental footprint is caused by our production and the material used in our products. Knowing this is a key lever to succeed for Flokk, we will continue to improve practices according to our circular design criteria.

However, our sustainability focus is not limited to environmental aspects. Beyond responsibility for the sustainability section of our design philosophy, the Sustainability Department is responsible for a defined set of broad sustainability measures across all departments and locations. The resulting sustainability strategy is integrated into the Group's three-year strategy plans. The Sustainability Department is part of the Products & Brands organisation, and reports to SVP Products & Brands.

The company vision INSPIRE GREAT WORK embraces this holistic approach to sustainability.

ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE
ESG is an important part of the Group's work on compliance, which is driven by our urge to always do better, and by various regulations and demands from the outside world. The Group's owners focus on ESG issues and maintain a close dialogue with the Sustainability Department. Our work strives to incorporate ESG into our strategy to ensure long-term financial results. In addition, our employees, customers, partners and other stakeholders want us to maintain high standards for the environment, social conditions and corporate governance.

An important part of the compliance work going forward will be to ensure that the Group has good processes for following up new rules and regulations related to ESG. At the same time, we must ensure that data in the company's ESG reporting is reliable and accurate, and that ESG becomes part of our ongoing risk assessments. By actively minimizing risk, we will create security for our owners, customers and other stakeholders. In addition, we are convinced that companies that work strategically with compliance and risk management over time will gain benefits in the form of improved efficiency and increased profitability.

ENVIRONMENTAL & ENERGY MANAGEMENT SYSTEM
The Group is ISO 14001:2015 and ISO 50001:2018 certified by KIWA.

Our commitment to work continuously to minimise our environmental impact is stated in Flokk's Environmental & Energy Policy, signed by our CEO. Each year, the Sustainability Department defines the Group's significant environmental & energy aspects through annual reviews of operational factors that potentially impact the external environment. Annual goals are derived from long term sustainability goals & distributed to the relevant value chain respective sites. The process is executed in close cooperation with local employees and the people in charge, and the status is followed up each quarter by Group Management.

Flokk's environmental and social compliance, performance and the efficiency and results of Flokk's management approach to all material topics are evaluated in the ISO Management Review every annual ISO certification audit, followed up with actions if needed, with the aim to continually improve.

The environmental & energy goals for 2020 were based on aspect analysis of the factories at Røros and in Nässjö, as well as the head office in Oslo and sales offices in Germany.

kiwa certified ISO 50001

kiwa certified ISO 14001

NORWEGIAN ACCREDITATION MSYS 004

Sustainability Management

Long-term goal:
Continuous improvement

Measures 2020	Status	Measures 2021
Follow up outcomes of Climate Risk Assessment 2019 **Result - limited by Covid 19, however updated the outcomes: KPI's to reduce climate emissions (CO_2e intensity per revenue, share of renewable electricity, tonnes recycled plastics per units) - Concluded on new Sustainability Goals 2030 - Improved digital infrastructure - Circular business models pilots**	✔	Annual review and update of Climate Risk Assessment
Flokk GRI report 2020 to be compliant with EU NFRD (Non-Financial Reporting Directive)	➡	Measures 2020 continued due to Covid 19, gaps are already identified
ESG reporting scope to include all acquisitions, not only integrated brands	✔	Turek included in ESG reporting scope, will be included in GRI scope 2021 as well
Decide on new Sustainability Management tool – prepare roll-out & implementation plan for 2021	✔	Tool decided. Next steps to sign contract and implement for ESG and GRI reporting 2021
Contribute with needs and solutions for corporate M3 (ERP) development - BOM on demand with sustainability attributes & Supplier Portal	➡	Ongoing development. Next steps to quality assure the 2021 scheduled pilots, prepare for 2022 roll-out
Continue 5-III transition and implementation at new acquisitions	✔	Follow up Turek implementation with the assigned responsibles
Measure actual use & effect of 5-III in innovation processes	➡	Measures 2020 continued due to Covid 19
Develop more specific and context based 5-III Circular Design criteria for various market segments	➡	Measures 2020 continued due to Covid 19

Sustainability communication highlights 2020

- Series of digital events hosted by SVP P&B Christian Lodgaard and Design Manager Øystein Austad with 'friends of Flokk' and designers touching on many environmental topics
- Our owned media outlet, focus.flokk.com, has ran several editorial pieces on sustainable design with readership growing fast (average 15k views per month)
- We have profiled circular projects with clients who have gone the extra mile to make sustainable choices in their furniture procurement, such as Neste, Nordea & ZEB Lab
- We have increased awareness of our efforts in the industry by driving traffic to our sustainability web pages through social media channels

Sustainability Goals 2030

Flokk's strategic goals and targets for 2030 are defined to ensure we contribute to the achievement of the global targets as set e.g. by the EU European Green Deal, UN Sustainable Development Group and the UN Convention on Climate Change. They also reflect our learnings and experiences from working on our sustainability goals for 2010-2020, some of the results described in the chapter 'Sustainability Goals 2010-2020 – Status. We see the ongoing crises of climate change, biodiversity, plastic waste and over-consumption as opportunities to make a difference.

Our targets for 2030 are as a minimum in line with ambitious European and National targets - indicated with an equal sign (=). On top of this we have set several differentiator targets that are unique for our company with even higher ambitions than expected - indicated with a cross (x):

CLIMATE TARGETS – GHG (CO_2e) EMISSIONS AND ENERGY

= Reduce CO_2e intensity per unit [kgCO_2e/unit] by 55% by 2030 (vs 2015) - (Scope 1,2,3) *
= Reduce CO_2e intensity per revenue [tCO_2e/MNOK] by 55% by 2030 (vs 2015) - (Scope 1,2,3)
x Reduce energy intensity per unit [kWh/unit] by 40% by 2030 (vs 2015) - (Scope 1,2)
x Reduce energy intensity per revenue [MWh/MNOK] by 40% by 2030 (vs 2015) - (Scope 1,2)
x 100% renewable electricity by 2025 - (Scope 2)
x 75% renewable energy by 2030 - (Scope 1,2)
= 0% fossil fuels for heating by 2025 - (Scope 1)

Flokk's contribution to:
- UN Sustainable Development Goals nos. 7 and 13
- The EU's 2-degree target to cut greenhouse gas (GHG) emissions by 40% by 2030

Selection of decided measures to reach our long-term goals:
- Replacing fossil fuels with renewable sources such as heat pumps run on green electricity
- Reduce use of district heating
- Switch our car fleet to zero/low emission vehicles (electric, plug-in hybrid, hydrogen)
- Reduce air travel, replace with web meetings
- mprove our packaging design, logistics and goods transportation
- Continue our energy efficiency gains at all sites
- Purchase renewable electricity at all sites (hydro, wind, solar)
- Lower the impact from our Supply chain

HEALTH – CHEMICALS

= Products and their manufacture must be free of chemical contents that are hazardous to the environment and/or health, according to Globally Harmonized System of Classification and Labelling of Chemicals
= 100% of all standard fabrics must be certified with the EU Ecolabel by 2022

Flokk's contribution to:
- UN Sustainable Development Goal no. 3

Selection of decided measures to reach our long-term goals:
- Redefine & update our purchasing criteria starting this year 2021
- Increase our chemical control at suppliers through digitalisation
- Improve follow up of our supply chain performance through digitalisation

* Scope 1 Direct emissions (fuel for heating and sales/service cars)
Scope 2 Indirect emissions (district heating and electricity)
Scope 3 Other indirect emissions (air travel and goods transportation)

RESOURCES & CIRCULAR ECONOMY – MATERIALS AND WASTE

x Increase share of recycled materials used in the products to an average of 60% by 2030
  x 1 500 tonnes of recycled plastics used in our products by 2025
  x 100% recycled & recyclable plastics in all plastic packaging by 2030
  x Increase recycled share of metals to 95% for aluminium + 50% for steel by 2025
= 100% FSC® certified wood and factories by 2030
x 85% of our waste will be material recycled by 2025
x Products in core markets will be distributed with clear obligations on end-of-first-use handling:
  x 75% of HÅG, RH, Giroflex by 2030 (30% by 2025)
  x 50% of Flokk integrated brands by 2030

Flokk's contribution to:
- UN Sustainable Development Goals nos. 12, 14 and 15
- The EU Plastics Strategy launched in January 2018

Selection of decided measures to reach our long-term goals:
- Migrate post-consumer recycled materials in portfolio and new projects, including coloured plastics
- Explore and phase-in new post-consumer material streams and resources astray
- Set requirements and collaborate with suppliers on raw materials and their processes
- Circular optimisation criteria in all R&D projects
- Establishing external partners for take-back & refurbishment on a global scale
- Implement Circular Business Models as add-on to existing business
- Establish systems for product traceability

COMPETENCE – COMMUNICATION

= Achieve our long-term goals through professional and multi-stakeholder partnerships and initiatives
x Our employees should be ambassadors for, and have in-depth knowledge of, our Environmental & Energy Policy, performance and goals
= Educate our markets through trustworthy and transparent communication on our sustainability performance

Flokk's contribution to:
- UN Sustainable Development Goal no. 17

Selection of decided measures to reach our long-term goals:
- Identify value creating & differentiating projects where we can participate externally
- Continue lifting both our internal & external communication
- Continue lifting the competence on sustainability new ways, such as our new e-Learning System

SUSTAINABLE DEVELOPMENT GOALS

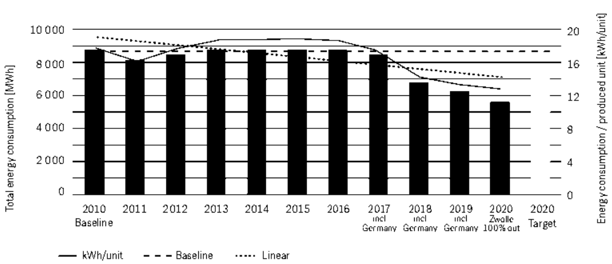
European Commission

Sustainability Goals 2010-2020 – Status

2020 has certainly been a challenging year, but it has also been a positive milestone for Flokk's sustainability work, as we passed a 10-year long-term goal period, from 2010-2020. All in all we managed pretty well despite our increased footprint through acquisitions - many goals met, quite a few goals in good progress, and important improvement areas identified with ongoing measures. All results and measures are summarized in the table below.

Important to note: our energy targets are applicable to our ISO scope - Oslo, Røros, Nässjö, Germany, Zwolle. Carbon emission targets were not specified back in 2010, however Flokk has certainly worked systematically on reducing carbon footprint since then - see the Climate chapter for in-depth info.

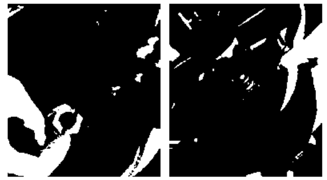
	KPIs 2010-2020 (-2025)	Goals		Status 2020	Measures done
Climate	Energy consumption per produced product [kWh/unit]	20% down by 2020	●	24,9% reduction since 2010 (ISO scope) 29,7% reduction since 2015 (ISO scope)	Energy efficiency plan, new paint shop, smart control ventilation, lower temp, 100% LED, new windows, process improvements, move Zwolle production to Nässjö
	Share of renewable electricity	100% by 2025	●	94% renewable electricity (ISO scope)	Renewable electricity certificates ongoing
	Use of fossil fuel for heating	0 by 2025		52% renewable energy (ISO scope)	Replaced fossil oil w/ bio based oil since 2018 + lowered temp trigger for oil heating
Resources	Share of recycled materials used in products	avg 60% by 2020		3 chairs passed 60% already Nice range of chairs in 50-60% window	5-III focus, design for recycled, product development, collaboration
	Amount of recycled plastics used	802t by 2020		735t (664t in 2019)	Migration, research, mechanical design, new product launches
	FSC® Certified or reused wood, paper and cardboard	100% by 2022	●	FSC certification process started for Nässjö factory only. Otherwise no certified articles and/or factories yet	Membership FSC Denmark, tracking total wood portfolio. (Profim/Turek is FSC® Certified, but not part of GRI 2020 scope)
	Facilitate that our products are disassembled at end-of-life, and that materials are recycled or recovered	90% recycled/ recovered by 2020		No way of tracking materials recycled yet. Refurbish partner in the Netherlands as a start	Lots of work done through circular 5-III design, Circular Business Model projects and pilots
Health	Products and manufacturing should be free of chemicals that are hazardous to the environment and/or health	No hazardous chemicals by 2020	●	Good control through strict Purchasing criteria - chemical requirements. Annual ISO 14001 audits with chemical assessment at factories and sites	Supplier Environmental Requirements signed and regularly updated
	No of standard fabrics with the EU Ecolabel	100% by 2022		9 out of 18 standard fabrics w/ EU Ecolabel 14 out of 18 w/ EU Eco, Oeko-tex, Blue Angel	Close cooperation with suppliers on improving sustainability performance
Communication	Our employees should be ambassadors for, with in-depth knowledge of our Environmental & Energy Policy, performance and goals		●	Communication is continuously improved, great boost over the last 2-3 years	Media outlet focus.flokk.com, digital events, social media channels, Stockholm Furniture Fair DNA concept, movies
	We seek to achieve our long-term goals through professional & multi-stakeholder partnerships and initiatives - SDG no. 17		●	Great number of closed/ongoing/coming projects & pilots involving multiple partners	See list of projects in 'Stakeholders - Dialogue' chapter



Flokk had already reached the 20% energy reduction target in 2018 – with a 25% reduction in 2020. We had a significant dip in 2018 due to introducing smart control of ventilation for a production tool at our Røros facility.

Flokk are pioneers and front runners in the use of post-consumer recycled plastics in high quality products. In 2020, we used 800 tonnes, almost five times more than we used back in 2010.

Our sustainability communication has improved significantly over the last 5 years. Here from Stockholm Furniture Fair 2019, introducing our DNA concept.



5-III circular design – sustainable innovations.
A patented drawstring spindle attaches the fabric securely without the use of any glues, allowing easy dis-assembly and repair of worn textiles.

RH Logic 220 launched 2019: 61% recycled materials.

We still need time to reach our target of 60% recycled material in all our products, but we are heading in the right direction with 3 of our latest launches exceeding 60%, and a wide range of chairs in the 50-60% window.

Risk and Opportunity Management

As a sizeable manufacturer of goods, Flokk holds the power as well as the privilege & responsibility to contribute to the addressing of the climate crisis, as set out by the International Panel on Climate Change. Beyond being unethical, failing to contribute could lead to challenges in recruiting talent, lost competitive strength in a market with increasing emphasis on environmental performance, and it could ultimately make the company subject to taxation or other legal limitations. To turn this to the company's strength has been Flokk strategy for years. ESG is therefore at the core of our strategy, and as such, is also a focal point for our Risk & Opportunity management.

The framework for business risk management in Flokk is based on an Interest Parties Analysis, by identifying threats and opportunities for stakeholders' external and internal issues with impact on Flokk's strategy. This framework determines how to identify, handle and follow-up business risks and opportunities for the Group. The key strategies and operational risks are followed up closely through action plans and regular reporting. The Board is regularly briefed on this work.

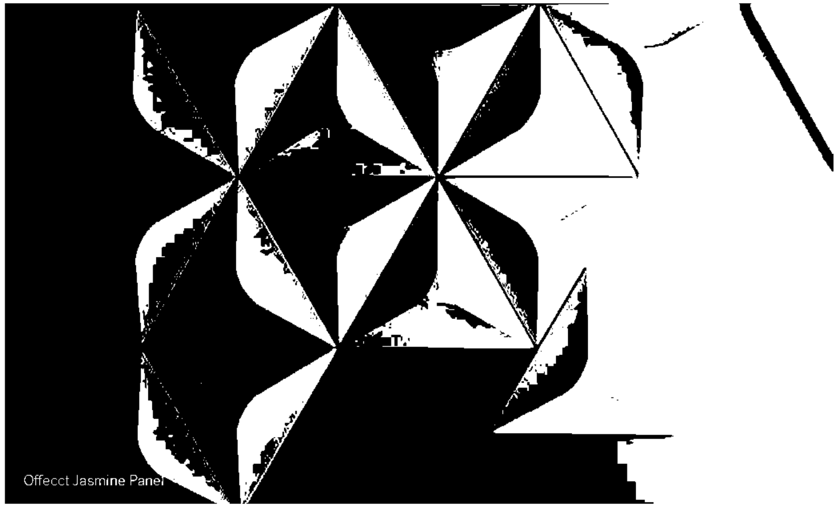
Risk elements valued are not limited to those with financial impact. Wherever financial impact is quantifiable it is included in the assessment. Opportunities and investments are always subject to business case unless legal requirements apply.

Flokk is seeking to continuously grow both organically and through M&A. The company acquired Profim in 2018, and 9to5 Seating in 2019, which have both affected the Group positively. We have strengthened our market position and pursue a strategy to spread our best practices to new acquisitions. This stronger financial foundation enables us to accelerate our sustainability efforts further.

Nonetheless, a global structure and the expansion of production, sales and distribution (in which the entire value chain and all of our suppliers are addressed) entails both risks and opportunities, when it comes to maintaining our role as a pioneer in sustainability.

Group risk management is performed in several ways at different levels and scope:

- Materiality analysis – set of significant topics defined through survey & workshop on risks & opportunities
- REQ/ESG Forum – strategic sync/status meetings between Group Management and managers for Quality, HSE, Sustainability, Legal & Risk, Insurance (REQ – Risk Environment Quality)
- Environmental and Energy aspect analysis – procedure to define elements of Flokk's activities, products, or services that (can) interact(s) with the environment, evaluating our abilities to make a difference
- Climate risk assessment – climate-related impacts that have the potential to generate substantive changes in operations, revenue or expenditure are covered



Offecct Jasmine Panel

CLIMATE RISK ASSESSMENT
As of 2019, a separate Climate Risk Assessment is conducted. This exercise was not conducted only to identify key climate risk elements, but also the opportunities that arise from the growing awareness of climate change in our markets. In the exercise, the information was provided in line with the recommendations from the Taskforce for Climate-related Disclosures (TCFD) and is based on interviews with key personnel from within Flokk's organization.

Reviews of climate risks & opportunities have since been a regular element of Flokk's risk assessment cycle. While the extraordinary situation with the Covid 19 pandemic in 2020 prevented us from a thorough review, the outcomes are updated.

No Flokk facilities or suppliers have been judged to be situated in areas with high risk of physical impact of climate change. Our focus is on the business risks from climate change and the opportunities associated with this challenge.

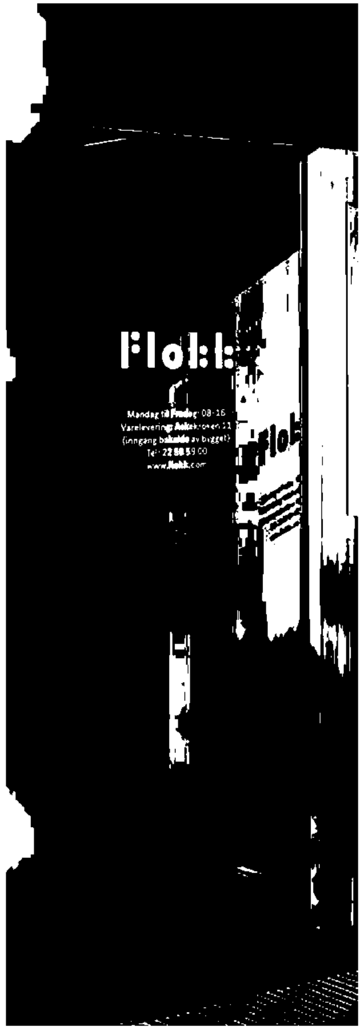
Climate Risk Assessment Outcomes:

- Corporate KPI's defined to ensure we continue to reduce our cradle to gate climate emissions
- New Long-Term Sustainability Goals for 2030 concluded
- Strengthened market communication & public visibility with our sustainability ethos, performance leadership in providing low carbon products
- Improved digital infrastructure to document & generate environmental data for internal analysis and for tenders.
- Circular design principles implemented in the Profim/Turek operation acquired in 2018
- Monitoring & pilot testing for future circular business models extended, and the commercial setup for expansion strengthened

Risk and Opportunity Management

Risks and Opportunities – Environmental, Social and Governance

Themes	Identified Risks	Opportunities	Risk Management
Environmental issues own activities and operations, including R&D	Environmental incidents & accidents Climate • Global warming from GHG emissions • Inefficient energy consumption • Energy & heating emissions • Transportation & travel emissions • Dirty energy mixes Resources • Overconsumption • Material scarcity • Waste generation • Barriers for full implementation Circular Economy Health • Use of chemicals harmful to health and/or the environment • Pandemic	• Capitalize from long standing effort on leading low carbon furniture • Tap into strong circular design capabilities through new products • Tap into strong innovative capability to develop new business models & service concepts • Advice customers on setting environmental purchasing criteria • Continue migration of post consumer recycled material in existing products • Counter labour arbitrage by high industrialization rates & owned IP • New market segments Home office • New product segments Home office • Less travel and lower emissions • Higher efficiency with digital meetings	• Sustainability topics included in Due diligence merging & acquisitions • Environmental & Energy Policy • Code of Conduct Employees • ISO 14001 & 50001 environmental & energy management system (EED compliance) • Environmental & Energy Aspect Analysis • Circular design principles (5 III) & supporting design tools to ensure products with minimised GHG emissions and resource use, with long life time and easy to disassemble for reuse & recycling • Quantified targets for annual consumption of post consumer recycled material in production (both closed material loop & low carbon footprint materials) • Risk reduction Production sites Management system Risk module • Waste Management • Research projects & business model tests ongoing to explore circular solutions • Chemical management EcoOnline & MSDS archives SCIP compliance • ECO labeling
Responsible Supply Chain operations of suppliers and tiers	• Growing supply chain number and distribution • Lack of signed Code of Conduct Business Partner • Pandemic or other events challenging global supply chains		• Supplier dialogue to avoid value chain disruptions • Digitalisation development speed • Supplier Appraisal • Environmental Requirements to Suppliers • Code of Conduct Business Partners • Supplier Performance monitoring & Supplier audits • Supply Chain Management digital tool (to be implemented) • Shorter supply chain & dual sourcing of high/critical volumes
Social Responsibility & Human Rights own + business partners	• Negligence of terms of employment • Discrimination • Harassment	• Build corporate culture round Flokk's vision & values.	• HR Policy & mandatory Code of conduct Employees • Code of Conduct Business Partners • Employee Management System People@Flokk • IDT Individual Development Talks, Training & e learning • Trade unions & working environment committees/survey
Health and Safety Workplace	• Lost time injury frequency • Strain work exhaustion • Chemicals exposure • Fire at own premises	• Low sick leave • Good work environment • Pioneer company	• Health & Safety Policy • Risk reduction HSE cases registered Management system case Module • Internal Audits • Safety Rounds • HSE as e learning as part of induction program all employees
Health and Safety Customers	• Injuries & strain • Chemicals exposure • Customer satisfaction • Reputation	• Safe products for customer during use • No claims • Good reputation	• Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength • Eco labeling free of hazardous chemicals • Customer training by sales persons in proper use of products • Customer Service Module in CRM
Compliance Legal Internal	• Local laws & regulations • New markets • Secure conducting business in compliance to internal policies and procedures	• Market access • Safe products • Competent staff • Do things correct the first time • Low risk for penalties	• External Market Requirement • Internal audits • Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength
Governance Investments	• Investment decisions insufficient • Unacceptable levels of risk > involved in legally or ethically questionable practices • Negative reputation	• Promote investor confidence • Responsible investment • Good reputation • Growth • Return of investment	• Enterprise risk management • Ethic policy • Financial Policy • Quality policy • Health & Safety Policy • Environmental & Energy policy • Delegation of authority policy • Code of Conduct Employees • Code of Conduct Business Partners • EU Taxonomy compliance
Governance Governance practices	• Insufficient governance policies and practices • Lack of long term risks	• Good governance policies and practices encourage shareholder engagement • Adequately address long term risks	• Certified with ISO 9001 Quality Management System, ISO 14001 & 50001 environmental & energy management system (EED compliance) • Internal audits



Climate – GHG (CO_2e) Emissions and Energy

As Flokk has tightened its climate goals towards 2030, we are increasing our efforts in 2021 to improve energy efficiency and reduce the carbon footprint as much as possible by involving all departments more systematically with dedicated action plans. Unfortunately, 2020 needed more focus on securing production for sales than focusing on improvement measures.

Flokk is focusing on streamlining processes for data gathering and tracking performance, which has become increasingly important due to our extensive growth over the past years through integrating newly acquired brands and production facilities. The result will be a more transparent and scalable process, allowing us to identify and drive improvements, even at small scale. Furthermore, it will facilitate staff training and increase engagement, which is key to enable our staff to continue identifying new improvement potentials and designing technical solutions to realize them.

Mirroring our high level of ambition, we are in the process of hiring a new resource to strengthen our sustainability team and manage our cross-site Energy Management Team. This will allow us to have a more comprehensive approach to energy management, do energy training of our personnel and go further in our improvement projects.

Total tCO_2e	Units produced	kg CO_2e/unit	kWh/unit	tCO_2e/MNOK revenue	MWh/MNOK revenue
2 105	**500 059**	**4,2**	**20,6**	**0,7**	**3,5**
- 24% since 2019 + 9% since 2015	- 9% since 2019 + 20% since 2015	- 16% since 2019 - 9% since 2015	- 6% since 2019 - 23% since 2015	- 21% since 2019 - 56% since 2015	- 11% since 2019 - 63% since 2015

Flokk's baseline year for carbon and energy indicators is 2015. From this year, we systemised our data collection. Hence, we have better quality and coverage for our data, making our performance claims more reliable and transparent as our footprint expands.

Performance indicators per MNOK refers to revenue for the whole Group (including all brands), while the indicators for CO_2e emissions and energy consumption are only to the GRI report scope. The indicators will progressively become more accurate as more Flokk brands become integrated in our reporting systems over the coming years.

Climate – GHG (CO_2e) Emissions and Energy

Long-term goals:

- Reduce CO_2e intensity per unit and per revenue by 55% by 2030 (vs 2015)
- Reduce Energy intensity per unit and per revenue by 40% by 2030 (vs 2015)
- 100% renewable electricity by 2025
- 75% renewable energy by 2030
- 0% fossil fuels for heating by 2025

KPI	Goal 2021	Goal 2020	Results 2020		Results 2019	Results 2018
CO_2e intensity per unit [kgCO_2e/unit] - (Scope 1,2,3)	3,7% down	2% down	4,21 (-15,8%)	●	5,03 (+25%)	4,0
Energy intensity per unit [kWh/unit] - (Scope 1,2)	2,7% down	2% down	20,63 (-5,5%)	●	21,84 (+21%)	18,0
CO_2e intensity per revenue [tCO_2e/MNOK] - (Scope 1,2,3)	3,7% down	2% down	0,72 (-21,3%)	●	0,91 (+1,1%)	0,90
Energy intensity per revenue [MWh/MNOK] - (Scope 1,2)	2,7% down	2% down	3,51 (-10,9%)	●	3,94 (-1,3%)	3,99
Share of renewable electricity (Scope 2)	96%	96%	92,7% (-1,3%)	●	93,9% (-1,7%)	95,5%
Share of renewable energy vs total consumption (Scope 1,2)	2,5% up	56%	49,7% (+4,4%)	●	47,6% (-10,9%)	53,4%
Use of Fossil fuels for heating [MWh] (Scope 1)	20% down	50% down	1 535 (+9,9%)	●	1 397 (+67,1%)	836

Measures 2020	Status	Measures 2021
Consolidate energy team and setup energy management plan **Result - Centralised team is formalised**	➡	Measures 2020 continued. Local energy teams to be set up. Both corporate and site specific energy management plans to be established.
Create ownership for the team members and assign responsibilities	➡	Measures 2020 continued due to Covid 19
e-Learning course for all Energy management personnel	➡	Measures 2020 continued due to Covid 19
Crystalize and start implementing scheme for internal energy audits	➡	Measures 2020 continued due to Covid 19
Search for energy saving potentials across sites **Result - Nässjö: presence control in warehouse / Germany: switch to LED & HPI lamps budgeted, reduce warehouse lighting hours, water temperature control**	✔	Implement 2020 findings, continue search for energy saving potentials vs Goals 2030
Investigate potential for savings in ventilation system, including heat recovery across sites **Result - Røros: Correction of HVAC adjustments in several building sections** (heating, ventilation and air conditioning)	✔	Continue search for savings in ventilation systems including heat recovery all sites vs Goals 2030
Map-out potential for efficiency gains in transport of goods	➡	Measures 2020 continued due to Covid 19
Define scheme + install energy meters for high consumption/ volume equipment in factories	➡	Measures 2020 continued due to Covid 19
Reduce District Heating usage at Nässjö	✔	Nässjö consumption on track towards long term goal (wrong emission factor employed for 2019 reporting, giving errors in data)

Due to Covid 19, lower volumes gave lower general climate impact during 2020. Performance data for 2021 needed to align to the long-term trends. Overall in 2020, we experienced less travel by air, less sales and service travel by car, less district heating in general, and somewhat less goods transportation.
Looking back at 2019, we have discovered a higher increase on carbon and energy intensity per unit than reported last year.
Lacking reporting on fossil fuel consumption for heating at Koblenz, and goods transportation from Zwolle (site closed during 2019) is now adjusted for.

23% LOWER ENERGY INTENSITY PER UNIT
While units produced has increased 20% since 2015, the energy consumed per produced unit is 23% lower than in 2015. A result of many efficiency gains. However, we see a reduction of only 6% since 2019, due to lower activity on improvement measures, but higher focus on production to secure sales in 2020.

GHG (CO_2e) EMISSIONS

Flokk's GHG emissions, market based [tCO_2e]

	2015	2016	2017	2018	2019	2020
Scope 1 - Direct emissions	**814**	**824**	**911**	**862**	**1 134**	**877**
Fuel for heating (Burning oil, Natural gas)	281	212	209	158	328	363
Fuel for sales and service travels	533	612	702	704	806	518
Scope 2 - Indirect emissions	**153**	**285**	**162**	**146**	**185**	**181**
District heating	29	19	47	42	40	29
Electricity	124	267	115	104	146	152
Scope 3 - Other indirect emissions	**972**	**1 149**	**1 276**	**1 353**	**1 436**	**1 048**
Employees air travel	265	293	245	225	273	46
Goods transportation	707	856	1 031	1 128	1 162	1 001
Total [tCO_2e]	**1 938**	**2 259**	**2 349**	**2 361**	**2 755**	**2 105**
Change from year to year		16.5%	4.0%	0.5%	16.7%	-23.6%

24% LOWER TOTAL CARBON EMISSIONS
Our carbon emitting activities have been less than normal in 2020 due to Covid 19, with close to 24% lower total GHG emissions since 2019. To put this in perspective, our total GHG emissions increased 42% from 2015-2019, and only increased 9% from 2015-2020.

36% REDUCTION IN CO_2e EMISSIONS FROM FUEL FOR SALES & SERVICE TRAVELS SINCE 2019

- Emissions from fuel for sales and service travels has increased steadily since 2015, with a 51% increase in 2019. The 36% reduction from 2019 to 2020 is thus not representative. We will make a significant effort to switch to a greener car park in the years to come.
- We see a 29% increase in the emissions from use of fossil fuel for heating since 2015, mainly due to adding Koblenz factory to our scope. Since 2019, we have an increase of 10%, mainly at the factories, as we see a slight decrease of 13 tCO_2e at the offices.

26% REDUCTION IN CO_2e EMISSIONS FROM DISTRICT HEATING USE SINCE 2019

- With 26% reduction in CO_2e emissions from use of district heating, emissions are at same level as 2015. However, in 2019 we had a 35% increase since 2015, underlining the need to replace district heating with more sustainable sources of heat, such as heat pumps using renewable electricity.
- We see an increase in our CO_2e footprint from electricity since 2015 of 22% in 2020 and 40% in 2019, so efforts must be made to buy green electricity at all sites.

50% OF FLOKK'S GHG EMISSIONS ARE INDIRECT EMISSIONS

- Following the Covid 19, employees travel in 2020 was at a minimum with 83% reduction since 2019. So instead, we focus on the 3% increase of air travel emissions in 2019 since 2015, and 21% increase in 2019 vs 2018.
- Although we had a 14% reduction of emissions from goods transportation, we still had an increase of 42% in 2020 and 64% in 2019 since 2015. We will increase our attention on the upstream and downstream footprints over the next few years. This will reduce the emissions associated with air travel and shipping of goods, but also with the raw materials we use.

Flokk's GHG emissions in 2020

Greenhouse gas emissions are distributed on 3 areas Scope 1,2,3 set by the Greenhouse Gas protocol. We only cover our daily business, and NOT the impact from all our upstream activities Scope 3 which represent more than 90% of Flokk's entire emissions. Scope 3 is however somewhat covered in our EPDs Environmental Product Declarations.

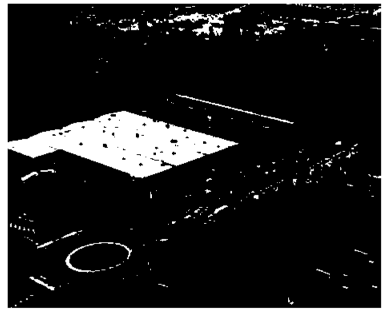
ENERGY

Flokk's energy consumption [MWh]

	2015	2016	2017	2018	2019	2020
Fossil fuel sources:	**3 272**	**3 569**	**3 902**	**3 623**	**4 584**	**3 616**
• Burning oil	333	56	86	59	1 141	1 226
• Natural gas	953	1 077	1 020	777	256	309
• Diesel (0, B5, NO, SE)	1 950	2 360	2 669	2 626	3 057	1 584
• Petrol (0, SE)	36	76	127	162	131	497
Renewable fuel sources:	**1**	**1**	**25**	**34**	**97**	**74**
• Biofuel*	1	1	25	34	97	74
District heating	**1 237**	**1 313**	**1 278**	**1 165**	**1 325**	**1 182**
Electricity	**6 624**	**7 071**	**6 619**	**6 041**	**5 952**	**5 447**
Total energy consumption [MWh]	**11 135**	**11 954**	**11 824**	**10 862**	**11 958**	**10 318**
Change from year to year		7.4%	-1.1%	-8.1%	10.1%	-13.7%

*Sum of biofuel contained in the different types of fuel used for heating and sales & services travels: 0% in Diesel (0); 5% in Diesel (B5); 10% in Diesel (NO); 19.3% in Diesel (SE); 2.6% in Petrol (SE); 0% in Petrol (0), 100% in Biodiesel HVO

NO FOSSIL FUELS FOR HEATING BY 2025
The use of fossil fuels has gone down significantly, if we exclude the Koblenz share. Flokk has the ambition to completely remove fossil fuels and respective CO_2e emissions from our Scope 1 activities by 2025. Heat pumps for heating and the use of electrical cars are two of the options being considered to realise this goal.



FLOKK IS ISO 50001:2018 CERTIFIED
Flokk's energy management system is certified in accordance with ISO 50001:2018, thus complying with EU's EED – Energy Efficiency Directive. Our continuous improvement on energy efficiency and planned internal energy audits will complement the ISO process and be rolled out to new companies joining the Flokk Group.

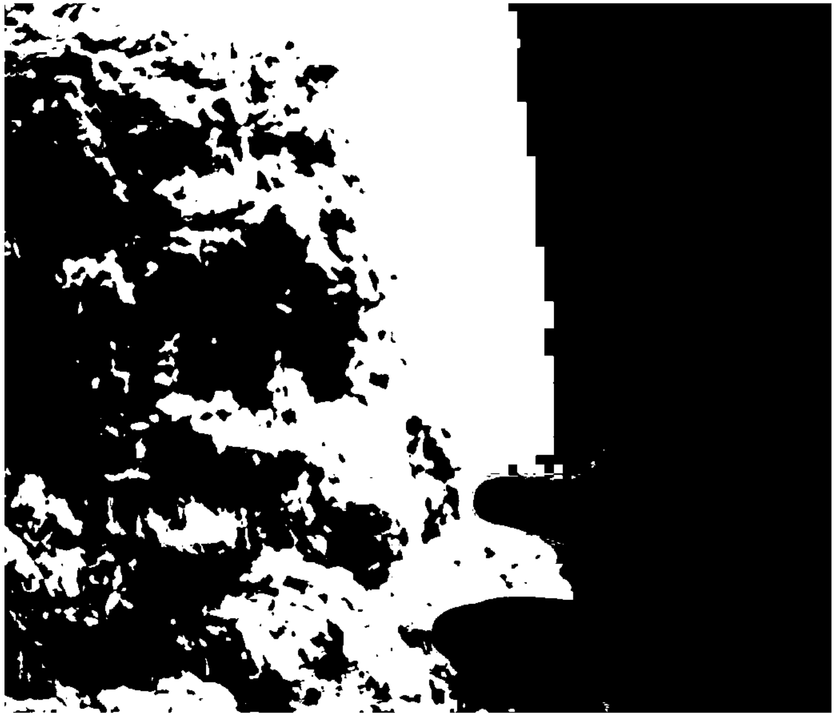
18% REDUCTION IN ELECTRICITY CONSUMPTION SINCE 2015
Electricity represents 53% of our total energy use but only 7,2% of our total GHG emissions, thanks to 100% renewable electricity at our factories. 93% of our electricity come from renewable sources. We had a small reduction from 94% in 2019, due to higher share of consumption at sales offices in 2020. The long-term goal is to reach 100% renewable electricity in total by 2025. In order to achieve this our sales offices must use green electricity as well.

50% of all the energy used by Flokk comes from renewable sources. The long-term goal is to have 75% of all energy consumed coming from renewable sources by 2030.

Resources – Materials, Waste, Chemicals

In 2020, Flokk's GRI scope production sites produced over half a million new products. With an estimated average weight of 15-20 kg per product, our operations naturally require large quantities of raw materials and components. The furniture industry uses chemicals in paints and glue, and in the production of textiles, foam and other plastics.

Our design choices and supplier selection have a large impact and directly influence the efficient use of resources, the amount of waste we generate and the chemical content of our products. That's why we seek to develop products with reduced weight, fewer numbers of parts, and an increased share of recycled materials. We reduce the number of chemicals in use and seek to identify and substitute unwanted chemicals in our products, in our production, and in our supply chain, without diminishing the properties of our products. We develop easy to disassemble products and work on solutions and business models to ensure that our products are returned, reused and recycled. We focus to close the loop, by increase the share of recycled materials used and recovered.



Resources - Materials, Waste, Chemicals

Long-term goals:
- 60% share of recycled materials in our products by 2030 | 100% recycled & recyclable plastic packaging by 2025
- 1 500t recycled plastics in our products by 2025 | 95% recycled Aluminum and 50% recycled Steel by 2025
- 100% FSC® certified wood and factories by 2030 | 85% of our waste will be material recycled by 2025
- No hazardous chemical contents in our products or their manufacture | All standard fabrics certified with EU Ecolabel by 2022

KPI	Goal 2021	Goal 2020	Results			
			2020		2019	2018
Amount of recycled plastics used in our products [tonnes]	1 000t	802t	735t (+10,7%)	●	664t (+13,9%)	583t
Average quantity of recycled plastic used per unit [kg/unit]	2,03	1,71	1,70 (+19,7%)	●	1,42 (+23,5%)	1,15
Number of factories FSC® Chain of custody certified	2 out of 3	1 out of 3	1 (Turek)	●	0	N/A
Share of our waste being material recycled	82%	80%	Flokk: 80% (+3,9%) Røros: 92% (+4,5%) Nässjö: 59% (-7,8%) Koblenz: 67% (+1,5%)	●	Flokk: 77% (+10%) Røros: 88% (+2,3%) Nässjö: 64% (+14,3%) Koblenz: 66% (-4,3%)	Flokk: 70% Røros: 86% Nässjö: 56% Koblenz: 69%

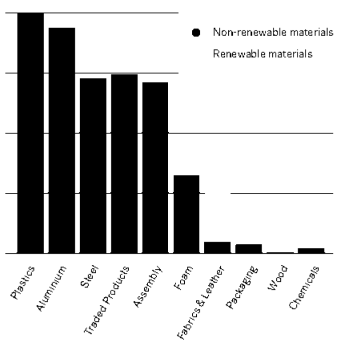
Measures 2020	Status	Measures 2021
MATERIALS		
Feasibility study on launching ocean plastics, investigate property improvement with supplier, as prototypes on RBM Ana/Noor did not pass required strength tests	➡	Measures 2020 continued due to Covid 19
Launch RBM Ana in recycled polypropylene **Result - Launched Q3 2020 with 100% rePP / 58% recycled materials**	✔	Scale use of snow plough material beyond limited edition, aim to launch other models than HÅG Capisco Puls
Feasibility study on color sorted post consumer PP. First launch with ongoing HÅG Essence development project **Result - Feasibility assessed and approved**	✔	Launch HÅG Essence with colored recycled polypropylene
Investigate alternatives to PUR foam in ongoing Essence development project **Result - Feasibility study ongoing**	➡	Measures 2020 continued, aim to launch HÅG Essence with a PUR foam alternative or solutions to limit amount of PUR foam
Oblige to our Grønt Punkt 'Control membership' ensuring packaging producer responsibility in our Norwegian supply chain	➡	Measures 2020 continued, recruit non members in our supply chain
Nässjö factory FSC™ Chain of custody certified	●	Measures 2020 continued due to Covid 19
WASTE		
Røros: Manage to recycle hard plastic scrap vs energy incineration – SINTEF partnership **Result - Project & partnership stopped due to Covid 19**	●	Continue search for hard plastic recycling partner, focus on minimising main contributors for energy incineration in general
Nässjö: Define sorting measures in audit Q2, focus: paper & food. Invest in new sorting station. **Result - Canteen sorting points introduced. Plastic sorting increased 64% (from 5.5t to 9t)**	➡	Invest in new sorting station. Search for partners to recycle wood waste Class 1 vs energy incineration (2020: 13,1t wood Class 1)
Investigate collaboration with waste handlers to ensure efficient / specific sorting **Result - Røros: ensured through regular meetings - Nässjö: contract renewed in May 2020**	✔	Establish common Flokk procedure on waste handling across sites. Follow up improved sorting through quarterly spot checks
Kick off plastic packaging campaign "Reduce, Recycled, Return & Reuse!" Align local initiatives and define KPI's to measure effect of packaging campaign"	➡	Few initiatives started. Measures 2020 continued due to Covid 19
CHEMICALS		
Reduce no of chemicals at production sites **Result - Røros: 2 added (233 in total), however 1 less on candidate list and 2 less with Prio-criteria - Nässjö: 2 removed (from 80 to 78)**	✔	Continue reduce no of chemicals at production sites; Røros mechanical shop reduce no of chemicals. Nässjö reduce no of products with glue
Replace chromed surfaces in the RBM portfolio with powder coatings **Result - RBM Ana sold with default Metal Silver & Steel gray - chrome only on request**	✔	Replace chromed surfaces in wider portfolio, scale the use of Metal Silver & Steel gray powder coatings
Define KPI and target for glue consumption in Nässjö as input to PM (Product Maintenance)	➡	Measures 2020 continued due to Covid 19, one obvious proposal is to reduce number of products using glue
Update Environmental Requirements with regard to chemical content to ensure healthy materials	➡	Measures 2020 continued due to Covid 19. We will first define a Flokk Core Certification regime, as input to new requirements

MATERIALS

Only 9,5% of our annual purchased value (turnover) for direct material is allocated to renewable materials (including wool, leather, cardboard and wood). Our long lasting and high-quality products require construction with strong materials like metal and engineering plastic, thus renewable material as wood is less adapted to our high-volume needs.

Our strategy is to increase our use on recycled materials – defining recycled plastic, aluminium and steel as key resources. This way we put a value on resources astray and consume less energy for processing. However, the cosmetic and technical properties of recycled plastics are poorer than those of virgin plastics. For visual or critical components that require a wide colour range or great strength, we sometimes need to use virgin plastics. In any case we must ensure that the materials we use are recyclable.

Distribution of Flokk's 2020 annual purchased value (turnover) for direct material



Share of recycled materials

Today, our best chairs contain 50-60% recycled material. Three of our latest launches exceed our long-term target – 60% share of recycled materials. Our products' material composition, as well as the share of recycled materials, are declared in EPDs – Environmental Product Declarations.

PLASTICS

Polypropylene (PP) is our main choice of plastic material. This is due to the environmental benefits compared to other plastic alternatives – such as less CO_2e emissions and additives. In addition, we aim to use as much post-consumer recycled PP as possible. Then we also set value on plastic waste thus stimulate profitable collecting and recycling, as well as additional reduction in carbon footprint. We introduced recycled plastics into our products as far back as 1995.

In 2020, we have done feasibility studies on how to increase the share of recycled materials even further by breaking barriers in introducing colored recycled plastics. First launch from this study is expected November 2021.

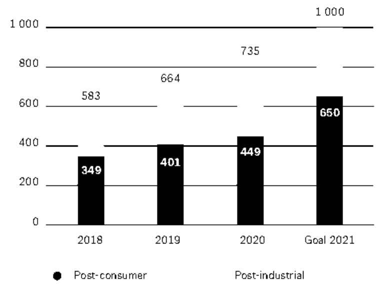
We are also proud to have launched in February 2021 the HÅG Capisco Puls made from collected snow plough markers in Norway. We identified this material source during a research project 2018-2020 with SINTEF, and in 2020, Flokk has set up the needed value chain to turn this resource astray into valuable products.

All this work has paid well of on our increased total amount of recycled plastic used, and on our average quantity of recycled plastic per product produced.

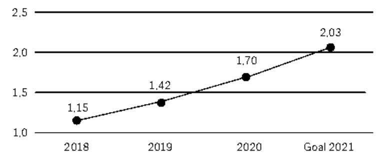
955 tCO_2e

saved in 2020
by using recycled instead of virgin plastic

Total amount of recycled plastics used in our products [tonnes]



Average quantity of recycled plastics used per produced unit [kg/unit] (incl. RH, RBM, HÅG and BMA)



METALS

Our die-cast aluminium parts contain an average of 95% recycled aluminium – the quality, durability and finish is just as good as for virgin material. Today, our extruded aluminium parts contain 30% recycled aluminium, and we are soon to launch a product where this share will increase to 75%.

We use 20-40% recycled steel in our products, and with improved techniques, we hope to increase this amount year on year. We will also investigate fossil-free steel initiatives.

In 2021, we will start the work originally planned for 2020, to collaborate with our suppliers to deliver a higher share of recycled aluminium and steel.

FABRICS & LEATHER

We strive to make responsible choices for our standard collection of textiles and leather. We offer durable wool, synthetic textiles, and different mixes of wool/synthetic. One of our bestsellers, Xtreme by Camira, is made from 100% post-consumer recycled polyester. Our standard leathers are chrome-free tanned.

In 2020, we have initiated in-depth dialogue with several of our key suppliers with the aim to kick off circular close-looped projects to launch ranges of post-consumer textiles in near future.

14 out of our 18 standard upholsteries are certified under various ecolabels, such as the EU Ecolabel, Oeko-tex® or The Blue Angel.

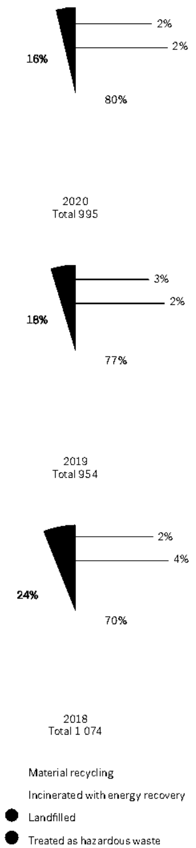
PACKAGING

Our products are delivered to customers either fully assembled with limited use of packaging material, or stacked together or flat packed in cardboard boxes. In 2020, our two factories in Scandinavia sent a total of 1 025 tonnes of packaging out into the market (10,3% up since 2019: 929t). This consisted of 89% cardboard (2019: 86%), 7% plastics (2019: 8%), 1% expanded polystyrene (EPS) (2019: 2%) and 3% other materials such as tape, bubble wrap, etc (2019: 4%). Numbers for Koblenz are not available in the required fraction details.

In 2020, we used 75,3 tonnes of plastic packaging (3,3% down since 2019: 77,9t). We see significant potential in both reducing this amount and switch to post-consumer recycled plastics. We are aiming for 100% recycled & recyclable plastic packaging by 2025.

Flokk is a member of several national takeback schemes, such as "Grønt Punkt" in Norway and FTI in Sweden. Each year, we report how much packaging we send out into the market and pay a charge on this basis. The charge ensures that old packaging is collected and recycled. As a "Control Member" of Grønt Punkt, we also require our Norwegian suppliers to be members, ensuring producer responsibility in our supply chain.

Factory waste [tonnes]



WASTE

Our waste management system is assessed each year during the annual ISO 14001 audits.

WASTE FROM PRODUCTS

Waste generation directly linked to our products takes the form of packaging, protective materials for transport, and used products. When we transport fully assembled chairs, we avoid using packaging. However, due to a high risk of damage, we need to protect our chairs with various types of protective covers. We do see significant potential to improve our use of packaging materials and will kick-off a plastic packaging campaign – "Reduce, Recycled, Return & Reuse!" in 2021. This was planned for in 2020, but postponed due to Covid 19.

WASTE FROM OPERATIONS AND OFFICES

Another source of waste generation is from our production processes and daily office routines. As far as our own factories are concerned, we have an efficient waste management plan in order to improve the systems for both collecting and sorting waste. Our waste sorting reflects as a minimum how the waste fractions are handled at our waste disposal contractors. As part of our Environmental Requirements, our suppliers commit to have a plan to minimise their waste volumes. We have scaled down returns of cardboard packaging to selected suppliers and recycle rather than reuse, due to quality and damage issues.

In 2020, 80% of our production waste (mostly steel and cardboard) was material recycled (2019: 77%), while 16% was incinerated to recover energy (2019: 18%). The remaining percentage of hazardous waste is declared pursuant to the requirements of local and national Waste Regulations and delivered to an approved reception facility. The information concerning the waste disposal methods have been given by our waste disposal contractors, and is continuously updated in follow-up meetings.

The increase on waste to material recycling is a result of improved sorting on all sites, through identifying new recyclable fractions, performing spot checks and keeping our employees updated with new information. We see significant further potential to improve by finding a solution for recycling our wood waste Class I in Nässjö rather than energy recovery.

Waste fractions at Flokk factories in 2020 [tonnes], including hazardous waste breakdown.

	2020
Non-hazardous waste	975
Material recycling	797
Incinerated with energy recovery	161
Landfilled	16
Hazardous waste	20
Material recycling	0
Incinerated with energy recovery	16
Landfilled	4
Total [tonnes]	995

CHEMICALS

Our chemical management system is assessed each year during the annual ISO 14001 audits.

SUPPLIERS

We have strict standards for use of chemicals for our suppliers, which must commit to fulfilling our requirements in order to become a supplier to Flokk. We are evaluating new tools (supplier rating and management system) to improve the handling of chemicals at our suppliers for the entire supply chain.

We believe that we can be more proactive towards our suppliers in our efforts to avoid and handle any cases of hazardous chemicals found in products on the market.

PRODUCTION AND OFFICES

We must ensure that our employees are not exposed to harmful substances. We keep inventory of all chemicals in use at our facilities, and their respective MSDS (material safety data sheets) are readily available. We use EcoOnline to monitor and evaluate the risks associated with those chemicals every year, and undertake substitution of chemicals that may have undesirable effects.

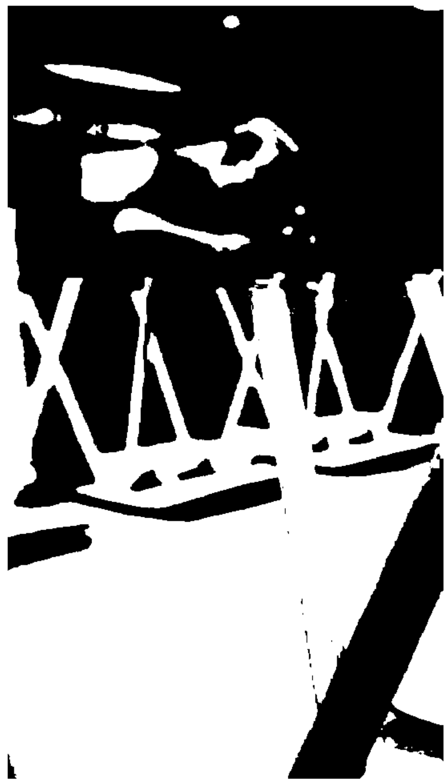
PRODUCTS

Choosing the right materials includes avoiding chemicals that are hazardous to health and the environment. For many years we have not used what we call "banned" materials in any of our new products, such as glue, PVC, flame retardants and the chrome surface treatment of chair and table legs. Instead, we devote a lot of effort to developing attractive alternatives, such as:

- New polyester powder coatings with metal look – matching the shiny finish and tough surface obtained from chroming
- Smart solutions to avoid the use of glue in upholstery
- Using wool and polyester fabrics to avoid the use of flame retardants. Wool is a natural flame-retardant and the structure of polyester fibers provides flame-retardant properties without chemical additives
- Use of water-based wood lacquer and powder coating for metal coating to keep the emissions of Volatile Organic Compounds (VOC) as low as possible

We analyse our existing portfolio for possible product improvements, including health considerations. For our older portfolio, we set strict requirements concerning the components of glue and paint, which might otherwise contain substances such as formaldehyde and bisphenol. Our standard PUR foam articles comply with the strict requirements of the Nordic Swan Ecolabel, and do not contain any harmful substances.

Our most important chair collections are GREENGUARD GOLD certified; a guarantee that the products contribute to a healthy indoor climate by not emitting hazardous gases.



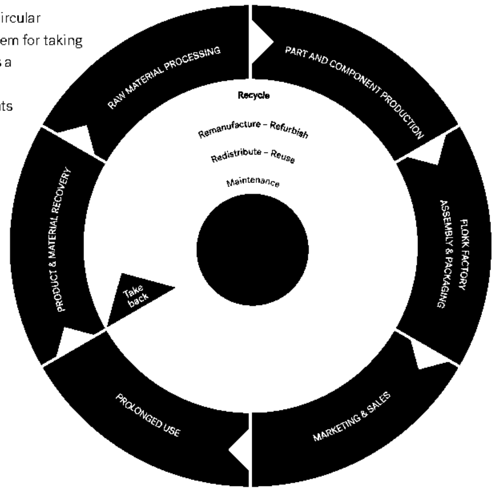
Circular Economy – Closed Loop

Flokk is working on solutions to ensure that our products are returned by the end-customer. In these cases, they would then be appropriately handled, by taking control of them in the usage phase, and by facilitating systematic reuse and recovery of our "recycle-ready" products.

We include a circular business model test as a principle for new product development, ensuring that future products are feasible for future circular needs and also optimised within the existing business logic. In addition, we are exploring how to ensure full traceability of our chairs and secure a circular value chain.

In the Netherlands, we have practiced the circular economy for many years and built up a system for taking back used chairs. Our partner Opnieuw has a dedicated disassembly line where returned chairs are dismantled. Parts and components are controlled and cleaned, and reused in "second life" chairs and defective parts are sent back to suppliers for recycling into new raw material.

We are exploring various circular business models such as furniture-as-a-service and new buy-back offerings, utilising new partner constellations. These efforts are in the pilot stage.

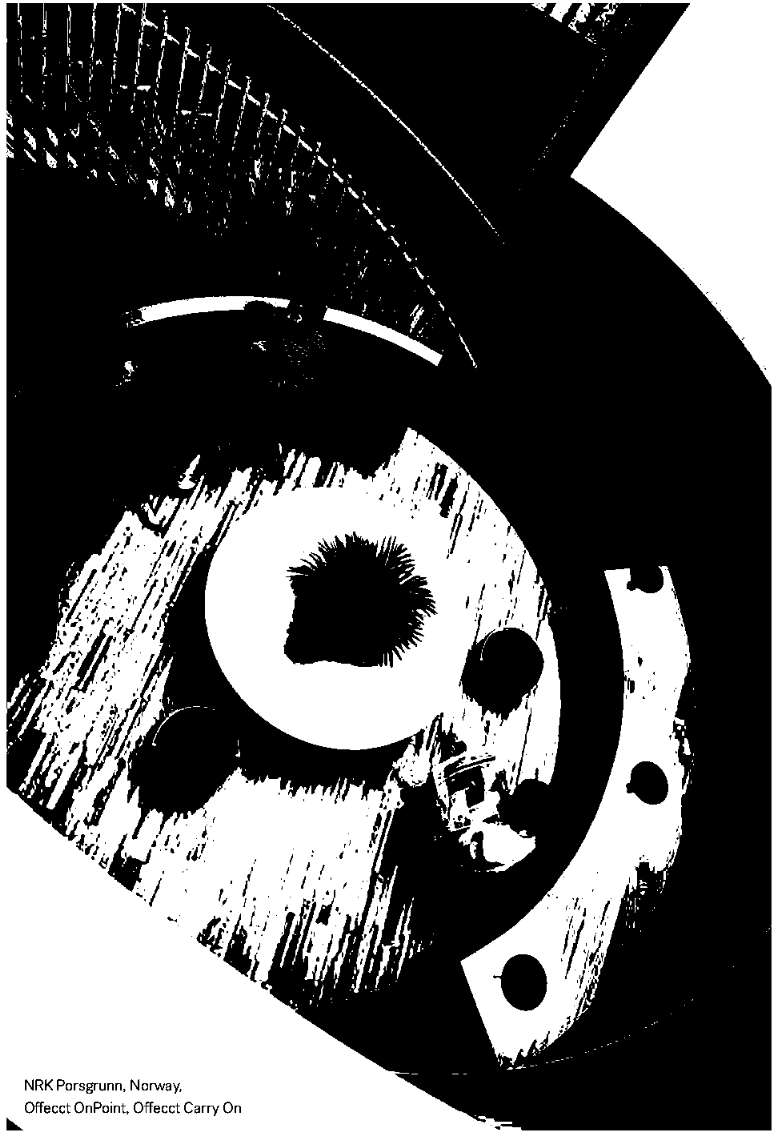


Circular Economy

Long-term goals:

- Explore Circular Business Models
- Products in core markets will be distributed with clear obligations on end-of-first-use handling: 75% of HÅG, RH, Giroflex by 2030 (30% by 2025) and 50% of Flokk integrated brands by 2030

Measures 2020	Status	Measures 2021
Market test and develop new scalable furniture-as-a-service concepts **Result - Commercial pilot with GoGood and OBOS developed, for implementation in Q1 2021**	➡	Establish minimum 3 more furniture-as-a-service pilot implementations
Pilot buy-back and certified re-use program in Sweden **Result - Not done due to Covid 19 temporary lay-offs**	●	Pilot certified re-use/refurbish program for Scandinavia

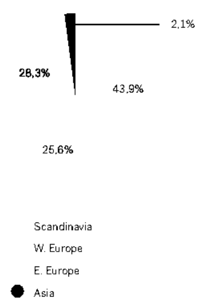


NRK Porsgrunn, Norway,
Offecct OnPoint, Offecct Carry On

Responsible Supply Chain

At Flokk, we aim to choose suppliers who share our environmental and social values, as the basis for long-term, sustainable relationships. When signing contracts with new suppliers they are made aware of our focus in these areas, as they need to sign our Code of Conduct and our Environmental requirements document. With more than 90% of our products' environmental impact being related to the phases before parts and components even arrive at our factories; the choice of suppliers is crucial to our work towards minimizing environmental and social impacts.

Percentages of the 2020 annual purchased value (turnover) for direct material used in our significant locations of operation that is spent on local suppliers (European and Scandinavian) and Asian suppliers (for purchases exceeding NOK 100 000):



LOCALISATION
As our main operations are spread across Northern and Western Europe, we regard our European suppliers as local suppliers (97,9% of total significant), since they deliver to all of our sites in various amounts and categories.

As we continue our strategy of acquiring and integrating other brands into the Flokk Group, new suppliers will come into our supply chain. We are dedicated to moving the contractual relations with these new suppliers towards Flokk's standard terms and conditions as soon as possible as part of the integration process.

Flokk has a certain number of suppliers in low-cost countries in Eastern Europe and Asia. For the smaller number of suppliers in Asia, we have a particular focus on them meeting the requirements in international regulations concerning human rights and working conditions. Even though Flokk managed through 2020 without a production standstill, the pandemic has demonstrated the vulnerability of remote suppliers & long logistic chains. A re-evaluation of the Asian suppliers will be carried out in 2021.

SUPPLIER SELECTION
Our strategy is to consolidate the number of suppliers as we grow, focusing on the higher performers; for this reason, decisions are based on Total Cost of Ownership, and are not focused solely on price (transport, cost of capital, overhead, etc.).

All new suppliers to Flokk need to fulfil the minimum requirements we have in our supplier appraisal audit and are screened based on environmental and social criteria. All new Flokk suppliers must sign our Code of Conduct - Business Partners and Flokk Environmental Requirements. We generally sign 3-year agreements with our main suppliers and 93% of our annual purchased value is under contract with a signed code of conduct.

There have been many challenges in our supply chain during 2020, most of which are related to the Covid 19 situation. We have put a lot of focus on availability of materials in our production units and to foresee any possible disruptions in the supply chain. Together with our suppliers, we have been able to keep our production units running with only minor disruptions. Here are some of the main activities 2020:

- Acquired the mechanism production from our main supplier to our RH brand and by that, we took over their supply chain
- Moving the Malmstolen supply chain in to our production site in Nässjö

SUPPLY CHAIN CONTROL – FOLLOW-UP AND ASSESSMENTS
In 2020, our main focus was on maintaining availability of materials from our suppliers. Based on the Covid 19 situation we were not able to visit as many suppliers as we usually do. Instead we used our digital platforms for follow-ups. We also started to plan activities for 2021 to re-certify a targeted group of suppliers through our supplier appraisal format with focus on CSR compliance.

Supplier Performance Status – SPS
As part of our procurement policy, we hold monthly SPS meetings to monitor and evaluate supplier and sub-supplier status and results on issues regarding Quality, Delivery and Risk, including environmental and social factors with a negative impact on society, labour market practices and human rights.

When a supplier or sub-supplier is identified as a low performer, we coordinate mitigation measures to close the deviation. Repeated low performance can put suppliers in the "New Business on Hold" category. Flokk has zero tolerance for corruption, and we try to ensure that suppliers exercise environmental responsibility, have a shared respect for human rights and offer good working conditions.

In 2020, no suppliers were assessed due to constrains in resources and visit limitations. However, based on our close, constant dialogue with key suppliers, none were considered to have negative environmental or social impacts and no measures had to be taken. No new suppliers were screened nor introduced to our production sites in Koblenz, Nässjö or Røros.

SUPPLIER RE-EVALUATION
To follow-up on our suppliers' compliance to our Code of Conduct, environmental, social and general performance, we will systematically re-evaluate our suppliers. In 2021, we will go through our Asian suppliers with focus on CSR related issues. As we aim at having long-term cooperation with our suppliers and high performing suppliers, it is important to not only focus on evaluating new suppliers before signing contract but also to re-evaluate our present suppliers.

SUPPLY CHAIN MANAGEMENT TOOL
As we grow as an organization, the complexity and need to find efficiency gains in our supply chain also increases. As part of a wider effort to digitalize and create deeper integration of our processes, we are evaluating tools to manage our supply chain, and keep good track of supplier performance and transparency in all quadrants.

This is also linked to an effort to consolidate our procurement management approach, in order to have more consistent supplier appraisal, relationships and routines.

Category	Number of signed CoC's	Percentage of total number (APV* > 100 000 NOK)
Aluminium	11	100 %
Assembly	6	86 %
Electronics	1	100 %
Fabrics & leather	9	69 %
Packaging	6	60 %
Steel	16	43 %
Traded products	11	65 %
Wood	3	75 %
Plastics injection mold	15	94 %
Foam	5	100 %
Plastics others	7	70 %
Chemicals	1	25 %

Region	Number of signed CoC's	Percentage of total number (APV* > 100 000 NOK)
Asia	7	88 %
E. Europe	17	85 %
Scandinavia	45	85 %
W. Europe	22	41%

Total number and percentage of business partners that the organization's anti corruption policies and procedures have been communicated to in 2020, broken down by type of business partner and region.
*APV Annual Purchase Value = turnover

Our Employees

As a company, Flokk represents a safe and stable working environment. We act responsibly with respect to our customers and society in general. We support and follow the principles of the UN Global Compact. In relation to our employees, we have gathered the company's principles, values, standards and rules of ethical behavior in our Code of Conduct - Employees. In 2020, we implemented Learning@Flokk, our new digital learning platform. As of early 2021, completing the Code of Conduct training is mandatory.

2020 was an extraordinary year due to the Covid 19 pandemic. Flokk has tried our outmost to handle the situation to the best of our ability. However, a large number of employees were temporary laid-off. We tried to stay close and support our employees during these challenging times and were relieved to welcome all employees back to work at the end of the year. Employees working from home during this period were granted tools and equipment in order for them to be able to perform. Each site and country have had their own plans and actions according to local need and the Covid 19 regulations.

We expect our employees to behave as ambassadors and to treat colleagues, business associates, the environment and other stakeholders with respect and courtesy. We clearly distance ourselves from corruption and bribery and support free competition and fair trade.

As of December 2020, the company had 635 employees (excluding Malmstolen, Offecct, Profim and 9to5 Seating). The percentage of women has slightly decreased from 34,4% in 2019 to 33,7% in 2020. We are not satisfied with this development and in 2021, we will focus this by measuring the gender balance in Flokk and in the different value chains focusing diversity in particular. We will implement actions related to recruitment and promotions.

All of our employees are directly employed by Flokk. In general, we have very few temporary employees. However, in November and December, we experience seasonal fluctuations and peaks in production, and therefore need to increase our workforce with some temporary employees to meet market demands.

All employee data has been collected from our HRIS system, People@Flokk, where all employee data is kept.

Number of employees by employment contract, region and gender

Country	Permanent employee	Temporary employee
Australia	4	
Belgium	7	
Canada	2	
China	9	1
Denmark	14	
France	10	1
Germany	51	1
Norway	258	3
Singapore	3	
Sweden	145	9
Switzerland	68	4
The Netherlands	21	2
UK	19	
USA	3	
Total women	206	8
Total men	408	13
Total employees	**614**	**21**

Number of employees by employment type and gender

Employment type	Full-time	Part-time
Total women	185	29
Total men	418	3
Total employees	**603**	**32**

Anti-Bribery & Corruption

We conduct our business with high ethical standards and a view to always being a respected and trusted business partner for all our stakeholders. This is essential for our company our reputation and for our employees. It represents our core values. Flokk expects all employees to avoid situations that may lead to a conflict between the company's interest and their own personal interests. Bribery or corruption in any form is unacceptable. However, in case of any misconduct, we have a clear whistle blower policy and routines as how to handle. This is set out in the Group's Code of Conduct – 80% of all employees has so far signed this as an integrated part of the employee contract. The aim for 2021, is to reach 100%. In addition, all employees will update their ethical training through Learning@Flokk where we can track and follow up who has done the different training programs.

Flokk's Total Quality Management System (TQM) is the key for monitoring the code of conduct and related documents for ethics and anti-bribery & corruption. In case of uncertainty about compliance with these policies, all employees can seek guidance in TQM. Guidance can also be sought from line managers or Group Management.

POLICY AND PROCEDURE COMMUNICATION
Flokks' guidelines for anti-bribery & corruption are communicated to the employees. As part of the onboarding process, all new employees receive and must commit to a policy package containing the most important Main Group Policies such as the Code of Conduct and People, Ethical, Quality, Environmental & Energy, HSE, Group Internal Communication and IT Policies.

Anti-corruption measures focus specifically on the units that are most vulnerable (sales and purchasing). Our whistle-blower procedure describes how employees should report any suspected internal corruption or other types of misconduct which they may be aware of.

By end of 2020, all employees at Flokk and Group Management have received information about the anti-bribery & corruption guidelines.

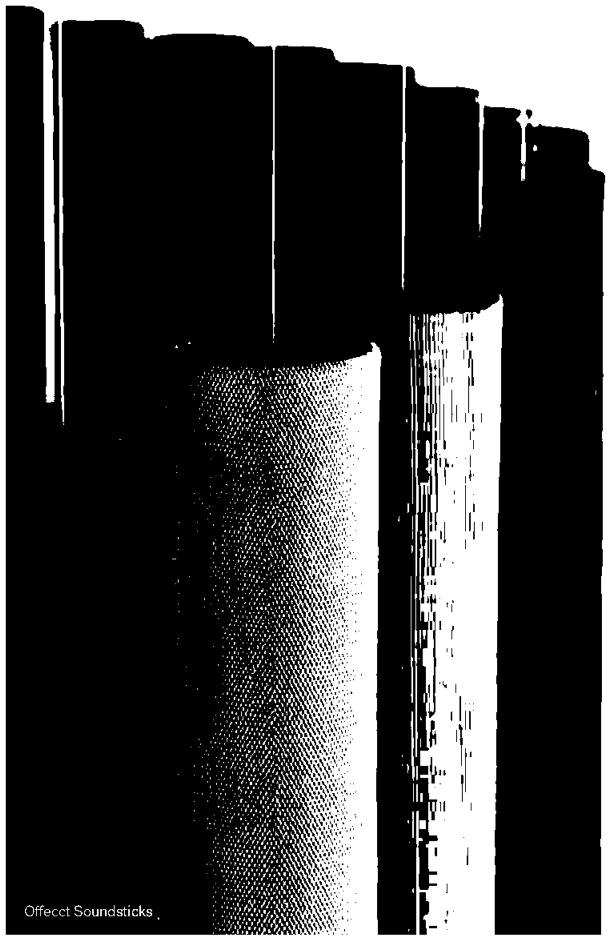
POLICY AND PROCEDURE TRAINING
Our digital learning platform, Learning@Flokk, was implemented late 2020 and provides dedicated digital training for our employees. A mandatory code of conduct learning program was the first to be launched end 2020, and will be finalised by December 2021. The purpose is to ensure that all employees are familiar with, and comply with the company's framework for anti-bribery & corruption. By 2020, all in Group Management completed the anti-bribery & corruption training.

Learning@Flokk is a system that gives us possibility for monitoring and tracking course completions for all employees and make reports to relevant stakeholders.

In 2021, we also plan to review our procedures and framework within ethics, compliance and anti-bribery & corruption in order to make the guidelines clearer and easier to understand.

	Number	Percentage
Norway	8	100%
Sweden	1	100%
Poland	1	100%
Germany	1	100%
Total employees	**11**	**100%**

Total number and percentage of Group Management that have received both communication and training on our Group's anti-corruption policies and procedures, by region.



Offecct Soundsticks

Workplace - Health and Safety

The health, safety and working environment (HSE) is an essential aspect of Flokk's management system, based on the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018. Flokk is certified against all these ISO standards except ISO 45001:2018, where we are working in compliance with the requirements.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION
All Flokk employees, including contracted workers whose work and/or workplace is controlled by Flokk, in all activities, at all workplaces, are entitled to a safe and appropriate working environment – in which they are just as healthy when they leave work, as when they arrived. The responsibility lies with the employer, focusing primarily on prevention.

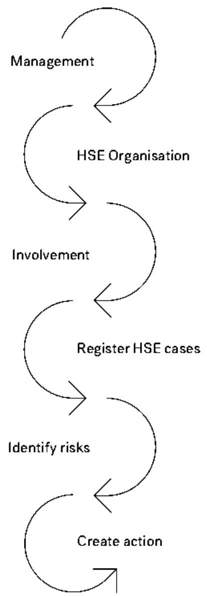
We achieve this through systematic HSE work, of which the core aspects are management, a solid organisation and the enabled participation and involvement of all employees. Top management guides daily operational HSE work which is centrally coordinated by an HSE manager and executed by HSE managers and Safety deputies in each production unit. All aforementioned HSE staff are Flokk employees.

SYSTEMATISED HSE – HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION
For Flokk, systematic HSE work means staying one step ahead, identifying risks, secure compliance with legal requirements and implementing actions – always, no matter how well we perform.

To anchor HSE aspects throughout the organisation, in compliance with Group HSE policy and legal requirements, we perform yearly risk analysis and regular internal audits as safety inspections, determine objectives and competence requirements. We follow up on action plans with responsible persons and deadlines.

This results in a continuously improved and updated risk assessment process; which employees take as a natural part of their work – they are the frontline in regards to detecting issues and proposing or taking relevant action. The most critical risks are escalated and addressed with the Group Management through HSE organisation in REQ/ESG forum, as a strategic part of Flokk's Risk management model.

In 2020, Flokk has updated the process to ensure employees' right to report unacceptable conditions without reprisals in the workplace. Reporting can be done anonymously.



Workplace – Health & Safety

Long-term goals:
Zero number of fatalities + Zero high-consequence work-related injuries

KPI	Goal 2021	Goal 2020	Results 2020		Results 2019	Results 2018
Number of fatalities	0	0	0	●	0	0
High-consequence work related injuries	0	0	0	●	0	0
Rate of recordable work-related injuries*	0	0	19,5**	●	11,2	5,9
Number of recordable work-related injuries	0	0	8	●	8	4

Measures 2020	Status	Measures 2020
All measures from 2020 continues and are affected of Covid 19 pandemic and temporary layoffs of employees:		
Continue with existing preventive HSE work	➡	Continue with existing preventive HSE work
Increase registration of unsafe condition from 48 to 70. **Result: 53**	➡	Increase registration of unsafe conditions from 53 to 80
Develop HSE training through e-Learning for new employees	➡	Complete HSE e-learning program for all new employees

*Recordable work related injury rate = Recordable work related injury number x Working hours/1,000,000
(Number of hours worked in 2020: 614 644). Working hours for non employees are not included, although figures include injuries for both employees and non employees.
**Increase in rate of recordable work related injuries due to reduction in number of working hours due to Covid 19 and temporary layoffs during 2020
(Increase from 2018 to 2019 was due to more intense activity than normal when moving production from Zwolle to Nässjö).
The types of the 8 work related injuries are as followed: 6 hit by an object, 1 fall, 1 cut by knife/staple. None of these injuries happened to non employees in 2020.

WORK-RELATED HAZARDS
Identified work-related hazards with potential to cause injury or ill health are: Physical (hit by objects) / Ergonomic (improperly adjusted workstation) / Related to work-organization (shift work, excessive workload demands).

None of the identified hazard contributed to high-consequence injuries in 2020.

Safety tours, internal audits as spot checks, registration of unsafe conditions are some of the preventive tasks undertaken to eliminate work-related hazards and minimize risks using hierarchy of controls. In addition, workstations are designed and organised to prevent injuries without compromising effective operations. Avoid heavy lifting, avoid walking/standing at hard flooring by use of soft cover, and remove exposure of chemicals as examples. Job rotations are also introduced for variation of tasks.

WORKER TRAINING AND OCCUPATIONAL HEALTH TRAINING
In general, all managers are responsible for addressing training requirements and information relating to their employees, work, and workplace. The resulting working conditions should allow all personnel (employees or not) to perform their job in a competent and healthy manner.

HSE training is mandatory for all employees. It is part of Flokk's induction program, which includes safety rules, HSE case registration, alongside sustainability and corporate responsibility issues. All staff in production receives safety instructions and HSE training before they start working. The HSE training will be improved through our new e-learning platform to strengthen performance, and we are planning to introduce refreshment training for all employees on a regular basis.

Employees are provided special training in specific high-risk activities such as Hot Work and Forklift driving. These competences are registered and followed up in a separate competence database.

Flokk HQ

PROMOTION OF WORKERS HEALTH

Flokk encourage all our employees to stay healthy and live an active life though physical activities. We have local health programs, canteens offering healthy food and we run health initiatives. This also includes focus on alcohol and drug abuse.

In general we operate in countries where the public health care provides all necessary services. That is the main reason why we have not chosen to provide extra health care insurance.

PREVENTIVE ACTIVITIES

Injuries and occupational diseases

All staff at Flokk's premises (employees or not) are stimulated to work preventively. Workstations are designed and organised to prevent injuries without compromising effective operations, and staff is encouraged to report unsafe conditions in our TQM. This allows us to do early risk assessment, act and reduce the risk of serious injury. To prevent repetitive strain injuries, employees have the opportunity to vary their tasks.

Despite our preventive activities, the number of recordable work-related injuries needs to be reduced. We registered same high level in 2020 (8) as in 2019 (8). Our challenge in 2020 has been reduced number of working hours and temporary layoffs during Covid 19, and effects from higher intensity activities from continuous phase-in of BMA production at our Nässjö site.

Chemicals

Employees are not exposed to harmful substances to present knowledge. We undertake a yearly risk assessment with each chemical used in our facilities, and substitute the chemicals that have undesirable effects. All chemicals with known harmful effects have been replaced with non-toxic alternatives.

OCCUPATIONAL HEALTH SERVICES

Occupational health services are well established within the organization, with open and transparent dialogue between company representatives and external occupational health services. All employees are aware of the services provided, as follows:

- Attendance of follow-up meetings related to employees on sick leave, in order to customize rehabilitation programs
- Attendance of meetings focused on general risk analysis and risk minimizing HSE work in combination with providing expertise related to safety aspects
- Participate in minimum one Working Environment Committees a year
- Offers of mandatory training and competence in relation to HSE work
- Participation in safety inspection rounds
- Follow-up on advised ergonomic practices

Working Environment Committees are in place at production units and HQ, with equal numbers of workers and management representatives present, alongside unions representatives. These committees normally meet 4-6 times per year, although higher activity during Covid 19 in 2020, and decisions are normally taken by majority votes. Management can use double voting unless agreement is reached. Agenda will cover following topics:

- Active participation in the company's health, environment and safety work. Participation in surveys, the preparation of action plans and giving advice on priorities and measures
- Evaluation of the health and welfare aspects of working time arrangements
- Review of all reports on occupational hygiene and measurement results
- Addressing issues concerning the facilitation of employees with reduced functional capacity
- Preparation of an annual report on the work
- Providing expertise related to safety aspects as noise, air quality, emergency preparedness, first aid to name a few

Product Liability

CUSTOMER HEALTH AND SAFETY
Our aim is to deliver safe products in perfect condition and we are committed to ensuring our customers' complete satisfaction. With our level of technical expertise, combined with our honesty and responsibility, our aim is for our customers to be safe and comfortable every time they choose a Flokk product. We demand high quality in everything we do, so a Flokk product is built to withstand stress and to last, minimizing risk of injury to the user.

For these reasons, all Flokk products are tested according to specific international standards, with requirements pertaining to ergonomic execution, safety, stability and strength. The standards we meet stipulate guidelines for design, dimensioning and material choice, and are subject to continuous evaluation and testing throughout the product's development and use phases. Flokk's core portfolio is thus assessed for potential improvements regarding health and safety impacts. That is why we give a ten-year guarantee on most of our products.

Flokk has defined "Risk/Safety Claim" as a customer being injured while using our product. There have only been a handful of such cases, but when they do occur, they are followed up closely in our management case handling system.

Risk/Safety Claims – number of customers injured while using a Flokk product

2020		2019		2018	
Number	PPM*	Number	PPM*	Number	PPM*
1	2,00	4	7,31	2	3,39

Target each year: 0
No major customer injuries in 2020, only a minor incident.

*PPM = Part per millions.
Number of injuries is divided of number of produced chairs and multiplied with 10^6

LABELLING
All of our products have labels providing information concerning existing standards and certifications. They are also delivered with detailed user manuals and instructions for safe use, maintenance, cleaning and recycling.

ENVIRONMENTAL CERTIFICATIONS
The use of certifications is an important communication of our strong environmental commitment and performance to the general public, and in guiding our customers to make the right choices. With more than 500 "green" certificates in Europe alone, these are very difficult waters to navigate. Some certificates relate to business and corporates, and others to products. Some focus solely on the user phases, while others cover the entire life cycle. Some are national, and some are global.

The environmental certifications chosen by Flokk comprehensively cover important aspects and areas. More details are available at our website: www.flokk.com.

ENVIRONMENTAL PRODUCT DECLARATION – EPD
Our products' environmental performance throughout their life cycle is calculated and published in EPDs - Environmental Product Declarations. EPDs are rapidly gaining recognition in the furniture industry, due to their ability to document and communicate quantitative, transparent and to some degree comparable environmental indicators from cradle to gate, such as carbon footprint, energy consumption and share of recycled materials.

Flokk has EPDs for more than 30 products

THE NORDIC SWAN ECOLABEL
The Nordic Swan Ecolabel for furniture is awarded to products that meet strict environmental, quality and health requirements. The use of harmful chemicals is strictly regulated, and a high content of recycled materials is required. In 2010, HÅG Capisco became the first office chair in the world to qualify for the Nordic Swan Ecolabel.

Flokk has 4 Nordic Swan Ecolabeled product families

GREENGUARD GOLD
To ensure that our products are not harmful to the indoor climate by emitting hazardous gases (specifically volatile organic compounds such as formaldehyde in glue), they are tested according to the requirements of the UL GREENGUARD Environmental Institute.

Flokk has 26 products certified with GREENGUARD GOLD

MÖBELFAKTA
Möbelfakta is a Swedish certification scheme based on three requirement areas: quality, the environment and corporate social responsibility. This scheme sets external requirements such as CEN and ISO standards for quality and follows the environmental criteria of the Swedish Environmental Management Council, while the corporate social responsibility element is based on the ten principles of the UN Global Compact.

Flokk has 22 products with Möbelfakta certification

CRADLE TO CRADLE™
The Cradle to Cradle Certified™ program is an ecolabel that assesses several aspects, such as a product's safety for human beings and the environment, and design for future life cycles. Designers and manufacturers are guided through a continuous improvement process to evaluate a product through five quality categories – material health, material reutilisation, renewable energy and carbon management, water stewardship, and social fairness.

Flokk has 4 products that are Cradle to Cradle™ certified, Bronze level.

Production site, Nässjö

Product Certifications

Overview of Flokk integrated brands' technical tests & approvals, environmental certificates & declarations.
Note: this list of products is not a full overview of our portfolio. For a wider selection and more details, please read our Price lists available on Flokk Brand Management Center.

	Technical									Environmental				
	EN 1335	EN 1729	EN 16139	IEC 61340 - ESD	GS	BS 5459	NPR 1813	ANSI BIFMA	EN 15372	MÖBELFAKTA	EPD, ISO 14025	THE NORDIC SWAN ECOLABEL	GREENGUARD GOLD	CRADLE to CRADLE™ BRONZE CERTIFICATE
HÅG														
HÅG Capisco	●		●	●	●					●	●	●	●	
HÅG Capisco Puls	●		●		●			●		●	●		●	
HÅG H03	●				●			●			●		●	
HÅG H04				●			●				●			
HÅG H05	●			●	●		●	●			●			
HÅG Creed	●						●			●	●		●	
HÅG Futu	●				●	●	●	●		●	●		●	
HÅG Futu Mesh	●							●			●		●	
HÅG SoFi	●				●	●	●	●		●	●	●	●	
HÅG SoFi Mesh	●				●	●	●	●			●		●	
HÅG Tribute			●		●						●		●	
HÅG Inspiration	●				●			●		●	●		●	
HÅG Excellence	●				●			●		●			●	
HÅG Conventio			●		●			●		●	●	●	●	
HÅG Conventio Wing		●	●					●		●	●		●	
RH														
RH Activ	●			●	●	●		●		●	●		●	
RH Mereo	●				●		●	●		●	●		●	
RH Extend	●			●	●	●	●			●	●		●	
RH Logic 300/400	●			●		●	●			●	●	●	●	
RH Logic 200/220	●				●	●	●	●		●	●		●	
RH Support				●							●		●	
RBM														
RBM Noor		●	●		●			●		●	●		●	
RBM Noor Up			●		●			●		●	●		●	
RBM Ana		●	●							●	●		●	
RBM Ballet		●	●										●	
RBM Bella			●										●	
RBM Low back Bella			●		●					●			●	
RBM TABLES														
RBM Allround									●	●				
RBM Ultima									●					
RBM Eminent									●					
RBM Standard folding table									●	●	●			
RBM u Connect									●	●				
RBM e Connect									●	●				
BMA														
BMA Axia 2.0 Series					●	●	●				●		●	●
BMA Axia Vision 24/7				●			●				●			
BMA Axia Focus	●				●	●	●	●						
BMA Secur24	●				●	●								
BMA Axia Visit			●											
GIROFLEX														
giroflex 151			●		●									●
giroflex 313	●		●		●									●
giroflex 353	●		●		●		●							●
giroflex 434	●		●		●									
giroflex 545	●				●									
giroflex 60	●				●	●								
giroflex 64	●				●	●								
giroflex 68	●				●	●								
giroflex ADAPT	●				●									

GRI-Index

This report has been prepared in accordance with the guidelines from the Global Reporting Initiative (GRI) – the GRI Standards: Core option.

GRI is a voluntary international network and is the most widely used international framework for reporting on corporate sustainability, enabling comparisons between companies within the same and different industries.

The GRI report has been reviewed and approved by Group Management. The selection of important topics is supported by the Group Management. The report has not been externally verified.

A list of GRI topics and disclosures is provided below, with references to where the topics are discussed in this report (DMA – Management Approach / PA – Partially addressed).

We link our reported GRI disclosures to both UN SDGs – Sustainable Development Goals and the ISO 26000 – Guidance on Social Responsibility, with cross-references in the GRI-index. This way the reader gets an overview on how our sustainability work is correlated with these two important guidelines for acting responsible towards the environment and social responsibility.

In 2021, we have an ambition to crosscheck our GRI report vs EU NFRD – Non-Financial Reporting Directive. This was planned for 2020, but not prioritised due to Covid 19.

UN SDGs – Sustainable Development Goals

No 3	Ensure healthy lives and promote well-being for all at all ages
No 7	Ensure access to affordable, reliable, sustainable and modern energy for all
No 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
No 12	Ensure sustainable consumption and production patterns
No 13	Take urgent action to combat climate change and its impacts
No 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
No 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
No 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
No 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

ISO 26000 – Guidance on Social Responsibility

4.4	Ethical behavior
4.6	Respect for the rule of law
4.7	Respect for international norms of behaviour
5.3	Stakeholder identification and engagement
6.2	Organizational governance
6.3.3	Human rights Due diligence
6.3.4	Human rights risk situations
6.3.5	Avoidance of complicity
6.3.10	Fundamental principles and rights at work
6.4.1-6.4.2	Labour practices
6.4.3	Employment and employment relationships
6.4.4	Conditions of work and social protection
6.4.5	Social dialogue
6.4.6	Health and safety at work
6.5.3	Prevention of pollution
6.5.4	Sustainable resource use
6.5.5	Climate change mitigation and adaptation
6.5.7	Protection of the environment, biodiversity and restoration of natural habitats
6.6.1-6.6.2	Fair operating practices
6.6.3	Anti-corruption
6.6.6	Promoting social responsibility in the value chain
6.7.1-6.7.2	Consumer issues
6.7.4	Protecting consumers' health and safety
6.7.6	Consumer service, support, and complaint and dispute resolution
6.8.1-6.8.2	Community involvement and development
6.8.3	Community involvement
6.8.5	Employment creation and skills development
6.8.7	Wealth and income creation
6.8.8	Health
6.8.9	Social investment
7.3.1	Social Responsibility Due diligence
7.4.2	Setting the direction of an organization for social responsibility
7.4.3	Building social responsibility into an organization's governance, systems and procedures
7.5.3	Types of communication on social responsibility
7.6.2	Enhancing the credibility of reports and claims about social responsibility
7.7.5	Improving performance
7.8	Voluntary initiatives for social responsibility

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
GENERAL DISCLOSURES					
Organisational Profile					
102-1	Name of the organisation	Cover			
102-2	Activities, brands, products, and services	23-36, 60, 125			
102-3	Location of headquarters	148			
102-4	Location of operations	5-7, 10-11, 38-39, 128-129			
102-5	Ownership and legal form	13-14, 76			
102-6	Markets served	5-7, 10-11, 38-39, 98-99, GRI-index	Main customer groups: dealers, importers and end users		
102-7	Scale of organisation	6-7, 38-43			
102-8	Information on employees and other workers	130-131		SDG No 8.	6.3.10 6.4.1-6.4.5 6.8.5 7.8
102-9	Supply chain	128-129			
102-10	Significant changes to the organisation and its supply chain	5, 10-11, 38-43, 128			
102-11	Precautionary Principle or approach	GRI-index	Flokk is committed to complying with the precautionary principle		
102-12	External initiatives	97, 105-109, 128-129, GRI-index	Member of IEH/ETIN - Ethical Trading Initiative Norway. Flokk Code of Conduct in accordance with the UN Global Compact. Long-term goals according to EU 2-degree target and selected numbers of the UN Sustainability Development Goals. Member of Hold Norge Rent. Supporting ZERO Fossil free forum		
102-13	Membership of associations	97-99			
Strategy					
102-14	Statement from senior decision maker	10-11, 41-42, 95			4.7 6.2 7.4.2
102-15	Key impacts, risks and opportunities	10-11, 41-42, 110-113			
Ethics and integrity					
102-16	Values, standards, principles and norms	13-14, 40-41, 104, 130, 132		SDG No 16.	4.4 6.6.3
Governance					
102-18	Governance structure	13-19, 104			
102-20	Executive-level responsibility for economic, environmental, and social topics	15-16, 19, 104			
102-26	Role of highest governance body in setting purpose, values, and strategy	13-19, 104			
102-32	Highest governance body's role in sustainability reporting	104			6.2 7.4.3 7.7.5
102-35	Remuneration policies	15, 70-71, 77, 80, GRI-index	a. iv - clawbacks N/A, a. v - same retirement scheme for all employees, including Group Management (GM), b. due to Covid 19, senior executives' bonuses were related to pandemic crisis management, Turek post-fire reconstruction + financial figures (for 2021, bonuses for several GM members are related to ESG performance)		

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
Stakeholder Engagement					
102-40	List of stakeholder groups	97-99			
102-41	Collective bargaining agreements	GRI-index	In the Netherlands and Switzerland, all employees fall under a furniture association collective agreement as a basis for the salary adjust process. In Norway 49% and in Sweden 32% are covered by bargaining agreements leading to the same percentage adjustment. This percentage is also used as basis for adjustment for all employees	SDG No 8.	5.3
102-42	Identifying and selecting stakeholders	97-98			
102-43	Approach to stakeholder engagement	98-99			
102-44	Key topics and concerns raised	98-99			
Reporting Practice					
102-45	Entities included in the consolidated financial statements	7. 47-48. 76			
102-46	Defining report content and topic Boundaries	96-97			
102-47	List of material topics	96			
102-48	Restatements of information	GRI-index	Recalculation due to new data available: amount of recycled plastics used in our products for 2019. amount packaging used in 2019. and carbon emissions in 2019. Rate of work-related injuries: Compared with 2019. the figures are corrected in accordance with the GRI Standards definitions of recordable work-related injuries		
102-49	Changes in reporting	96			
102-50	Reporting period	GRI-index	2020		7.5.3 7.6.2
102-51	Date of previous report	GRI-index	2019		
102-52	Reporting cycle	GRI-index	Annual		
102-53	Contact point	147			
102-54	Claims of reporting in accordance with the GRI Standards	GRI-index	This report has been prepared in accordance with the GRI Standards: Core option		
102-55	GRI content index	142. GRI-index			
102-56	External assurance	142. GRI-index	The report has not been independently verified. However, for GRI 2019 The Governance Group (TGG) performed an independant gap analysis towards GRI Standards to ensure compliance. also valid for this year's report		
MANAGEMENT APPROACH (DMA)					
103-1	Explanation of the material topic and its Boundary	96. GRI-index for each material topic	General approach in the Materiality and Boundaries chapter. Specific approach in respective material topic chapters and GRI-index		
103-2	The management approach and its components	96. 104. GRI-index for each material topic	General approach in the Materiality and Boundaries chapter. Specific approach in respective material topic chapters and GRI-index		
103-3	Evaluation of the management approach	104			
MATERIAL TOPICS					
Economic Performance & Climate Risk					
DMA		13-15. 104. 108			
201-1	Direct economic value generated and distributed	13. 39. 44. 46. 68-70. GRI-index	i. Payment costs by country 2020 [MNOK] - **Total: 58,6.** Norway: 1.1 / Sweden: 13.2 / Denmark: 3.8 / The Netherlands: 2.9 / Belgium: 1.9 / Germany: 6.2 / UK: 4.3 / France: (0.5) / Switzerland: (2.3) / Singapore: 0.2 / China: 1.3 / USA: (3.2) / Australia: 0.4 / Poland: 29.3 / Latvia 0.6 / Czech republic (0.1) / Canada (0.5)	SDG No 8.	6.8.1-6.8.3 6.8.7 6.8.9
201-2	Financial implications and other risks and opportunities due to climate change	110-113		SDG No 13.	6.5.5

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
Procurement Practices					
DMA		104. 128-129			
204-1	Proportion of spending on local suppliers	128		SDG No 8. SDG No 12.	6.6.6 6.8.1-6.8.2 6.8.7
Anti-corruption					
DMA		104. 132			
205-2	Communication and training about anti-corruption policies and procedures	129. 132			
205-3	Confirmed incidents of corruption and actions taken	GRI-index	a. No incidents of corruption have been registered in 2020 b. No confirmed incidents in which employees were dismissed or disciplined for corruption in 2020 c. No confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption in 2020 d. No public legal cases regarding corruption brought against our company or our employees in 2020	SDG No 16.	6.6.1-6.6.3 6.6.6
Materials					
DMA		100. 103-104. 118			
301-1	Materials used by weight or volume	120		SDG No 12. SDG No 15.	6.5.4
301-2	Recycled input materials used	122-123			
Chemicals					
DMA		100. 103-104. 129. 137			
Energy					
DMA		100. 103-104. 114			
302-1	Energy consumption within the organization	114-117. GRI-index	No heating and cooling consumed. No energy produced and sold from our premises. Source of emission factor: **Scope 1** - DEFRA 2020. Norwegian Environmental Agency (NO). Drivmedel 2019. Statens energimyndighet 2020. Reduktionsplikt for bensin och diesel (SE) **Scope 2** - DEFRA 2020. Danske Fjernvarme 2019 (DK). Lokala miljovarden 2019. www.energiforetagen.se (SE). International Energy Agency statistics 2020. European Residual Mixes 2019 (released in 2020) **Scope 3** - DEFRA 2020	SDG No 12. SDG No 13.	6.5.4-6.5.5
302-3	Energy intensity	114-115. 117. GRI-index	Energy intensity is drawn by including all relevant sources of energy covered by scopes 1 and 2		6.5.5
302-4	Reduction of energy consumption	114-115. 117. GRI-index	We use CEMAsys to gather and calculate the data. Energy reduction figures are based on absolute numbers as available		
Emissions					
DMA		100. 103-104. 114			
305-1	Direct (Scope 1) GHG emissions	114-117. GRI-index	Gases included in the calculations: CO_2. CH_4. N_2O. SF_6. HFCs and PFCs. No biogenic carbon dioxide emissions to report as there is no combustion or decomposition of biologically-based materials other than fossil fuels in the premises. Flokk uses operational control approach for its carbon audit. See direct answer in Disclosure 302-1	SDG No 12. SDG No 13.	6.5.5
305-2	Energy indirect (Scope 2) GHG emissions	114-117. GRI-index	Gases included in the calculations: CO_2. CH_4. N_2O. SF_6. HFCs and PFCs. Flokk uses operational control approach for its carbon audit. See direct answer in Disclosure 302-1		

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
305-3	Other indirect (Scope 3) GHG emissions	114-117. GRI-index	Gases included in the calculations: CO_2, CH_4, N_2O, SF_6, HFCs and PFCs. To current knowledge, no biogenic CO_2 emissions associated with Flokk's indirect GHG emissions. Flokk uses operational control approach for its carbon audit See direct answer in Disclosure 302-1	SDG No 12. SDG No 13.	6.5.5
305-4	GHG emissions intensity	114-117. GRI-index	Gases included in the calculations: CO_2, CH_4, N_2O, SF_6, HFCs and PFCs		
305-5	Reduction of GHG emissions	114-117. GRI-index	Gases included in the calculations: CO_2, CH_4, N_2O, SF_6, HFCs and PFCs. We use CEMAsys to gather and calculate the data. Emission reduction figures are based on absolute numbers as available. See direct answer in Disclosure 302-1		
Effluents and Waste					
306-2	Waste by type and disposal method	124		SDG No 12. SDG No 14. SDG No 15.	6.5.3-6.5.4
306-3	Significant spills	GRI-index	There has been no leakages to the environment in 2020		
Environmental Compliance					
DMA		11, 96, 104, 112-113, 134-135			
307-1	Non-compliance with environmental laws and regulations	GRI-index	Two minor deviations at Røros related to work that could not be performed due to temporary layoffs during 2020. Internal NCRs registrated - TQM id 5896 (Regulations on the performance of work §3-1. Risk assessment of health hazards when using and handling chemicals) & TQM id 5897 (AML § 3-1 Requirements for systematic health, safety and environmental work). Both cases approved with actions and closed	SDG No 16.	4.6
Supplier Environmental Assessment					
DMA		104, 128-129			
308-1	New suppliers that were screened using environmental criteria	128-129		SDG No 12.	6.3.5 6.6.6 7.3.1
308-2	Negative environmental impacts in the supply chain and actions taken	129			
Occupational Health and Safety					
DMA		104, 134-137			
403-1	Occupational health and safety management system	134			
403-2	Hazard identification, risk assessment, and incident investigation	134-137			
403-3	Occupational health services	137			
403-4	Worker participation, consultation, and communication on occupational health and safety	134-137			
403-5	Worker training on occupational health and safety	134-137			
403-6	Promotion of worker health	137			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	137			

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
403-9	Work-related injuries	135. GRI-index	f. Injuries are registrated for all full time / part time workers and temporary workers, both employees and non-employees. However, working hours for hired personel (non-employees) are not included, since we don't have any method for registering this yet. g. Number of working hours is given by working hour registration system related to salary. All kind of work related Occupational and health incidents are registered and defined into different categories during investigation. The data have been compiled based on the formula: Rate of high-consequence work-related injuries excl fatalities = (Number of high-consequence work-related injury excl fatalities / Number of hours worked) x 1.000.000	SDG No 3. SDG No 8.	6.4.6 6.8.8
Supplier Social Assessment					
DMA		104, 128-129			
414-1	New suppliers that were screened using social criteria	128-129		SDG No 8. SDG No 16.	6.3.3-6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1
414-2	Negative social impacts in the supply chain and actions taken	129			
Customer Health and Safety					
416-1	Assessment of the health and safety impacts of product and service categories	138		SDG No 3.	6.7.1-6.7.2 6.7.4-6.7.5 6.8.8
Socioeconomic Compliance					
419-1	Non-compliance with laws and/or regulations in the social and economic area	GRI-index	No cases registered in 2020	SDG No 16.	4.6 6.7.1-6.7.2 6.7.6

For comments and questions on Flokk's work and reporting on the environment, energy and corporate social responsibility, please contact:

Atle Thiis-Messel
VP Sustainability
atle.messel@flokk.com

Laura Fouilland
Sustainability Advisor
laura.fouilland@flokk.com

Contacts

HEADQUARTER
Drammensveien 145
PO Box 45 Skøyen
NO-0202 Oslo, Norway
Tel: +47 22 59 59 00
flokk.com

PRODUCTION SITES
Røros, Norway
Tibro, Sweden
Nässjö, Sweden
Koblenz, Switzerland
Turek, Poland
Hawthorne, CA, USA
Guangdong, China


Norway
Espen Wibe
Country Manager
espen.wibe@flokk.com


Sweden
Johanna Hedström
Country Manager
johanna.hedstrom@flokk.com


Denmark
Dorrit Hoffmann
Country Manager
dorrit.hoffmann@flokk.com


Germany & Austria
Philipp Dicke
Country Manager
philipp.dicke@flokk.com


BeNeLux
David Coenen
Country Manager
david.coenen@flokk.com


Switzerland
Marijo Butkovic
Managing Director
marijo.butkovic@flokk.com


UK
Bernhard van Ommen
Managing Director
bernhard.vanommen@flokk.com


France
Stéphane Marin
Country Manager
stephane.marin@flokk.com


Singapore
Jason Yap
General Manager
jason.yap@flokk.com


OFFECCT
Jukka Tullbacka
COO
jukka.tallbacka@flokk.com


China
Cherry Yan
Vice President China
cherry.yan@flokk.com


Malmstolen
Magnus Lignell
CEO
magnus.lignell@malmstolen.se


Australia
Andrew Green
Regional Manager
andrew.green@flokk.com


Profim
Piotr Chełmiński
CEO Profim
piotr.chelminski@flokk.com


USA
Jörgen Josefsson
Country Manager
jorgen.josefsson@flokk.com


9to5 Seating
Dara Mir
President & CEO
dara.mir@9to5seating.com


Canada
Lars Helge Lund
Country Manager
lars.lund@flokk.com

Credits

Photo
Anne Valeur
Björn Ceder/NY
Jonas Anhede
Jonas Lindström
Lars Petter Pettersen
Lasse Olsson (Cover)
Margaret M de Lange
Martin Sølyst
Mathias Fossum
Per Gunnarsson
Ragnhild Nøst Bergem
Signe Fuglesteg Luksengard

Design
Flokk / Attention

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KLS PurePrint A/S

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CARBON NEUTRAL PRINT

FSC
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MIX
Paper from responsible sources
FSC® C022933

ENVIRONMENTALLY FRIENDLY PRINTING
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Flokk

Flokk is the leading manufacturer of high-quality workplace furniture in Europe, developing a growing family of global brands. We are the proud owner of product brands HÅG, Offecct, Giroflex, RH, Profim, 9to5 Seating, BMA, RBM and Malmstolen. A structured focus on the environment through several decades has enabled us to be a leader in the development of sustainable furniture.

Our head office is in Oslo, Norway, with main production sites at Røros (Norway), in Nässjö (Sweden), Turek (Poland) and Hawthorne (USA). In addition, we keep sales offices in Norway, Sweden, Denmark, Germany, Belgium, the Netherlands, UK, France, Switzerland, Singapore, USA, Canada, China and Australia. Flokk products are sold in more than 80 countries worldwide. About 1 800 employees work together to realize the vision of Flokk: Inspire great work.

flokk.com

Skatteetaten

Our date	Din/Your date	Inquiries to
09.12.2019	23.10.2019	Joakim Engebretsen
800 80 000	Din/Your reference	Telephone
Tax Administration Norway.no		92251412
Org.nr	Our reference	Postal address
974761076	2019/6651805	P.O. Box 9200 Grønland 0134 OSLO

Confidential offl. § 13, sktfvl. § 3-1

FLOKK HOLDING AS
P.O. Box 5055 Majorstuen
0369 OSLO

Permission to prepare the annual accounts and directors' report in English Language for Flokk Holding AS, org.nr. 913 809 017

With reference to your letter dated 23rd of October 2019 with respect to the above matter regarding Flokk Holding AS.

Based on a total evaluation, the view of the tax office is that Flokk Holding AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
The following is sited from the companys application:

> We hereby apply for an exemption to prepare the annual accounts and annual report in English according to the Norwegian Accounting Act section 3-4, starting with the financial year ending on 31 December 2019.
>
> Flokk Holding AS is a holding company with headquarters in Oslo. The Company and its subsidiaries (Group) develop, produce and distribute seating solutions for the office market. Thereby the company is operating in an industry of international character. Around 90% of the Group total sales are outside Norway. The Company also uses English as the working language. For more information about the Company's industry/operations, please refer to our web site www.flokk.com.
>
> The Board of Directors have members that are non-Norwegian speaking with members from Finland, Poland, UK and Sweden. The Group Management also consist of non-Norwegian speaking members from Germany and Poland. The ultimate owner is the private equity investment company, Triton (ultimate parent company is Spinnaker Holdco S.a.r.l.), based in Luxembourg. Hence, the Company is reporting all information in English.

There are no issues regarding the Company's financing implying the need for financial statements in Norwegian, as the bank connections request information in English. The funding is placed at several foreign financial institutions. There are also no other issues that require annual accounts in Norwegian.

Permission to make the annual accounts and the directors' report in Norway in English language
According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts … be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997-1998) states the following about the purpose of the Accounting Act, refer section 1.1:

> *"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."*

Hence, one of the main aims of the Accounting Act is to contribute to "*informative accounts for different users of accounts*". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company use English as working language. The board of directors have members that are non-Norwegian speaking. The company is operating in an industry of international character and the ultimate owner is a private equity investment company, based in Luxembourg. It is the tax office view that the aforementioned circumstances in this case are sufficient for an exemption to be given.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Best regards

Roar Thorbjørnsen
Group Manager
Innsats, storbedrift
Tax Administration Norway

Joakim Engebretsen

This document has been electronically approved and contains therefore no handwritten signatures.