



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	830 819 762
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FLOKK HOLDING IV AS
Forretningsadresse:	Drammensveien 145 0277 OSLO

Regnskapsår

Årsregnskapets periode:	12.01.2023 - 31.12.2023
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Konsern

Mørselskap 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:	Heidi Årlid
Dato for fastsettelse av årsregnskapet:	28.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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, 01.08.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2,3	636 000	
Sum kostnader		636 000	
Driftsresultat		-636 000	
Finansinntekter og finanskostnader			
Annen renteinntekt	4	193 000	
Annen finansinntekt	4	8 258 000	
Sum finansinntekter		8 451 000	
Annen finanskostnad	4	8 267 000	
Sum finanskostnader		8 267 000	
Netto finans		184 000	
Ordinært resultat før skattekostnad		-452 000	0
Ordinært resultat etter skattekostnad		-452 000	0
Årsresultat		-452 000	0



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	6	4 205 857 000	
Sum finansielle anleggsmidler		4 205 857 000	
Sum anleggsmidler		4 205 857 000	0
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		169 135 000	
Sum bankinnskudd, kontanter og lignende		169 135 000	
Sum omløpsmidler		169 135 000	0
SUM EIENDELER		4 374 992 000	0
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7	33 000	
Annen innskutt egenkapital	7	4 205 322 000	
Sum innskutt egenkapital		4 205 355 000	
Sum egenkapital		4 205 355 000	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Kortsiktig konserngjeld	8	949 000	



Balanse

Beløp i: NOK	Note	2023	2022
Annen kortsiktig gjeld		168 688 000	
Sum kortsiktig gjeld		169 637 000	
Sum gjeld		169 637 000	0
SUM EGENKAPITAL OG GJELD		4 374 992 000	0



Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6	2 600 201 000	
Sum inntekter		2 600 201 000	
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	15	47 090 000	
Varekostnad		940 192 000	
Lønnskostnad	10	626 979 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,12,2 2	167 184 000	
Annen driftskostnad	10,13	476 574 000	
Sum kostnader		2 258 019 000	
Driftsresultat		342 182 000	
Finansinntekter og finanskostnader			
Annen renteinntekt	17	25 621 000	
Annen finansinntekt	17	1 256 938 000	
Sum finansinntekter		1 282 559 000	
Annen rentekostnad	17	264 453 000	
Annen finanskostnad	17	1 168 883 000	
Sum finanskostnader		1 433 336 000	
Netto finans		-150 777 000	
Ordinært resultat før skattekostnad		191 405 000	0
Skattekostnad på ordinært resultat	14	97 959 000	
Ordinært resultat etter skattekostnad		93 446 000	0
Årsresultat		93 446 000	0



Konsernets balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4,14	242 233 000	
Goodwill	4,7	5 352 805 000	
Andre immatrielle eiendeler	4,7	1 230 964 000	
Leieavtaler	22	268 760 000	
Sum immaterielle eiendeler		7 094 762 000	
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	12	280 996 000	
Maskiner og anlegg	12	97 417 000	
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	133 706 000	
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	102 770 000	
Sum varige driftsmidler		614 889 000	
Finansielle anleggsmidler			
Andre fordringer	10	7 535 000	
Sum finansielle anleggsmidler		7 535 000	
Sum anleggsmidler		7 717 186 000	0
Omløpsmidler			
Varer			
Varer	15	390 252 000	
Sum varer		390 252 000	
Fordringer			
Kundefordringer	16	451 653 000	
Andre fordringer	16	44 527 000	
Sum fordringer		496 180 000	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	946 766 000	
Sum bankinnskudd, kontanter og lignende		946 766 000	



Konsernets balanse

Beløp i: NOK	Note	2023	2022
Sum omløpsmidler		1 833 198 000	0
SUM EIENDELER		9 550 384 000	0
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	19	33 000	
Annen innskutt egenkapital		4 205 774 000	
Sum innskutt egenkapital		4 205 807 000	
Opptjent egenkapital			
Annen egenkapital		-166 339 000	
Sum opptjent egenkapital		-166 339 000	
Sum egenkapital		4 039 468 000	0
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	4,11	12 067 000	
Utsatt skatt	14	457 722 000	
Andre avsetninger for forpliktelser	23	2 308 000	
Sum avsetninger for forpliktelser		472 097 000	
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8,9	3 561 492 000	
Leasing forpliktelser	22	207 101 000	
Andre langsiktige forpliktelser		33 000	
Sum annen langsiktig gjeld		3 768 626 000	
Sum langsiktig gjeld		4 240 723 000	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8,9	339 636 000	
Leasing forpliktelser	22	77 631 000	
Leverandørgjeld		295 831 000	
Betalbar skatt	14	58 393 000	



Konsernets balanse

Beløp i: NOK	Note	2023	2022
Skyldige offentlige avgifter		82 802 000	
Garantiforpliktelser	23	8 396 000	
Annen kortsiktig gjeld	24	407 504 000	
Sum kortsiktig gjeld		1 270 193 000	
Sum gjeld		5 510 916 000	0
SUM EGENKAPITAL OG GJELD		9 550 384 000	0



Flokk

Annual Report 2023

Flokk Holding IV AS

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HÅG · PROFIM · RH · GIROFLEX · BMA · OFFECCT · RBM



Flokk Holding IV AS

Income statement for the period 12.01. - 31.12.

NOK 1 000	Noter	2023
Other operating expenses	<u>2,3</u>	636
Total operating costs		636
Operating profit		(636)
Interest income	<u>4</u>	193
Other financial income	<u>4</u>	8 258
Other financial expense	<u>4</u>	8 267
Net financial income/(expense)		184
Profit before tax		(452)
Taxes	<u>5</u>	-
Profit for the year		(452)

Information concerning:

Dividend

Group contribution



Flokk Holding IV AS - Balance sheet per 31.12.

ASSETS

NOK 1 000	Noter	2023
Fixed assets		
Shares in subsidiaries	<u>6</u>	4 205 857
Total financial fixed assets		4 205 857
Total fixed assets		4 205 857
Current assets		
Liquid funds		169 135
Current assets		169 135
Total assets		4 374 992

EQUITY AND LIABILITIES

NOK 1 000		2023
Equity		
Share capital	<u>7</u>	33
Other paid-up equity	<u>7</u>	4 205 322
Total paid-up equity		4 205 355
Total equity		4 205 355
Liabilities		
Group payable	<u>8</u>	949
Other short-term liabilities		168 688
Sum kortsiktig gjeld		169 637
Total liabilities		169 637
Total equity and liabilities		4 374 992

31 December 2023

Oslo, 28 June 2024

Thomas Hofvenstam
Chair of the Board

Henning Karlsrud
Board member



Flokk Holding IV AS
Cash Flow Statement
12 January - 31 December

NOK (thousands)	2023
Profit before tax	(452)
Change in payables	949
Change in other operating liabilities	168 688
Cash flow from operating activities	169 185
Acquisition of company	(50)
Cash flow from investing activities	(50)
Cash flow for the year	169 135
Liquid funds at the beginning of the period	-
Liquid funds at the end of the period	169 135



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 12.01.2023.

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. 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

Subsidiaries 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 no longer exists.

Dividends, group contributions and other contributions are recognised in the same year they are allocated in the subsidiary.

Consolidation

Flokk Holding IV AS is 100% owned by Spinnaker BidCo 2 SARL. The group's ultimate parent company is Triton IV Continuation Fund SCSp, an investment company registered in Luxembourg. Flokk Holding IV AS and subsidiaries presents consolidated financial statements for the group. The consolidated financial statements can be obtained upon request to Flokk Holding IV AS, P.O.box 45 Skøyen, 0212 Oslo.



Note 2 Other operating expenses

NOK 1000	2023
Financial and legal consultancy	57
Other fees	579
Total other operating expenses	636

The item other fees include audit fees.



Note 3 Compensations to executives

There are no employees in Flokk Holding IV AS. The company is not obliged to have compulsory collective pension plans according to the Norwegian law of compulsory collective pension. No remuneration was paid to the CEO or board.



Note 4 Aggregated financial income/expense

NOK 1 000

2023

Financial income

Interest income	193
Foreign exchange gain	8 258
Total	8 450

Financial expense

Foreign exchange loss	8 266
Other financial expenses	0
Total	8 267



Note 5 Taxes

NOK 1 000

Income tax expense	2023
Taxes payable this years result	-
Change in deferred tax, not recognised	(99)
Income tax expense	(99)
Income before taxes	(452)
Basis taxes payable	(452)
22% taxes	-
Income before taxes	(452)
22% taxes	0

Taxes due to:

Permanent differences	
Group Contribution	
Income tax expense reported in the income statement	-

Specifications of the basis of deferred taxes

Carry forward losses	(452)
Total temporary differences	(452)
Deferred tax benefit	(99)

Deferred tax benefit is not capitalised due to uncertainty related to future earnings.



Note 6 Investment in shares

Company	Business location	Time of acquisition	Owner ship	Company's share	Currency	Booked value
Flokk Holding III AS	Oslo	2023	100 %	100 %	TNOK	4 205 857



Note 7 Equity

NOK 1 000	Share capital	Other paid-up equity	Total other equity	Total equity
Opening balance per 12.01.23	30			30
New issue	1	3 962 396		3 962 397
New issue	1	201 321		201 322
New issue	1	42 057		42 058
Profit for the year	-		(452)	(452)
Equity per 31.12.23	33	4 205 774	(452)	4 205 355

The company's share capital is NOK 33,000 divided into 1,000 shares, each share with a nominal value of NOK 33. Board members have no shares in the company.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 30,000 to NOK 31,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 30 to NOK 31.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 31,000 to NOK 32,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 31 to NOK 32.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 32,000 to NOK 33,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 32 to NOK 33.

Shareholders in Flokk Holding IV AS at year-end:	No. of shares
Spinnaker BidCo 2 S.à.r.l	1 000



Note 8 Debts with companies within the same group

NOK 1000

Liabilities	Flokk AS 2023
Group payable	634
Sum	634

Liabilities	Flokk Holding AS 2023
Group payable	315
Sum	315



Note 9 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.

The company is pure an investment company with one investmement, shares in Flokk Holding III AS.

The annual financial statements were approved by the Board of Flokk Holding IV AS on the 28.06.2024.



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Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Flokk Holding IV AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Flokk Holding IV AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and 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 give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is 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 board of directors' report contains the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that



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the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

Independent auditor's report - Flokk Holding IV AS 2023

A member firm of Ernst & Young Global Limited

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- 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 the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28 June 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

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Maan, Anja

Partner

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Annual Report 2023

Flokk Holding IV AS Group



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Board of Directors' Report 2023

Flokk is a leading manufacturer of workplace furniture in Europe with a significant foothold in US, and is the owner of 11 strong product brands: HÅG, Profim, 9to5 Seating, Stylex, RH, Giroflex, BMA, Offecct, RBM, Connection and Malmstolen. Flokk has been a leader in the development of sustainable office furniture for decades with a focus on creating products that enhances the well-being of both the user and the environment.

Flokk's head office is in Oslo, Norway, and the Group has production sites in Norway (Røros), Sweden (Nässjö), Poland (Turek), USA (Los Angeles and Philadelphia), UK (Mirfield) and China (Zhongshan). In addition, Flokk has sales offices in Norway, Sweden, Denmark, Germany, Belgium, the Netherlands, UK, France, Switzerland, Poland, USA, Canada, Singapore, China, and Australia. About 1,700 employees work together to realize the vision of Flokk: Inspire great work.

Going concern

The Group and Flokk Holding IV 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.

Structural changes

The Group was established 1 May 2023, and all figures refer to the period 1 May - 31 December 2023 unless otherwise stated.

In May 2023, Flokk was sold from Triton IV to a newly established fund with new investors, Triton IV Continuation Fund. Both funds are managed by the private equity investment company Triton Investments Advisers.

On 3 May 2023 Flokk Holding IV acquired the 100% of the controlling interest in Flokk Holding III AS and certain receivables for an agreed consideration of EUR 356,7 million, equal to NOK 4 244,2 million as of closing.

To further optimise the UK organisation and Flokk's approach to customers and the footprint in the market, the business, and assets in Flokk Ltd was transferred to Connection Ltd effective from 16 May 2023. Following the asset transfer Connection Ltd was renamed to Flokk Ltd under the same company number shortly thereafter. The name change took place to ensure one Flokk in the UK organisations and in the UK market.

Flokk has acquired the company Stylex Inc., a US manufacturer of seating solutions. The acquisition is based on the Group's long-term acquisition strategy and will further strengthen the Groups position in the

US market. The transaction was closed 1 February 2024.

Markets

2023 has been a challenging year with economic uncertainty affecting many industries. Despite the macro situation, The acquired group managed to grow the sales revenue of 3% compared to 2022, positively affected by a weaker exchange rate of NOK and the acquisition of Connection in February 2022. The fluctuating market environment in 2023 was influenced by smaller companies holding back, or scaling down investments, while large cooperations still invested in office furniture. The key contributing markets for revenue growth measured in NOK are Belgium (38%), Poland (20%), France (14%), the Netherlands (13%). USA is the Group's largest market and saw an increase of 6% through 2023. Germany, the second largest market in the Group, had sales increase of 5% in 2023. Sweden, Denmark, and Norway declined 5%, 10% and 14% respectively. UK had a sales growth of 2%, Switzerland was on the same sales level as 2022, while other markets had about 7% sales decline compared to 2022.

HÅG is the largest brand in the Group but experienced a decline of 5% in sales compared to 2022. The Profim brand is the second largest brand in the Group and grew 15% in sales compared to 2022. The 9to5 Seating brand, the Group third largest brand, increased its sales with of 9% compared to 2022.

The Group's results

Income statement

In 2023, the Flokk Group had total operating income of NOK 2 600.2 million for the period from 1 May to 31 December. The operating profit for the period was NOK 342.2 million. The operating margin in 2023 was 13.2%. Net financial expenses amounted to NOK 150,8 million.



Profit before tax amounted to NOK 191,4 million. Profit for the period amounted to NOK 93,5 million. Profit after tax is affected by a non-recognition of tax assets for a portion of the interest cost in the Group. Income tax expenses increased with NOK 30,0 million following the adjustment.

Financial position

Total investments in the Group amounted to NOK 66.1 million covering purchase of property, plant, and equipment of NOK 55.6 million and purchase of intangible assets of NOK 10.5 million.

Most of the Group's investments in property, plant and equipment were at the production sites in Turek, Poland, Rørros, Norway, Nässjö, Sweden and Mirfield, UK.

Total cash flow for the Group derived from operating activities amounted to NOK 543.4 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 were NOK 9 550.4 million. The equity ratio was 42.3%. The Group's current liabilities at the end of the year was 23.1% of its total liabilities. The total debt ratio was 57.7%.

At the end of 2023, the net interest-bearing liabilities amounted to NOK 3 279.6 million. Bank covenants are calculated at the end of every quarter, and the Group met the requirements at the end of 2023. An extension of the financing until 2027 was completed in January 2023.

At the end of 2023, the Group had a total credit line of NOK 4 308.6 million, consisting of long-term loans of NOK 3 941.6 million and an unused overdraft limit of NOK 367.0 million. Available funds in the form of unused credit facilities and cash equivalents amounted to NOK 1 313.8 million.

Financial risk

Approximately 90% of the Group's sales are invoiced in currencies other than Norwegian krone, and the financial is therefore exposed to exchange rate fluctuations, especially with respect to EUR, USD, DKK, CHF, GBP, PLN, and SEK. The Group's statement of financial position 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. Sales are to dealers and importers with whom the Group has been working with over time.

Historically, losses from receivables have been limited and amounted to NOK 0.9 million in 2023. Gross trade receivables end of 2023 amounted to NOK 460.7 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

Flokk had a high number of new product launches in 2022, and there were fewer new products launched in 2023 and launches mainly representing family extensions. The number of new products will naturally fluctuate, and it is expected that there will be higher number of new launches in 2024-26.

Flokk continues to have ambitions to develop technologies and best practices. Moreover, by applying this across the different brands in the group, Flokk is able to realise significant scale advantages. Significant resources went into renewal of existing core product roles in the task-chair category. Drawing on the full capabilities of the group, new potentials are captured in industrial efficiency, sustainability, visual aesthetic as well as in ergonomics. The magnitude of these advances would have been challenging for any of the individual brands on their own, as a group the capabilities are available as a shared asset.

The soft seating categories of the furniture industry are typically subject to craftsmanship-like production methods. This category is Flokk's next frontier in scaling of technologies and best practices across products. As heralded by the launch of the product Profim Revo in 2022, there are ways to apply industrial design principles also in this category, for lower environmental performance and higher production efficiency.

A significant share of our R&D efforts goes into lifecycle extensions, ensuring that existing products are adapted to new requirements and preferences, and benefit from any advances in production technologies or materials where possible. Flokk continuously seeks to improve e.g. environmental performance through substituting virgin material with recycled.

Among fundamental research, the AdaptAI project was brought to its conclusion in 2023, having added extruded aluminium to the portfolio of low carbon materials. The repurposing of discarded snowplough markers continues to scale, and new research collaborations are entered into aiming to identify further low carbon and circular materials for adoption.



Flokk's strong portfolio of R&D activities with clear sense of purpose, has provided content for extensive SoMe posts, panel discussions, lectures and student programs, completing the efforts to secure the company benefits commercially from its efforts.

Manufacturing and procurement operations (MPO)

Like most industries, Flokk was also materially affected by the increase in inflation and energy prices. With strong efforts from the operations team, Flokk successfully largely mitigated the impacts on logistic difficulties, material price increases and labour cost parallel to constantly keeping the supply chains running while maintaining both lead time and service level at the highest standard towards the markets.

The three yearlong project to re-establish the new factory in Turek, Poland was finalized and Flokk now have a state-of-the-art plant with the latest technology in IT infrastructure, paint line and material handling.

Early 2023, the Group's Chinese facility in Zhongshan was incorporated into the MPO matrix structure. Since then, Flokk has transformed the site's long term production strategy like other Flokk sites. This initiative led to a strengthening of the metal production with new flow, and outsourcing plastic injection moulding, foam, and wood production.

Following the relief of the Covid-19 measures, the procurement organisation was also taking the ownership of the Chinese and US operations, and the same way of working as the other Flokk entities were implemented, leading to improved results in terms of supplier management, material prices, supply chain effects and spending control.

In December 2023, there was a smaller fire incident occurred at the Røros production site involving a chimney. The on-shift employees, in collaboration with the local fire brigade, swiftly brought the situation under control. No employees were injured, and the extent of the damage was limited. All production processes were running as normal the following day.

In 2024, Flokk will continue to streamline and optimize the total value chain, with main focus on the USA and Chinese facilities, to enhance profitability and maintain customer satisfaction in all markets and brands. In Turek, Poland a continuous improvement project will be established, lasting through the year, with the objection to maximize the productivity and efficiency effects of the investments made last year.

During the summer, Flokk will establish a fully owned production facility in Mexico, focusing on cutting, sewing and upholstery work for the US market. This enables Flokk to increase the capacity for the 9to5 production in

USA, at the same time reducing the direct labour cost. As the next step we will investigate further expansion for potential subassembly and final assembly. A major initiative will be made in consolidating the entire supply base, focusing on the global footprint and supplier management. The overall ambition is to lower the material spend, reduce transportation lead times, and minimize warehouse value.

Flokk will maintain its focused approach on streamlining and gaining control over the increased supply chain following new acquisitions. In response to the expansion of the supplier network, Flokk has proactively undertaken a significant consolidation effort to reduce complexity and mitigate risks by implementing Flokk processes and policies.

Working environment and social conditions

Flokk's legal parent company, Flokk Holding IV AS, has no employees. The company hires all administrative services from its subsidiaries.

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 and reports to Ethical Trade Norway, an important contribution to ensure compliance with the Transparency Act. 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 to be a positive contributor to society for its employees, partners, and subcontractors.

Flokk's vision is to "Inspire great work", supported by the three core values: human-centred, sustainable, and innovative. The Flokk values are kept alive through various employee exercises such as digital training on our platform Learning@Flokk. The digital learning program is compulsory for all new employees. Additionally, the Individual Development Talk (IDT) process sets standards for active engagement focusing the values and employee adherence. Flokk's Code of Conduct training is compulsory for all new employees and was introduced to all employees in former Connection Seating Ltd. (UK) – now Flokk Ltd., in 9to5 Seating LLC, and Flokk Furniture. All employees signed a document confirming their understanding.

The collaboration between Flokk and the trade union is based on mutual trust, open and transparent dialogue, and close and frequent collaboration. At Flokk's productions, the Group has established a close dialogue with an internal union with representatives from various parts of the value chain. Flokk's Corporate



Council continues to be an important bi-annual meeting place between employee representatives and members of Flokk's Group Management team. In October 2023 the Engagement@Flokk survey, which is run every second year, took place with a participation rate in the excess of 95%. A new theme related to Diversity, Equity, and Inclusion (DEI) was introduced. A high score of 8 out of 10 clearly demonstrated that Flokk are successful in its approach to this topic, however, constant focus is vital.

Flokk strongly believe and practise equal opportunities for employment and development, regardless of gender, age, ethnicity, cultural background to mention a few diversity factors. Gender equality is, among others, demonstrated by ensuring equal pay for equal positions prior to individual work performance is assessed. When recruiting new resources for the organisation, Flokk aim for a working environment and composition of teams/departments demonstrating variations in the diversity factors. Flokk continue to work actively to prevent discrimination and lifted the focus even further in 2023 when a companywide DEI taskforce encouraging employees to voluntarily sign-up was formed. The task force will actively discuss DEI enhancing activities and together with Flokk Group Management secure this topic remains high on the agenda. Flokk continued to follow the DEI road map put in place in 2022 and will add additional activities going forward in active cooperation with the DEI task force.

Due to the challenging market environment, an organisational optimization process was initiated. During the first quarter of 2023, Flokk experienced both temporary layoffs in production at Røros and a steered manning reduction affecting office functions throughout the value chain. The processes were handled professionally in close dialogue with unions and employee representatives alongside the effected employees and line management. In addition, the merging of former of Connection Seating Ltd in the UK and Flokk's previous company, Flokk Ltd., resulted in a closing of the logistics hub in Brixton and a few resource adjustments the first half of 2023. A manning reduction activity was also initiated in Poland aiming at taking out efficiency gains within office functions. This project continued throughout 2023 with the main reductions taking place the first half of the year.

At year-end 2023, the Group had 1,708 employees, of whom 708 were women and 1,000 men. This gives a women's employment ratio of 41.4% and a men's employment ratio of 58.6%. The percentage of female workforce is stable compared to 2022. There are two women on the company's board of directors, which results in a female share of 40%. There is one woman in the Group's Management Team.

After 2023, the Group reported a Lost Time Frequency Rate (LTIFR) of 3.73 (number of incidents involving absence*1 million/number of completed hours). The Recordable Case Frequency Rate (RCFR) was 2.2 (number of injuries without absence*1 million/number of hours worked) .

The company has a directors' and officers' liability insurance for the board members and the general manager, for their potential liability towards the company and third parties. The coverage is EUR 15 million.

By the end of June 2024, an account of the due diligence assessments according to the Transparency Act will be published on the company's web page www.flokk.com.

External environment

The Group continuously strives to position itself internationally in the top tier within the area of ESG. The Group has succeeded in being a leader in the industry in terms of development of sustainable products, through a structured focus on climate, resources, and health. Flokk's sustainability strategy is 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 sustainable materials throughout the value chain, both internally and from its joint venture partners.

In 2023, Flokk has put high efforts into obtaining Type I EU Ecolabel on a first batch of HÅG products, other brands to come, in line with the Group's new strategic choice of Environmental Certification Range: EU Ecolabel as main Type I ecolabel for selected products, with EPD and GREENGUARD Gold as default for every product. Flokk expects its first EU Ecolabels granted in Q2'2024. The Group has further developed new environmental requirements towards suppliers mirroring the new certification range, expected to be rolled out to all suppliers by Q2'2024.

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 headquarter, and the most significant aspects defined provide guidance for the annual targets, in compliance with the Group's environmental long-term targets aligned with global strategies.

Climate - with the long-term target of 50% reduction in carbon emissions per unit by 2030, the Group is dedicated to contributing to the EU's objective of cutting greenhouse gas emissions by 55% by 2030. 92.9% of the electricity used is renewable. The CO2e emissions



per unit has increased 9.0% since 2015, mainly due to investing in gas powered powder coating process in Poland and a 15% lower number of produced units since 2022. The Group complies with the EU's EED (Energy Efficiency Directive) through ISO 50001:2018 certification and through energy audits according to EN 16247.

Resources - with the revised long-term target to reach an average of 40% recycled materials in the products that make up 80% of turnover by 2030, the Group contributes to the UN's Sustainable Development Goal number 12, designed to "Ensure sustainable consumption and production". Flokk has now 11 product families with 50-60% recycled materials excluding packaging, including 2 products with 73% and 82%, indicating that the strategy and its activities will give tangible results. In 2023, Flokk used 1,027 tonnes recycled plastics in its products (2022: 1,226 tonnes). With 72.5% of generated waste being material recycled (2022: 70%), Flokk did not reach the target of 78%. Reason is adding retrospective data for new acquisitions, with high amount of waste being landfilled in both Mirfield in 2022 and in Hawthorne in 2022 and 2023.

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 2023, Flokk managed to reduce the number of chemicals at Røros with 27, not adding any new ones in the mechanical workshop which is otherwise associated with frequent use of chemicals. The main chemical reduction target at Nässjö is still related to phasing out the use of glue in products in our existing portfolio. The Group uses EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) as basis when imposing environmental requirements on itself, its partners, and suppliers.

Flokk documents and communicates the environmental performance of its products through carefully selected international ecolabels and certificates. The Environmental Product Declaration (EPD) on 50 families of products documents the products' environmental performance throughout its lifecycle from cradle-to-gate, by quantifying energy consumption and associated greenhouse gas emissions in the value chain. 66 of the Group's families of products carry Type I Ecolabels (Swan: 1, Möbelfakta: 55, Blue Angel: 10), which defines strict requirements for the use of chemicals and sustainable materials. 46 families of products can boast the GREENGUARD Gold indoor climate certificate - a guarantee of contribution to a healthy indoor environment by not emitting hazardous gases.

Sustainability reporting

The Group's yearly Corporate Sustainability Report is incorporated into the Annual Report, following the globally acknowledged format of the Global Reporting Initiative (GRI), which will soon be succeeded by the CSRD Directive / ESRS Standards. GRI Standards outline the Group's strategic and efficient efforts to enhance its economic, environmental, and social performance, detailing the outcomes attained and the organization's management of corporate social responsibility through engagement with internal and external stakeholders.

Flokk Holding IV AS

Flokk Holding IV AS is the Group's parent company. The company's purpose shall be to own shares in one or more subsidiaries, and to carry out investments and related business activities. The company was established on 12 January 2023.

Flokk Holding IV AS had no operating revenues in 2023. Its operating expenses amounting to NOK 0.6 million consisted of fees for consultancy services. Net financial expenses amounted to 0,2 million. Profit before tax was NOK -0,5 million. Profit for the year amounted to NOK -0,5 million. At year end, Flokk Holding VI AS had total assets of NOK 4,375.0 million.

Allocation of profit of the year

The board proposes that the annual profit of the year of NOK -0,5 million in Flokk Holding IV AS be allocated as follows:

Transferred from other equity NOK 0,5 million

Future prospects

Flokk is well positioned to continue to grow despite a challenging market environment. The Group will maintain a disciplined and prudent approach to cost management recognizing the high degree of uncertainty in the current market landscape. By leveraging its unique operating model, which gives substantial diversification in terms of geographies, brands and market positions, along with an adaptable operating and lean cost structure, Flokk is well positioned to continue to grow. While Flokk's long-term strategy remains steadfast, the organization is vigilant in monitoring the situation to ensure the preservation of robust profitability.



Oslo, 28 June 2024

Thomas Hofvenstam
Chair of the Board

Henning Karlsrud
Board member

Lars I. Røiri
CEO



Consolidated income statement

1 May - 31 December

NOK (thousands)	Notes	2023
Sales revenues	6	2,600,201
Total operating income		2,600,201
Cost of materials		940,192
Inventory movements, in-house production	15	47,090
Personnel expenses	10	626,979
Depreciation, amortization and impairment	7, 12, 22	167,184
Other operating expenses	10, 13	476,573
Operating expenses		2,258,019
Operating profit		342,182
Financial income	17	1,282,559
Financial expenses	17	(1,433,336)
Net financial income (expense)		(150,777)
Profit before tax		191,405
Taxes	14	97,959
Profit for the year		93,446
Profit for the year attributable to:		
Equity holders of the parent		93,446
Information concerning:		
Earnings per share	20	93
Diluted earnings per share	20	93



Consolidated statement of comprehensive income

1 May - 31 December

NOK (thousands)	Notes	2023
Profit for the year		93,446
Exchange differences on translation of foreign operations		(259,784)
Items that may be reclassified subsequently to income statement		(259,784)
Remeasurement of defined benefit pension plans, net of taxes	11	(3,479)
Items that will not be reclassified to income statement		(3,479)
Other comprehensive income, net of taxes		(263,263)
Total comprehensive income		(169,817)
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	19	(169,817)



Consolidated statement of financial position

31 December

NOK (thousands)	Notes	2023
Assets		
Deferred tax assets	4, 14	242 233
Goodwill	4, 7	5 352 805
Other intangible assets	4, 7	1 230 964
Right-of-use assets	22	268 760
Property, plant and equipment	12	614 889
Other long term receivables	10	7 535
Total non-current assets		7 717 186
Inventories	15	390 252
Trade receivables	16	451 653
Other short-term receivables	16	44 527
Cash and cash equivalents	9	946 766
Total current assets		1 833 199
Total assets		9 550 384
Equity and Liabilities		
Share capital	19	33
Share premium		4 205 774
Total paid in capital		4 205 807
Retained earnings		(166 338)
Total other equity		(166 338)
Total equity		4 039 468
Pension obligations	4, 11	12 067
Deferred tax liabilities	14	457 722
Warranty provisions	23	2 308
Long-term interest-bearing loans	8, 9	3 561 491
Lease liabilities	22	207 101
Other long-term liabilities		33
Total non-current liabilities		4 240 723
Short-term interest-bearing loans	8, 9	339 636
Lease liabilities	22	77 631
Trade payables		295 831
Taxes payables	14	58 393
Accrued liabilities		82 802
Warranty provisions	23	8 396
Other short-term liabilities	24	407 505
Total current liabilities		1 270 193
Total liabilities		5 510 916
Total equity and liabilities		9 550 384

Oslo, 28 June 2024

Thomas Hofvenstam
Chair of the BoardHenning Karlsrud
Board memberLars I. Røiri
CEO



Consolidated statement of cash flows

1 May - 31 December

NOK (thousands)	Notes	2023
Operating activities		
Profit before tax *)	7,12,22	191,405
Depreciation, amortization and impairment		167,184
Unrealised exchange rate differences		(95,987)
Accrued interest shareholder loans		(1,515)
Accrued interest loans		8,161
Capitalised borrowing costs		16,996
Other		1,046
Taxes paid	14	(66,156)
Cash flow from operating activities before change in working capital		221,133
Cash flow from change in working capital:		
Change in inventories		81,607
Change in current receivables		2,163
Change in payables		72,673
Change in current liabilities		165,775
Cash flow from operating activities		543,351
Investing activities		
Acquisition of business, net of cash acquired	3	(1,535)
Purchase of intangible assets		(10,473)
Purchase of property, plant and equipment	12	(55,637)
Sale of tangible assets		642
Cash flow from investing activities		(67,004)
Financing activities		
Short or longterm borrowing		(5,995)
Down payment of interest-bearing loans	9	(36,055)
Payment of principal portion of lease liabilities (IFRS 16)		(47,275)
Cash flow from financing activities		(89,326)
Cash flow for the year		387,021
Cash and cash equivalents at the beginning of the period		595,249
Exchange rate differences in cash and cash equivalents		(35,504)
Cash and cash equivalents at the end of the period		946,766
Cash and cash equivalents booked as bank deposit		946,766
*) Includes		
Interest income received		257,807
Interest expenses paid		(41,775)



Consolidated statement of changes in equity

NOK (thousands)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total other equity	Total equity
Incorporation 12.01.2023	30	0			0	30
Contribution in kind, 03.05.2023 ¹⁾	3	4,205,774				4,205,777
Profit for the year	0	0	0	93,446	93,446	93,446
Other comprehensive income	0	0	(259,784)	0	(259,784)	(259,784)
Other comprehensive income	33	4,205,774	(259,784)	93,446	(166,338)	4,039,469
Equity 31.12.23	33	4,205,774	(259,784)	93,446	(166,338)	4,039,469

¹⁾ Contribution in kind was confirmed by The Brønnøysund register Center on 02.06.2023

Notes - Group

NOTE 1 – GENERAL INFORMATION

Flokk Holding IV 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 IV AS, is registered in Norway and has its head office in Oslo.

The Group has production facilities in Norway (Røros), Sweden (Nässjö), Poland (Turek), United States (Los Angeles), China (Zhongshan) and UK (Mirfield) The Group primarily sells its products in Europe and in North America. An overview of the Group's companies is provided in note 18. The Group's ultimate parent company is Triton IV Continuation Fund SCSp.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 28 June 2024.





NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 2023.

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. See note 8 for a specification of financial instruments. 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 IV AS and its subsidiaries (the Group). The accounting policies as set out below have been consistently applied to all reporting periods presented. 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 consolidated income statement and 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows,

based on the lowest level of input that is significant to the fair value measurement as a whole:

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.

The group was established on May 1, 2023. All the statements containing figures use the period 1 May 2023 – 31 December 2023, unless otherwise stated.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES IMPLEMENTED WITH EFFECT FROM 1 MAY 2023

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, IASB has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments aim to make accounting policy information more entity-specific and to reduce the disclosure of immaterial and standardized information. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effect of the amendment is limited and mostly within Note 2.

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.

OPERATING SEGMENTS

The Group consist of one segment, develop, produce, and distribute office furniture. The group portfolio of brands is indifferent in nature of risk and returns from the markets. Management monitor and make decisions based on geographically sales performance and allocate recourses based on the same. Segment information is provided in note 6.

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 consolidated income statement.

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 7). 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 consolidated income statement and is not reversed in a subsequent period.

The Group's goodwill is linked to the acquisitions of Flokk Holding III AS done in May 2023. A specification of goodwill is shown in note 7.

RESEARCH AND DEVELOPMENT COSTS (INTERNAL DEVELOPMENT)

Expenses related to research activities are recognized in the consolidated income statement 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.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

Financial assets are classified into three categories in accordance with IFRS 9 Financial instruments:

- Financial assets at fair value through profit or loss



- Financial assets measured at amortized cost
- Derivatives designated as hedging instruments at fair value through other comprehensive income

Financial assets at fair value through profit or loss include equity instruments and derivatives with a positive value and is initially recognized at fair value, and the transaction cost is recognized in the consolidated income statement when incurred. Gains or losses relating to financial assets measured at fair value through profit or loss are recognized in the consolidated income statement. Financial assets at amortized cost include cash and cash equivalents, trade receivables and other receivables. The Group measures financial assets at amortized cost if the following two conditions are met: the financial asset is held for the purpose of receiving contractual cash flows, and the contractual terms of the financial assets give rise to cash flows consisting solely of payments of principal and interest on the principal. Hedging derivatives are recognized in the statement of financial position at fair value over other income.

Financial liabilities

Financial liabilities are classified into three categories in accordance with IFRS 9 Financial instruments:

- Financial liabilities at fair value through profit or loss
- Financial liabilities measured at amortized cost
- Derivatives designated as hedging instruments at fair value through other comprehensive income

Financial liabilities at fair value through profit and loss mainly comprise of derivatives, given that the fair value is negative, and are initially recognized at fair value on the date the derivative contract is entered. The financial instrument is later remeasured at fair value through profit and loss, and gains or losses are recognized in the consolidated income statement. Liabilities measured at amortized cost are interest-bearing loans and borrowings. If the effect of discounting is immaterial, the liabilities are measured at their nominal amount. For derivatives designated as hedging instruments at fair value, the effective portion of the gain or loss is recognized in other comprehensive income, while the ineffective position is recognized directly in the consolidated income statement.

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 to meet short-term commitments, 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.

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 consolidated income statement 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 consolidated income statement 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 consolidated income statement 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 the consolidated income statement. 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

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 consolidated income statement as costs of materials, while instalment costs are recognised through consolidated income statement 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 consolidated income statement. 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 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 consolidated income statement 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.

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 consolidated income statement 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 profit 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:

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The International Accounting Standards Board has issued amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments clarify the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify:

- The meaning of right to defer settlement of a liability when it is subject to the entity complying with future covenants
- That the right to defer must exist at the end of the reporting period
- That classification is not affected by the probability that an entity will exercise its deferral right
- That the terms of a liability would not impact its classification, only if an embedded derivative is an equity instrument itself.
- Disclosure requirements when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.



The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2024. The Group does not intend to early adopt the amendments.

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

On 3 May 2023 Flokk Holding IV acquired the 100% of the controlling interest in Flokk Holding III AS and certain receivables for an agreed consideration of EUR 356,7 million, equal to NOK 4 244,2 million as of closing. Certain receivables are defined in the SPA as two intercompany receivables owed by Flokk Group to the sellers with the amount of NOK 236,1 million. The receivables were transferred upon closing from the Sellers to the Acquirer as part of the transaction. The agreed equity purchase price is therefore NOK 4 008,1 million. The excess value to be allocated is calculated to NOK 6 108,6 million. This is based on the equity purchase price of NOK 4008,1 million adjusted for booked value on equity pre-acquisition of NOK 1 450,1 million and book value of intangible to be reallocated of NOK 3 550,6 million. The new total assets balance is NOK 8 831,2 million.

Excess purchase price	(NOK Millions)
Equity purchase price	4 008,1
Minus: Book value of equity pre-acquisition	(1450,1)
<u>Plus: Book value of intangible to be reallocated</u>	<u>3 550,6</u>
<u>Excess value to be allocated</u>	<u>6 108,6</u>

Identification of cash generating units

Goodwill, intangible/tangible assets, and liabilities should be allocated to each of the cash generating units as of the transaction date. According to IAS 36 a cash generating unit can be defined as: "The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other groups of assets."

The identified CGUs are based on revenue generation and the following three CGUs have been identified:

- "9to5", mainly operating in North America
- "Malmstolen", operational base in Sweden
- "Flokk", comprise multiple brands and operates in Europe

To allocate the equity purchase price to each CGU, the following assumptions have been applied:

Enterprise value is allocated between the CGUs based on the relative share of CFO forecasted EBITA for the period of 2023-2026.

Adjustment for net debt and normalised NWC level as of Closing is made to reach equity value for each CGU.

Identification of tangible and intangible assets

Tangible assets are physical assets such as cash, accounts receivable, inventory, property, plant and equipment. Intangible assets are defined as "non-physical assets such as franchise, brand, patents, copyrights, goodwill, equities, contracts (as distinguished from physical assets), that grant rights and privileges, and have value for the owner".

To be recognised as an identifiable intangible asset, an intangible asset must either:

- be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations

The group, we have identified the following assets that will be valued separately and recognised as intangible assets:



- Brand

Further, the following intangible assets have been identified, that will be valued separately and considered as part of goodwill:

- Customer relationships
- Assembled workforce
- Sales representatives of 9to5

For all other assets and liabilities, book value is assumed to represent the fair value as of the valuation date. The excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed is referred to as goodwill.

NOK (thousands)	Fair Value
Intangible assets	1,270,573
Property, plant and equipment (note 12)	632,401
Right-of-use assets	283,782
Deferred tax assets	356,450
Non-current financial assets	10,554
Inventory	480,236
Trade receivables	447,908
Other receivables	50,888
Cash	595,249
Total assets	4,128,041
Pension obligation	7,986
Deferred tax liabilities	443,740
Long-term-debt	4,061,128
Other long term liabilities	2,673
Lease liability	295,152
Trade payable	221,783
Warranty provisions	13,570
Short term debt	63,211
Other short term liabilities	438,284
Total liabilities	5,547,527
Total identifiable net assets at fair value	(1,419,485)
Distribution in kind	4,008,100
Goodwill	5,427,585

Cash flows from Flokk Group are in Norwegian krone (Flokk), Swedish krone (Malmstolen) and in US Dollars (9to5). Goodwill on 31 December is converted to the current closing rate. A total of NOK 956 thousand was expensed in acquisition cost in 2023 and is included in other operating expenses.

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

Cash holding in Flokk	595,249
Cash payment	



Net cash flow 595,249

If Flokk Holding III as was acquired on January 1 2023, the group would be included in the Group's financial statement with a total turnover of NOK 3 826 189 thousand and an operating profit of NOK 475 089 thousand.

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 based on acknowledged valuation methods, and goodwill is the residual in this type of purchase price allocation. Use of estimates and assumptions, which are highly instrumental, can lead to wrong assessment of 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 exist. 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 5,353 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 242 million.

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 12 million.

NOTE 5 – MANAGEMENT OF CAPITAL AND FINANCIAL RISK

The Group's capital consists 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 at favorable conditions when comparing with similar borrowers and securities. The Group shall keep, and is keeping, good relations with at least two alternative main financing banks.

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. The Group's interest-bearing liabilities consists of floating-rate loans, and with the current increase in floating rates, the Group is exposed to increased funding costs. See also reference to interest rate risk in note 8.

Currency exposure associated with the Group's operations can be 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.





NOTE 6 – SEGMENT INFORMATION

For management purposes, the Group is organized into regions. Flokk is a manufacturer of office furniture with a full or semi-integrated value chain for all brands. When acquiring businesses, the extent to which the acquired business is to be integrated with the existing business, is determined. Fully integrated business has one common value chain, semi-integrated business has a lower degree of integration but follow the same management structure for monitoring sales performance and decision making.

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 regions 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 the customers varies significantly, with no customer representing 10% or more of the Group's turnover.

Management reporting is based on the Group's regions as shown below.

Northern Europe
Norway, Sweden, Denmark, Belgium, The Netherlands and Luxembourg.

Central Europe
Germany, UK&Ireland, France, Switzerland, Poland, Austria, Baltic, Romania and Czech Rep. and Slovakia.

International
Rest of World including North America and South- East Asia.

Other
Contract Manufacturing

01.05. - 31.12.2023	Northern Europe	Central Europe	International	Other	Unallocated	Consolidated
Sales revenues	851,434	1,127,691	622,318	(1,242)	-	2,600,201
Total operating income	851,434	1,127,691	622,318	(1,242)	-	2,600,201
Operating costs	-	-	-	-	2,258,019	2,258,019
Operating profit						342,182

OTHER INFORMATION

Transactions between the regions 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. Standard credit time is 30 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 consolidated income statement and consolidated statement of financial position on 31 December.

Reconciliation to profit for the year

NOK (thousands)

	01.05. - 31.12.2023
Sum of regions and unallocated	342,182
Financial income	1,282,559
Financial expenses	(1,433,336)
Income tax expense	(97,959)
Profit for the year	93,446



Geographic information

NOK (thousands)	01.05. - 31.12.2023
Revenues from external customers	
Germany	392,953
USA	527,646
Norway	216,005
Sweden	184,669
Other countries	212,346
The Netherlands	179,538
Denmark	150,332
Poland	171,322
Switzerland	122,635
Belgium	119,888
United Kingdom	203,453
France	119,414
Total sales revenues	2,600,201

Fixed assets		2023
Poland	394,370	
Norway	191,670	
Sweden	89,697	
USA	22,211	
China	16,122	
Switzerland	22,885	
Germany	22,259	
Belgium	8,123	
Denmark	4,310	
UK	91,647	
The Netherlands	3,938	
Czech Republic	1,384	
France	12,162	
Australia	1,046	
Singapore	1,825	
Total	883,649	

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

NOTE 7 – 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 consolidated income statement 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 consolidated income statement.

Goodwill has indefinite useful lives and are not amortised. Goodwill is tested for impairment annually at the cash-generating unit level, please see note 3 for "Business combinations and goodwill".

NOK (thousands)	Goodwill	Internal development	Other intangible assets	Total
01.05. - 31.12.2023				
Investments		11,711	352	12,064
Additions through acquisitions ¹⁾	5,547,577	117,759	1,152,814	6,818,150
Translation differences	(194,772)	2,587	1,352	(190,833)
Reclassifications		(7,002)	16,653	9,651
Depreciation/amortization		(23,885)	(41,378)	(65,263)
Carrying amount 31.12.2023	5,352,805	101,171	1,129,793	6,583,770
Per 31.12.2023				
Initial cost	5,352,805	129,471	1,153,166	
Accumulated depreciation /write-downs		(28,300)	(23,373)	
Useful life	Indefinite	6-15 years	4 years - indefinite	

OTHER INTANGIBLE ASSETS

Other intangible assets contain customer files, trademarks, distribution access and brand acquired through acquisitions. Amortization takes place linearly over respectively 10, 10, 5 years. Bands have indefinite economic lifetime.

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 2023, the Group had 21 R&D projects ongoing of which 12 will be launched during 2024.

The Group receives government grants for research and development.



NOK (thousands)	01.05. - 31.12 2023
Skattefunn (tax deduction of R&D)	
Training grant	281
Grant from EU	
Sum	281

Research and development recognised in the consolidated income statement	64,405
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GOODWILL

Goodwill distributed per enterprise purchase and CGU NOK (thousands)	Acquired in	Goodwill
Flokk Holding III AS	2023	5,352,805
Flokk	2023	3,350,150
Malmstolen	2023	409,657
9to5	2023	1,592,998
Total goodwill		5,352,805

The group has accumulated goodwill of NOK 5,352,805 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 the acquisition of Flokk Holding III AS in May 2023. Goodwill include Workforce, Customer relationships and sales rep network in the US not assumed to be separable See note 3 for allocation of Goodwill.

The Group has identified three cash generating units (CGUs). Flokk consisting of the brands HÅG, RH, RBM, BMA, Giroflex Offecct, Profim and Connection. Management is not able to report separate cash flows from fully integrated brands as they are combined in the total 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. A constant growth rate has been applied throughout the time period of the cash flow projections.

Assumptions

When determining the value in use for the CGUs, the following assumptions are the most sensitive:

Revenues

Revenue development is based on the budget for 2024, and management's revenue forecast for the growth in the period 2025-2027, backed by the company's strategic plan for the latter years. Revenue estimates both in budgets and forecast which have a material effect on figures in the consolidated income statement and statement of cash flows, have considered that the group is coming out from a period of recession and is expecting an increase in revenues for 2024. For the period 2025 to 2027 the management expect a growth above normal. The growth is a combination of volume and price growth, relatively equally distributed. Budgets and strategic plans are approved by the Board of Directors on annual basis. The management has during 2023 continued to execute several cost saving initiatives throughout the group, also a significantly reduction in number of employees. These cost saving initiatives is expected to increase operating profit significantly in the next 2-3 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 and margin optimization projects of current products. 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. Raw material and freight cost is more stable than during the post pandemic period in 2021 and



2022, but still affected by the situation in Ukraine. Management will continue to initiate measurements to compensate for the majority of these effects through a combination of improvement projects and price increases.

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 4% based on market research undertaken by the Norwegian Society of Financial Analysts and the recommendation from its members.
- Beta is 1.2 due to the cyclical nature of the industry
- Corporate Spread is 3.0%, where 1.25% reflects the current uncertainty in the borrowing market plus the NIBOR/STIBOR spread against a long-term risk-free interest rate.

The recoverable amounts for the cash-generating units have been determined based on the following discount rates, pre-tax:

Norway	8,33%
United States	9,60%
Sweden	6,78%

Impairment tests of goodwill

As a result of the impairment test performed in 2023, 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 CGUs 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 operating profit, adjusted for amortization and extraordinary cost at 2023 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 growth. With no profit growth, the carrying value of Goodwill will be less than the value in use.

Cash flow projections are based on extrapolating figures for 2025-2027 from estimates in the company's and the group's senior management strategy plan for 2024.

NOTE 8 - FINANCIAL INSTRUMENTS AND RISK

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 2023 and other variables remained constant, it would have resulted in a higher or lower operating profit of NOK 26 002 thousand. If rebates on gross sales were 1% lower or higher in 2023 and other variables remained constant, it would have resulted in an increase or reduction in the operating profit of NOK 51 410 thousand. This is based on the managements estimates for reasonably possibly for change.

Foreign currency risk

About 90% 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. 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, but no derivatives have been entered into as per end of 2023. 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 consolidated income statement 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. The Group has trade receivables, trade payables and external loans in foreign currency that are exposed for currency risk by conversion to the functional currency NOK. Some fluctuations in exchange rate are treated as ordinary course of business, but a change in foreign currency rates vs. NOK above 5% will be monitored closely by the management.

Interest rate risk

The Group's interest rate risk is primarily connected to long-term liabilities. As the net interest-bearing liabilities per 31 December 2023 was 31% of the consolidated statement of financial position, the profit for the year is exposed to the interest level. The liabilities primarily consists of floating-rate loans. In 2023, the Group's floating-rate loans have been in NOK, EUR, and USD. With net interest-bearing liabilities of NOK 2 896 597 thousand, 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 December 2023 and all other variables were unchanged, this would have resulted in higher/lower profit before taxes of NOK 40 417 thousand. This is based on the management estimate for reasonably possibly for change in interest.

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 go 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:

<u>NOK (thousands)</u>	<u>2023</u>
Gross trade receivables (note 16)	460,725
Other receivables	44,527
Cash and cash equivalents	955,032
Total	1,460,284

Liquidity risk

The Group's activities are not capital intensive and the past years, the 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.



THE GROUP'S LIABILITIES AND MATURITY PROFILE

NOK (thousands)	31/12/23	Maturity profile					2028 and later
		Total maturity	2024	2025	2026	2027	
Interest-bearing liabilities							
Bank loans	3,941,629	3,941,629	354,225	137,696	157,367	3,292,341	
Interest on bank loans		947,565	344,246	274,030	264,453	64,836	
Lease liabilities ¹⁾	284,732	284,732	77,631	61,032	39,402	23,759	82,908
Sum of interest-bearing liabilities	4,226,361	5,173,926	776,102	472,758	461,222	3,380,936	82,908
Non-interest-bearing liabilities							
Trade payables	451,653	451,653	451,653				
Other short term liabilities and provisions	506,961	506,961	506,961				
Other long term liabilities	33	33	17	17			
Sum of non interest-bearing liabilities	958,647	958,647	958,631	17	-	-	-
Total	5,185,008	6,132,573	1,734,733	472,775	461,222	3,380,936	82,908

¹⁾ See note 22 for further reconciliation of lease liabilities.

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 of 31 December 2023, the fair value of forward currency exchange contracts amounted to NOK 0. Value change recognised for 2023 was 0.



FAIR VALUE HIERARCHY

NOK (thousands)	Category	Fair Value	Book Value	Fair Value	Fair Value Level *
2023					
Non-current assets					
Shares in other companies	B	111	111	111	3
Total		111	111	111	
Current assets					
Trade receivables	A		451,653	451,653	
Cash and cash equivalents			955,032	955,032	
Total			1,406,685	1,406,685	
Long-term liabilities					
Long-term interest-bearing loans	A		3,587,346	3,587,346	
Total			3,587,346	3,587,346	
Short-term liabilities					
Short-term interest-bearing loans	A		354,283	354,283	
Trade payable	A		295,831	295,831	
Total			650,114	650,114	

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)	2023
Long-term interest bearing loans	
Bank loans	3,587,346
Borrowing costs	(25,854)
Total	3,561,491
Short-term interest bearing loans	
Bank loans	354,284
Borrowing costs	(14,647)
Total	339,636
Maturity dates down payment, interests and borrowing costs	
Within 1 year	354,225
From 2 to 5 years	3,585,545
Interest rate and currency rates as per 31.12. is used for calculating future amortisation and interests.	
Carrying amount of loans per currency:	
EUR	2,922,530
USD	1,017,240
Total long-term	3,939,770
GBP	1,751
CZK	108
Total	3,941,629
Changes interest-bearing liabilities	
Per 01.05.	4,181,836
Down payments	(36,055)
Short or longterm borrowings	(5,995)
Exchange differences on translation of loans in foreign currency	(198,157)
Per 31.12.	3,941,629

Per 31 December 2023, the loan is drawn in EUR and USD. The NOK loan was repaid in September 2023. An amendment and restatement bank agreement were signed in January 2023 with an extension of the maturity to 2027, and with new levels of the covenants. 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 have in 2023 been tied for six months at a time. The average interest rates in 2023 before margin was for the NOK-loan 3.77%, the EUR-loan 3.31% and USD-loan 5.50%. 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 2023, the Group had a total credit facility of NOK 4 308 629 thousand, consisting of bank debt of NOK 3 941 629 thousand and an unused bank overdraft limit of NOK 367 000 thousand.

The bank overdraft facility is NOK 400 000 thousand. Of this, NOK 33 000 thousand has been converted into a guaranteed framework. Available funds in the form of unused credit facilities of NOK 367 000 thousand and cash and cash equivalents per 31 December 2023 of NOK 955 052, amounted to NOK 1 322 032 thousand, which constitutes about 50.8% of the sales revenues. The Group is currently experiencing sound 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 monthly. The Group fulfilled the covenants in the loan agreement as of 31 December 2023.





NOTE 10 – PERSONNEL EXPENSES AND AUDITOR'S FEES

NOK (thousands)	1.05 - 31.12.23
Personnel expenses	
Salaries	510,636
Social security contributions	62,762
Pension expenses, see note 11	36,955
Other benefits	16,626
Total personnel expenses	626,979
Average number of full-time equivalent employees	1,701
Loans to employees	
No loans have been provided to employees in the Group as of 31 December 2023.	
Audit fee - NOK (thousands) excl. VAT	
Audit fee	5,560
Other assurance fees	54
Tax services fees	732
Other fees	473
Total	6,819

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 31.12.2023, the defined benefit plan covered no active and 15 retired members. The Group has not provided any guarantees to employees should National Insurance benefits change. The defined benefit plan has 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.

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 public pension insurance company. As of 31.12.2023, this scheme had 17 active and none retired members.

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.



ASSUMPTIONS USED TO DETERMINE DEFINED BENEFIT OBLIGATIONS AS OF 31 DECEMBER

NOK (thousands)	2023	
	CH	NO
Discount rate	1.50%	3.10%
Future salary increase	2.00%	3.50%
Future increase in G-multiplier	1.50%	3.25%
Future pension increases	0.00%	1.80%
Return on plan assets	1.25%	3.10%

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 BVG2020 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 2023. Future returns are uncertain and dependent on interest rates, stock market fluctuations and risk management. Contributions to the pension scheme for 2024 are calculated to NOK 2 054 thousand.

COMPONENTS OF NET PENSION COST

NOK (thousands)	01.05. - 31.12.2023	
	Covered	Not covered
Pension costs defined-contribution plan	32,579	
Pension costs defined benefit plan	1,591	
Net pension costs	34,170	
Changes in gross pension obligation		
Pension obligations 1 May	47,440	
Interest expenses on pension obligations	810	
Net change in social security expenses	1,152	
Contribution by plan participants	928	
Benefits paid during the year	(2,943)	
Other	1,572	
Actuarial gains/losses	2,409	
(Gains) and losses on settlement		
Pension obligations 31 December	51,367	-
Changes in gross pension fund assets		
Pension plan assets (fair value) 1 January	39,454	
Return on pension plan asset	662	
Premium payments	2,371	
Benefits paid during the year	(2,943)	
Other	234	
Actuarial gains/losses	(478)	
Pension plan assets (fair value) 31 December	39,300	
Net pension plan assets/(-obligations)	(12,067)	-



NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and other property	Machinery and equipment	Furniture and fittings ¹⁾	Assets under construction	Total
NOK (thousands)					
Fiscal year 01.05. - 31.12.2023					
Investments	4,891	122	11,065	39,561	55,637
Additions through acquisitions 2)	287,816	88,555	114,958	141,072	632,401
Disposals	(1,086)	(308)	(2,131)	-	(3,525)
Transferred assets under construction	-	21,056	12,170	(48,514)	(15,288)
Reclassifications	-	400	26,454	(21,077)	5,778
Recognised as an expense	(22)	242	(3,493)	(4,131)	(7,405)
Depreciation	(10,593)	(12,857)	(25,897)	-	(49,347)
Translation differences	(9)	206	582	(4,141)	(3,362)
Carrying amount 31.12.23	280,996	97,417	133,707	102,770	614,889
Per 31.12.2023					
Initial cost	291,589	110,273	159,604	102,770	664,236
Accumulated depreciation /write-downs	(10,593)	(12,857)	(25,897)	-	(49,347)
Carrying amount 31.12.23	280,996	97,417	133,707	102,770	614,889
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)	01.05 - 31.12.2023
Premises expenses	58,203
Marketing expenses	41,295
Travelling expenses	14,561
Fees	14,348
Sales comission	14,296
External freight expenses	156,918
Royalty	24,056
Car expenses	10,441
IT-expenses	47,387
Other operating expenses	95,068
Total other operating expenses	476,573

NOTE 14 – TAXES

The major components of income tax expense are:

NOK (thousands)	01.05. - 31.12.2023
Taxes payable on this years result, Norway	4,505
Taxes payable on this years result, abroad	27,341
Changes in deferred tax and deferred tax benefit, Norway	45,213
Changes in deferred tax and deferred tax benefit, abroad and Group	19,640
Taxes previous years	1,260
Income tax expense reported in the income statement	97,959

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%.
The main components are:

Profit before tax	191,405
Norwegian tax rate (22%)	42,109
Change of assessment previous years ¹⁾	6,734
Permanent differences	5,193
Effect of change in tax rate	
Deferred tax not recognized	45,064
Other: differences in tax rates, currency etc.	(1,140)
Income tax expense	97,959
Effective tax rate	51%

¹⁾ The amount consists of changes in Income tax expenses, deferred 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 Flokk Sp. Z.o.o. (Poland 19%) have lower nominal tax rates.

Tax effect of temporary differences and tax loss carried forward as of 31 December



NOK (thousands)	2023	
	Temporary Difference	Deferred tax recognized in the income statement
Property, plant and equipment	(560,331)	(5,848)
Intangible assets	(1,264,734)	14,741
Current assets	6,544	(183)
Liabilities and other differences	600,471	(17,064)
Tax loss carried forward	664,000	28,573
Pension obligations not covered	10,405	(430)
Not recognized in the statement of financial position	(396,125)	45,064
Total	(939,770)	64,853

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

Deferred tax asset	242,233
Deferred tax	(457,722)
Net deferred tax	(215,489)

Deferred tax assets are mainly linked to temporary differences in non-current assets, intangible assets and tax losses carried forward. NOK 2,299 thousand of tax losses carried forward is due in 2024. 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. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In 2023 an amount of NOK 30 043 thousand in deferred tax for non-deductible interest was not capitalized, hence included in income tax expenses in the consolidated income statement.

NOK (thousands)	2023
Reconciliation of deferred tax	
Deferred tax acquired in business combinations	(151,227)
Tax expense during the period recognised in consolidated income statement	(64,853)
Tax expense during the period recognised in OCI	591
Closing net balance 31.12.	(215,489)
Reconciliation of taxes payable for the year ended 31.12.	
Current income tax charge	31,846
Taxes payable acquired in business combinations	30,330
Tax payment, not settled	57,362
Prepaid income tax	(61,797)
Other changes	652
Closing balance 31.12.	58,393



NOTE 15 – INVENTORIES

The Group's total inventories include the following:

NOK (thousands)	2023
Raw materials	298,552
Work in progress	30,364
Finished products	61,337
Total inventories	390,252
Inventory movements, in house production	(47,090)
Provision for obsolete inventories	7,790

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 2023 of NOK 4 309.

NOTE 16 – TRADE RECEIVABLES AND OTHER RECEIVABLES

NOK (thousands)	2023
Carrying amount	460,725
Provisions for bad debt	9,072
Total trade receivables	451,653
Prepaid expenses	(1,725)
Deposits	3,664
Other receivables	42,591
Total other receivables per 31.12	44,531
Total receivables per 31.12	496,184
Change in provision for bad debt:	
Provisions acquired in business combination	7,955
Change in provision during the year	1,116
Provision per 31.12.	9,072
Realized losses	613

BREAKDOWN OF TRADE RECEIVABLES BY DUE DATE

NOK (thousands)	2023
Trade receivables not due	356,402
Overdue receivables 1-30 days	70,023
Overdue receivables 31-60 days	10,986
Overdue receivables over 60 days	14,242

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)	01.05. - 31.12.2023
Financial income	
Interest income	25,621
Foreign exchange gain derivatives	45,612
Other foreign exchange gain 1)	1,211,328
Other financial income	(2)
Total	1,282,559
Financial expenses	
Interest expenses	264,453
Interest expense on lease liabilities	6,320
Foreign exchange loss derivatives	57,444
Other foreign exchange loss 1)	1,083,298
Other financial expenses	21,822
Total	1,433,336
Net financial income/(expenses)	(150,777)

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 IV AS	Norway		
Flokk Holding III AS	Norway	100%	100%
Flokk Holding II AS	Norway	100%	100%
Flokk Holding AS	Norway	100%	100%
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%
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 Holding Limited	UK	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.	Poland	100%	100%
Flokk Česko s.r.o.	Czech Republic	100%	100%
Flokk Austria GmbH	Austria	100%	100%
Flokk Asia Pte Ltd	Singapore	100%	100%
Flokk Asia Pte Ltd, Hong Kong Branch	Hong Kong	100%	100%
Habitat Ltd	Hong Kong	100%	100%
Flokk Trading (Shanghai) Co., Ltd	China	100%	100%
Flokk Furniture (Zhongshan) 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	100%	100%
Flokk Furniture Inc.	Canada	100%	100%





NOTE 19 – SHARE CAPITAL

As of 31 December 2023, Flokk Holding IV AS had a share capital of NOK 33 thousand divided into 1000 shares, each with a nominal value of NOK 33.

The company's shares are freely transferable. The Norwegian Private Limited Companies Act's provisions regarding right to first refusal for other shareholders do not apply.

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

Shareholder	Share capital	No. of shares
Spinnaker Bidco 2 S.å.r.l.	NOK 33 000	1,000
No. of outstanding shares per 01.05.23		1,000
No. of outstanding shares per 31.12.23		1,000

Triton Fund is shareholder in Flokk Holding IV AS through their ownership in the company Spinnaker Bidco 2 S.å.r.l. Management and Board of Directors are shareholders in Spinnaker Bidco 2 S.å.r.l. through their ownership in the companies Spinnaker Norway MipCo AS, Spinnaker Norway Mipco 2 AS and Spinnaker MipCo 3 S.å.r.l.

NOTE 20 – EARNINGS PER SHARE

NOK (thousands)	2023
Earnings per share	93
Diluted earnings per share	93
Profit for the year attributable to equity holders of the parent	93,446
Weighted average of number of shares outstanding	1,000
Weighted average of number of shares outstanding (diluted)	1,000

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 8 in the financial statements of Flokk Holding IV AS for further details.

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



NOTE 22 – LEASES

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
Acquired in business combination	255,798	2,410	25,574	283,782
Additions	9,500	-	10,022	19,522
Depreciation for the year	(41,116)	(1,285)	(9,129)	(51,530)
Adjustments	9,516	39	211	9,766
Translation differences	3,435	588	3,196	7,219
Carrying amount of right-of-use assets 31 December 2023	237,132	1,753	29,874	268,760
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 buildings are normally in the range of 5-10 year. The Group's production facility in Poland has a long term leasing agreement with a remaining life of 72 years.

Lease liabilities

Maturity analysis contractual undiscounted cash flows	01.05.-31.12.2023
Less than 1 year	74,392
1-2 years	53,427
2-3 years	43,140
3-4 years	29,153
4-5 years	24,497
More than 5 years	105,554
Total undiscounted lease liabilities at 31.12.	330,164
Discounting effect	(45,432)
Lease liabilities at 31.12	284,732
Summary of the lease liabilities	
Acquired in business combination	295,152
New lease liabilities recognised in the year	26,455
Cash payments for the principal portion of the lease liability	(53,595)
Interest expense on lease liabilities	6,320
Currency translation differences	10,401
Total lease liabilities at 31.12.	284,732
Current lease liabilities	77,631
Non-current lease liabilities	207,101
Total cash outflows for leases	53,595

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 the consolidated income statement

Payments of variable, short term and low value leases	14
Total lease expenses included in other operating expenses	14

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 has 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)	2023
Acquired in business combination	13,570
Provisions arising during the year	482
Provisions used	(3,347)
Balance 31.12.	10,704

The Group has a provision of NOK 10 704 thousand for warranty claims per 31 December 2023 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)	2023
Accrued salary expenses	87,444
Other accrued expenses	151,373
Short term loan, non interest	168,688
Total other short-term liabilities	407,505



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

Payments to executives NOK (thousands)	CEO	Other members of Group Management ¹⁾	Board
1 May-31 December 2023			
Board of Directors fee			1,239
Salaries	4,421	14,534	
Bonuses			
Other benefits	167	983	
Pension expenses	148	1,097	

¹⁾ Lillevi Ivarson, Christian Lodgaard, Frederik Fogstad, Patrik Röstlund, Trond Langeland, Rene Sitter, Jonas Allers Wismer, Henning Karlsrud.

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 the executive management, the Group has accrued an

amount of NOK 9 739 thousand in the consolidated income statement as of 31.12.23. The bonus will be due for payment in 2024. There are no option programs or agreements of share-based payment in the company.

Shares owned by management and board members in Flokk through the company Spinnaker Norway MipCo AS per 31.12.23:	Ordinary Shares	Preference Shares
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	200,000	5,000
Tunset AS (Lillevi Ivarson)	80,000	2,000
Patrik Röstlund	40,000	1,000
René Sitter	40,000	1,000
Christian Lodgaard	24,000	600
Frederik Fogstad	8,000	200
Shares owned by management and board members through the company Spinnaker Norway MipCo 2 AS per 31.12.23:		
Board		
Aromi Invest Oy (Esko Mikael Aro)	127,500	2,250
Pemille Stafford	17,000	300
Kristine Landmark	7,095	558
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	70,213	1,500
Patrik Röstlund	70,213	1,347
Aiguille AS (Henning Karlsrud)	80,203	1,728
Frederik Fogstad	108,375	1,912
Zoute Invest GmbH (Rene Sitter)	83,139	1,791
Trolan AS (Trond Langeland)	65,871	3,227
Christian Lodgaard	42,500	750
Jonas Allers Wismer	21,250	375
Shares owned by management and board members in Flokk through the company Spinnaker MipCo 3 SARL per 31.12.23:		
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	43,570	
Aiguille AS (Henning Karlsrud)	25,690	
Patrik Röstlund	20,550	
Zoute Invest GmbH (Rene Sitter)	20,550	
Erlandsvei Stasjon AS (Christian Lodgaard)	15,410	
Badubas AS (Frederik Fogstad)	10,280	
Tunset AS (Lillevi Ivarson)	7,710	
Mikoli AS (Jonas Allers Wismer)	7,710	



NOTE 26 – 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.

On 1 January the Group entered into an agreement to purchase 100% of the shares and voting rights in Stylex Inc, a US based manufacturer of office furniture. The transaction was carried out on 31 January. Stylex is a manufacturer of collaboration furniture located in Delanco, NJ. The acquisition significantly increases Flokk's presence in the US with manufacturing capacity on east and west coast, and brings distribution synergies into the US operation. The agreed purchase price represents an enterprise value of NOK 283 million. The preliminary calculated value of transferred net assets was NOK 128 million. Net cash impact of the transaction was payment of NOK 275 million. Excess value of NOK 195 million was allocated to Goodwill awaiting final PPA outlining fair market value per category of assets and liability. Management business case supports preliminary allocation to goodwill. Transaction cost amounted to NOK 16 million and will be recognized in the consolidated income statement for 2024.

The Flokk group does not have any assets nor employees in Russia, Belarus, and Ukraine. The Group is monitoring the ongoing war in Ukraine. The Group does not have any suppliers in any of the countries, but the Group is monitoring the raw material prices, as the involved countries are significant producers of raw material, of which especially wood and steel are relevant to Flokk Group. The situation in Ukraine will as such, not have any effects on the Group's 2023 accounts.

The Group's presentation currency and Flokk Holding IV AS' functional currency is NOK (Norwegian Krone). In 2023, this currency fluctuation affected the consolidated income statement and consolidated statement of financial position. Please see note 8 and 9 for further information about Flokk Groups exposure and sensitivity related to changes in foreign exchange rates.



Flokk

Annual Report 2023

Flokk Holding IV AS

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HÅG · PROFIM · RH · GIROFLEX · BMA · OFFECCT · RBM



Flokk Holding IV AS

Income statement for the period 12.01. - 31.12.

NOK 1 000	Noter	2023
Other operating expenses	<u>2,3</u>	636
Total operating costs		636
Operating profit		(636)
Interest income	<u>4</u>	193
Other financial income	<u>4</u>	8 258
Other financial expense	<u>4</u>	8 267
Net financial income/(expense)		184
Profit before tax		(452)
Taxes	<u>5</u>	-
Profit for the year		(452)

Information concerning:

Dividend

Group contribution



Flokk Holding IV AS - Balance sheet per 31.12.

ASSETS

NOK 1 000	Noter	2023
Fixed assets		
Shares in subsidiaries	<u>6</u>	4 205 857
Total financial fixed assets		4 205 857
Total fixed assets		4 205 857
Current assets		
Liquid funds		169 135
Current assets		169 135
Total assets		4 374 992

EQUITY AND LIABILITIES

NOK 1 000		2023
Equity		
Share capital	<u>7</u>	33
Other paid-up equity	<u>7</u>	4 205 322
Total paid-up equity		4 205 355
Total equity		4 205 355
Liabilities		
Group payable	<u>8</u>	949
Other short-term liabilities		168 688
Sum kortsiktig gjeld		169 637
Total liabilities		169 637
Total equity and liabilities		4 374 992

31 December 2023

Oslo, 28 June 2024

Thomas Hofvenstam
Chair of the Board

Henning Karlsrud
Board member



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 12.01.2023.

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. 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

Subsidiaries 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 no longer exists.

Dividends, group contributions and other contributions are recognised in the same year they are allocated in the subsidiary.

Consolidation

Flokk Holding IV AS is 100% owned by Spinnaker BidCo 2 SARL. The group's ultimate parent company is Triton IV Continuation Fund SCSp, an investment company registered in Luxembourg. Flokk Holding IV AS and subsidiaries presents consolidated financial statements for the group. The consolidated financial statements can be obtained upon request to Flokk Holding IV AS, P.O.box 45 Skøyen, 0212 Oslo.



Note 2 Other operating expenses

NOK 1000	2023
Financial and legal consultancy	57
Other fees	579
Total other operating expenses	636

The item other fees include audit fees.



Note 3 Compensations to executives

There are no employees in Flokk Holding IV AS. The company is not obliged to have compulsory collective pension plans according to the Norwegian law of compulsory collective pension. No remuneration was paid to the CEO or board.



Note 4 Aggregated financial income/expense

NOK 1 000

2023

Financial income

Interest income	193
Foreign exchange gain	8 258
Total	8 450

Financial expense

Foreign exchange loss	8 266
Other financial expenses	0
Total	8 267



Note 5 Taxes

NOK 1 000

Income tax expense	2023
Taxes payable this years result	-
Change in deferred tax, not recognised	(99)
Income tax expense	(99)
Income before taxes	(452)
Basis taxes payable	(452)
22% taxes	-
Income before taxes	(452)
22% taxes	0

Taxes due to:

Permanent differences	
Group Contribution	
Income tax expense reported in the income statement	-

Specifications of the basis of deferred taxes

Carry forward losses	(452)
Total temporary differences	(452)
Deferred tax benefit	(99)

Deferred tax benefit is not capitalised due to uncertainty related to future earnings.



Note 6 Investment in shares

Company	Business location	Time of acquisition	Owner ship	Company's share	Currency	Booked value
Flokk Holding III AS	Oslo	2023	100 %	100 %	TNOK	4 205 857



Note 7 Equity

NOK 1 000	Share capital	Other paid-up equity	Total other equity	Total equity
Opening balance per 12.01.23	30			30
New issue	1	3 962 396		3 962 397
New issue	1	201 321		201 322
New issue	1	42 057		42 058
Profit for the year	-		(452)	(452)
Equity per 31.12.23	33	4 205 774	(452)	4 205 355

The company's share capital is NOK 33,000 divided into 1,000 shares, each share with a nominal value of NOK 33. Board members have no shares in the company.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 30,000 to NOK 31,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 30 to NOK 31.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 31,000 to NOK 32,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 31 to NOK 32.

On the 3 May 2023, the share capital in the company was increased by NOK 1,000 from NOK 32,000 to NOK 33,000 by increasing the nominal value of the company's 1,000 shares with NOK 1 from NOK 32 to NOK 33.

Shareholders in Flokk Holding IV AS at year-end:	No. of shares
Spinnaker BidCo 2 S.à.r.l	1 000



Note 8 Debts with companies within the same group

NOK 1000

Liabilities	Flokk AS 2023
Group payable	634
Sum	634

Liabilities	Flokk Holding AS 2023
Group payable	315
Sum	315



Note 9 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.

The company is pure an investment company with one investmement, shares in Flokk Holding III AS.

The annual financial statements were approved by the Board of Flokk Holding IV AS on the 28.06.2024.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Flokk Holding IV AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Flokk Holding IV AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and 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 give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is 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 board of directors' report contains the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that



the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

Independent auditor's report - Flokk Holding IV AS 2023

A member firm of Ernst & Young Global Limited

Penneo dokumentnøgle: 0ZZGN-1YJZ-V2YWQ-ESCY-BQNPZ-3L1HX



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- 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 the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28 June 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

Penneo dokumenttegnelse: 0ZZGN-1YJYZ-V2YWQ-ESCYJ-BQNPZ-3L1HX



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Maan, Anja

Partner

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Our date 03.05.2024	Your date 11.04.2024	Case officer Lars Waalorp
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Org. nr: 974761076	Our reference 2024/5187607	Postal address P.O. Box 9200 Grønland 0134 Oslo

FLOKK HOLDING IV AS
Att.Henning Karlsrud
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0212 OSLO
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Callers from abroad, please call +47 22 07 70 00

Permission to prepare the annual accounts and directors' report in English language for Flokk Holding IV AS, org. no 830 819 762

With reference to your letter of 11 April 2024 with respect to the above matter regarding Flokk Holding IV AS.

Based on a total evaluation, the view of the tax office is that Flokk Holding IV 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

Flokk Holding IV AS is a private limited company 100 % owned by a foreign company and is part of an international group.

Flokk Holding IV AS is a holding company. The company and its subsidiaries develop, produce, and distribute seating solutions for the office market. Around 90 % of the group's sales are outside Norway.

Condition for the permission

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) About Act about annual accounts etc., says 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.”

One of the main goals 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 is a subsidiary of a foreign company and is part of an international group. Furthermore, all key players and partners in this industry understand and use English.

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

Yours sincerely,

Lars Waalorp
The Norwegian Tax Administration

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