Creating better workplaces

Annual Report 2022

Creating better workplaces

Annual Report 2022


HÅG Tion 2240

IMPORTANT EVENTS IN 2022

REBUILDING AT THE TUREK SITE

- Completed the rebuilding at the Turek production facilities in Poland after the fire late 2019.
- A new production facility and warehouse hall of 11,500 m2 opened at the end of 2022.

EXTENSION OF PRODUCTION FACILITIES AT RØROS

- The new production facilities at Røros, Norway opened in March 2022. This building accommodates an increased capacity of mechanical production.

M&A

- In March 2022, Flokk acquired Connection Seating Ltd in the UK, which has significantly strengthened its market position in the UK.
- Connection Seating Ltd moved to new production facilities in Mirfield, UK at the end of 2022.
- In April 2022, Flokk divested its shares in the Latvian chair mechanism manufacturer RingBaltic SIA to allocate resources towards the core operations. This important mechanism manufacturing related to Flokk products is now home sourced to the Røros production site.

FLOKK NEW PRODUCT LAUNCHES 2022

- HÅG Celi by Hunting & Narud, Andersen Voll and Big-Game
- Offecct Pauline by Pauline Deltour
- Offecct Thelma by Pauline Deltour
- Offecct Nomole by Ronja Reuber
- Offecct Sou by Teruhiro Yanagihara
- Giroflex 150 by Big-Game and Karimoku New Standard
- Giroflex 40 by ITO Design
- Profim Revo by Pearson Lloyd
- Profim Normo by Maja Ganszyniec
- 9to5 Seating Vox
- 9to5 Seating Dash
- Connection WorkWell meeting chair
- Connection Freedom Wall
- Connection Plenti Table
- Connection Malia Chair
- Connection Kupple
- Connection Harp Cross sections
- Connection Tryst Open Ended Booths
- Connection Bask
- RBM u-Connect new tabletop colour program
- RH 24/7 chairs

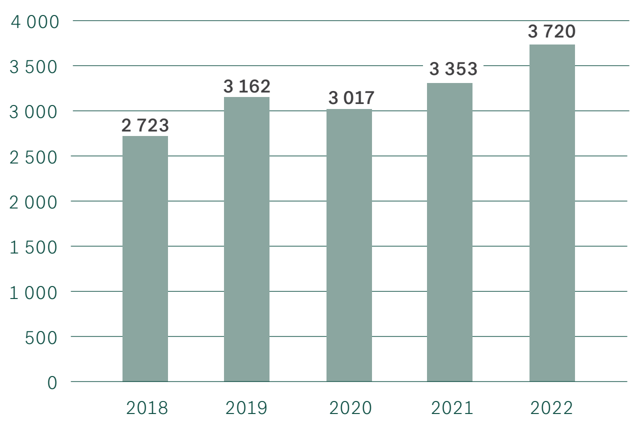
AWARDS TO FLOKK 2022

- HÅG Tion – Green Good Design
- HÅG Tion – Red Dot design
- RH Unconditional Support 24/7 - Swedish Design Prize
- Profim Revo – Stylepark Selected Award
- 9to5 Ellie – Honoree Award Interior Design Magazine
- OFFECCT Soundsticks – Best partitions of the Year Award at the 2022 Prize Designs for Modern Furniture and Lighting from The Chicago Athenaeum

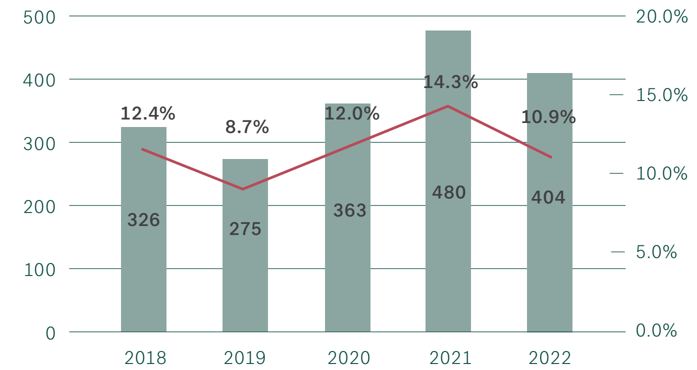
Key figures

		2022	2021	2020	2019	2018
Total operating income	NOK million	3 720	3 353	3 017	3 162	2 723
Sales revenues	NOK million	3 720	3 260	2 929	3 015	2 723
Operating profit	NOK million	404	480	363	275	326
Operating margin	%	10.9	14.3	12.0	8.7	12.0
Profit before tax	NOK million	77	390	57	157	84
Profit for the year	NOK million	4	306	(2)	139	51
Total assets	NOK million	6 478	6 090	6 063	5 796	4 414
Total interest bearing-liabilities	NOK million	3 784	3 592	3 909	3 831	2 904
Cash and cash equivalents	NOK million	599	734	819	497	407
No. of employees per 31.12.		1 829	1 816	1 840	2 521	2 517
Full time equivalents per 31.12.		1 796	1 787	1 827	2 505	2 496

Operating income (NOK million)



Operating profit and operating margin

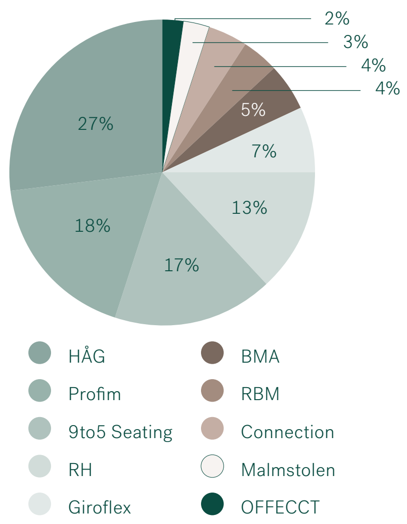


Operating profit (NOK million)
Operating margin (%)

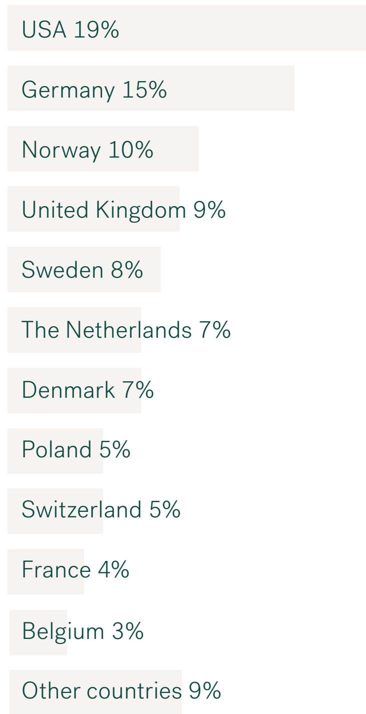
1 796	6	46%	93%	40%
Full time equivalents	Production Sites	Lower energy consumption per revenue since 2015*	Renewable share of total purchased electricity*	female employees
10	**15**	**36%**	**1 298t**	**83%**
Brands	Sales offices worldwide	Lower energy consumption per unit since 2015*	Recycled plastics in our products*	of annual purchased value is contracted with a signed code of conduct**

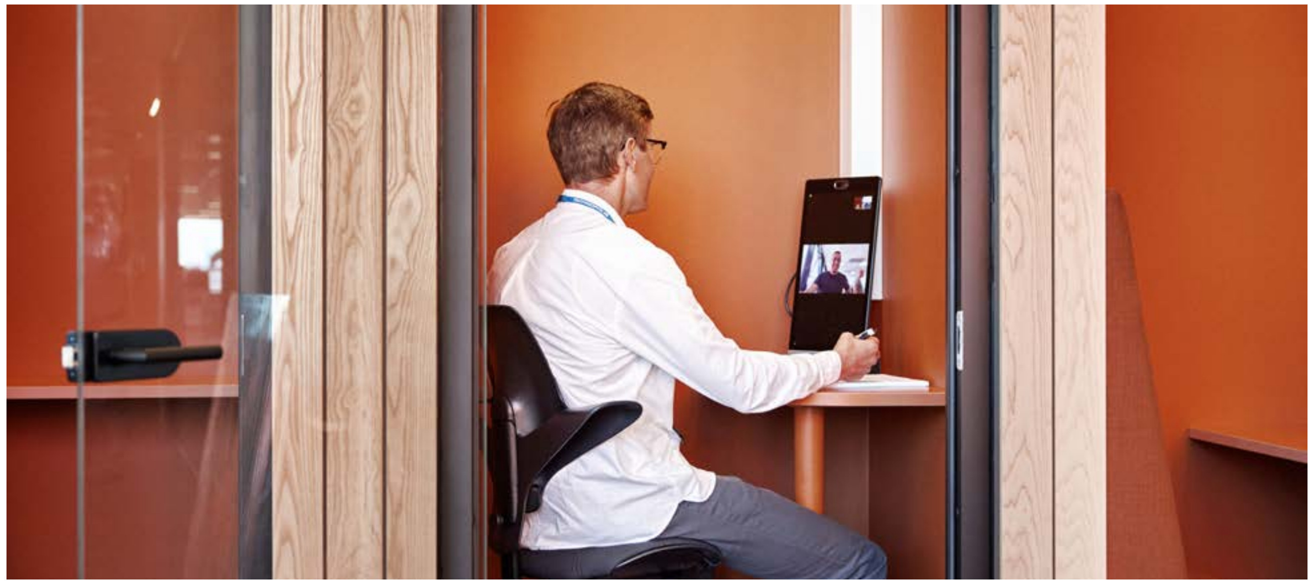
* GRI scope, see p. 106 ** Røros, Nässjö, Turek

Sales per brand



Sales per market



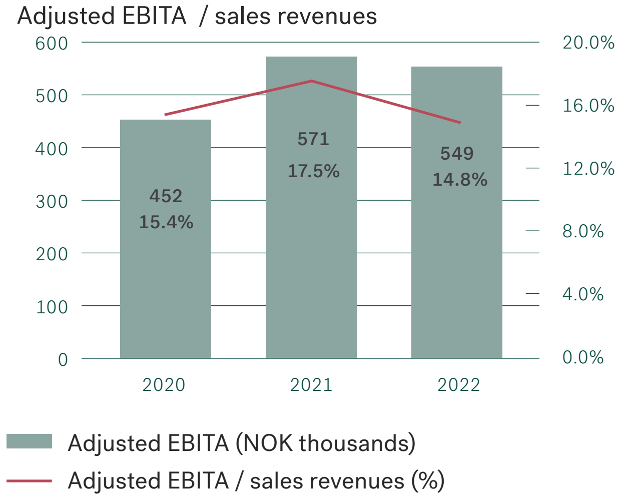


Alternative performance measures

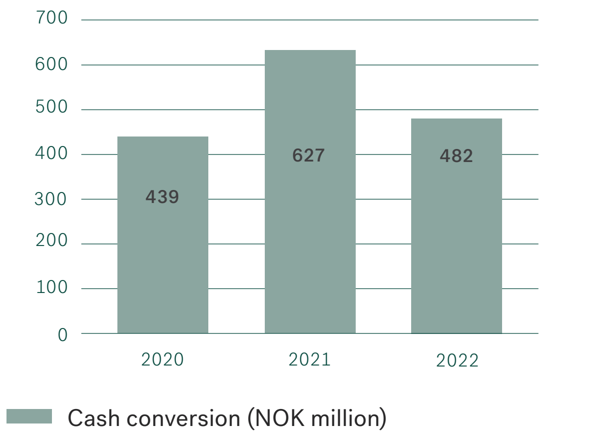
		2022	2021	2020
Opex	NOK millions	986	870	844
Opex/sales revenues	%	26	27	29
Contribution margin / sales	%	42	44	47
Adjusted EBITDA	NOK millions	686	796	595
Adjusted EBITA	NOK millions	549	571	452
Adjusted EBITA / sales revenues	NOK millions	14,8	17,5	15,4
Adjusted EBIT	%	525	549	434
Product development and improvement spend / sales revenues	%	3.2	3.5	3.1
Capital expenditures	NOK millions	135	113	96
Capital expenditures / sales revenues	%	3.6	3.5	3.3
Net interest bearing debt	NOK millions	3 185	2 858	3 091
Return on operating capital employed	%	29	36	29
Cash conversion	NOK millions	482	627	439

For definitions, see from page 96.

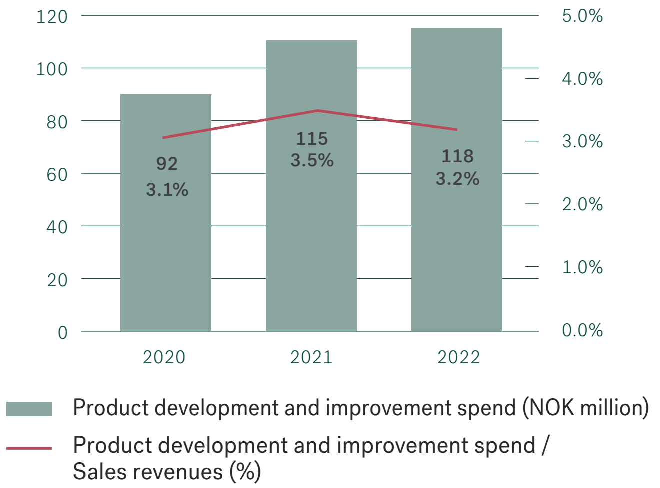
Adjusted EBITA / sales revenues



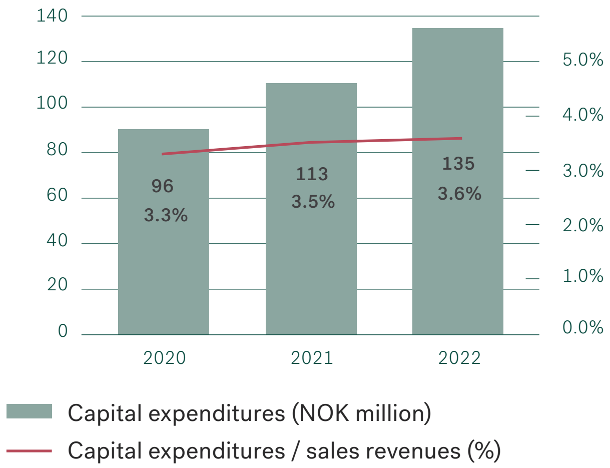
Cash conversion



Product development and improvement spend / sales revenues



Capital expenditures / sales revenues



Contents

CEO's introduction: Flokk has never been better positioned

Reflecting on 2022, I am proud that we achieved another year of growth. This is particularly satisfying as the overall market was relatively challenging, especially in the second half of the year. In other words, our growth came from Flokk gaining market share, maintaining a trend from previous years.

During the year, we continued to introduce innovative products based on our deep design thinking, creating seating solutions that not only look fantastic but are world-leading in ergonomics, sustainability and production efficiency.

We have moved beyond being a task chair producer to a seating solution provider, entered new segments and become truly global. All of this is the result of a great team executing on a consistent long-term strategy.

BROADENED OFFERING

Over the past years, Flokk has moved from being a supplier of office chairs to a seating solution provider. Our product offering is broader than ever, including soft seating and solutions for collaborative workspaces.

We now serve all of the seating needs of our customers. This is especially important after the Covid pandemic boosted the amount of remote work and ushered in the hybrid office as the new normal.

Being a solution provider means we are involved earlier in processes, working with architects and designers to create the attractive, flexible and collaborative office environments businesses seek today. This work typically involves collaborative processes using digital tools to design a flexible mixture of desk areas, meeting rooms, collaborative areas and lounges, each with different seating solutions. The broadening of our offering is also illustrated by our progress in new market segments, such as the home office market, which has grown due to the same drivers.

GROWING FOOTPRINT ORGANICALLY AND THROUGH M&A

Geographically, we have strengthened our market-leading position in Europe while expanding our footholds in Asia and the US.

In 2022, our sales in the US grew by 75 percent to become our largest single market, driven by solid growth for our 9to5 Seating brand. 2022 was also a record year for Asian sales, which exceeded NOK 100 million in sales for the first time. Geographic diversification makes us resilient as the business cycles in the various geographies rarely move in tandem.

Acquisitions are an integral part of Flokk's growth strategy, and in 2022, we added Connection in the UK to our brand portfolio, doubling our sales in this key market. Connection has an exciting offering within collaborative workplace solutions and a strong network among designers and architects, perfectly aligned with Flokk's solution provider strategy. This is the latest example illustrating Flokk's track record of successful acquisitions.

Our market is still fragmented, and Flokk will continue to explore the potential for consolidation in the years ahead.

MORE SYSTEMATISED ESG RESPONSIBILITY

As Flokk continues to grow, so does our responsibility to minimize the environmental footprint of our business. Growth increases our ability to make a difference and scale our ongoing efforts to minimize the total environmental impact of the Group. At the same time, we have an increasing opportunity to create positive impact on our employees, in our local communities and across our value chain. With our long history of focus on sustainability, we are well prepared to tackle potential challenges and risks associated with reaching our strategic targets.

In 2022, we strengthened our ESG strategy with dedicated resources and defined comprehensive long-term targets on social conditions and corporate governance, thereby complementing our already established long-term environmental goals towards 2030. By systematising our ambitious ESG KPIs and action plans, we are now better prepared than ever to take our full social and environmental responsibility.

INCREASED PRODUCTION CAPACITY

World-class assembly facilities have long been a hallmark of Flokk. On the operations side, I would particularly like to highlight our investments in Turek, Poland. The plant is now fully rebuilt and improved after the fire in 2019, and it operates at an entirely new level of efficiency. This is now our biggest plant. We have moved production of several brands here, and the updated and expanded Turek facility will be a key growth enabler for us.

During 2022, we also expanded the factory at Røros, Norway, the cradle of our HÅG brand, adding another 1,400 square meters dedicated to highly efficient production of advanced metal components for the group.

I am genuinely proud of our production facilities and the teams working there. Several factors are behind our world-leading efficiency. It always starts with a thorough process of designing and tweaking for industrialization, making our products suitable for efficient yet flexible, on-demand production. Then, of course, we have invested in automating the facilities. But most of all, it is about high-quality people who take pride in making the best products and always look for ways to improve our processes further.

PRODUCT INNOVATION

On the product side, I would like to highlight the HÅG Celi conference chair. Made from more than 80 percent recycled materials, including 94% post-consumer plastics in the plastic shells, Celi perfectly illustrates Flokk's commitment to the environment and circularity.

Our long-standing principles for sustainable design are extended to more and more products under our various brands. Two excellent examples introduced in 2022 were Profim's Revo soft-seating line and the Normo chair, especially Revo where we have demonstrated industrialization of a traditional hand-craft segment without compromising on environmental performance.

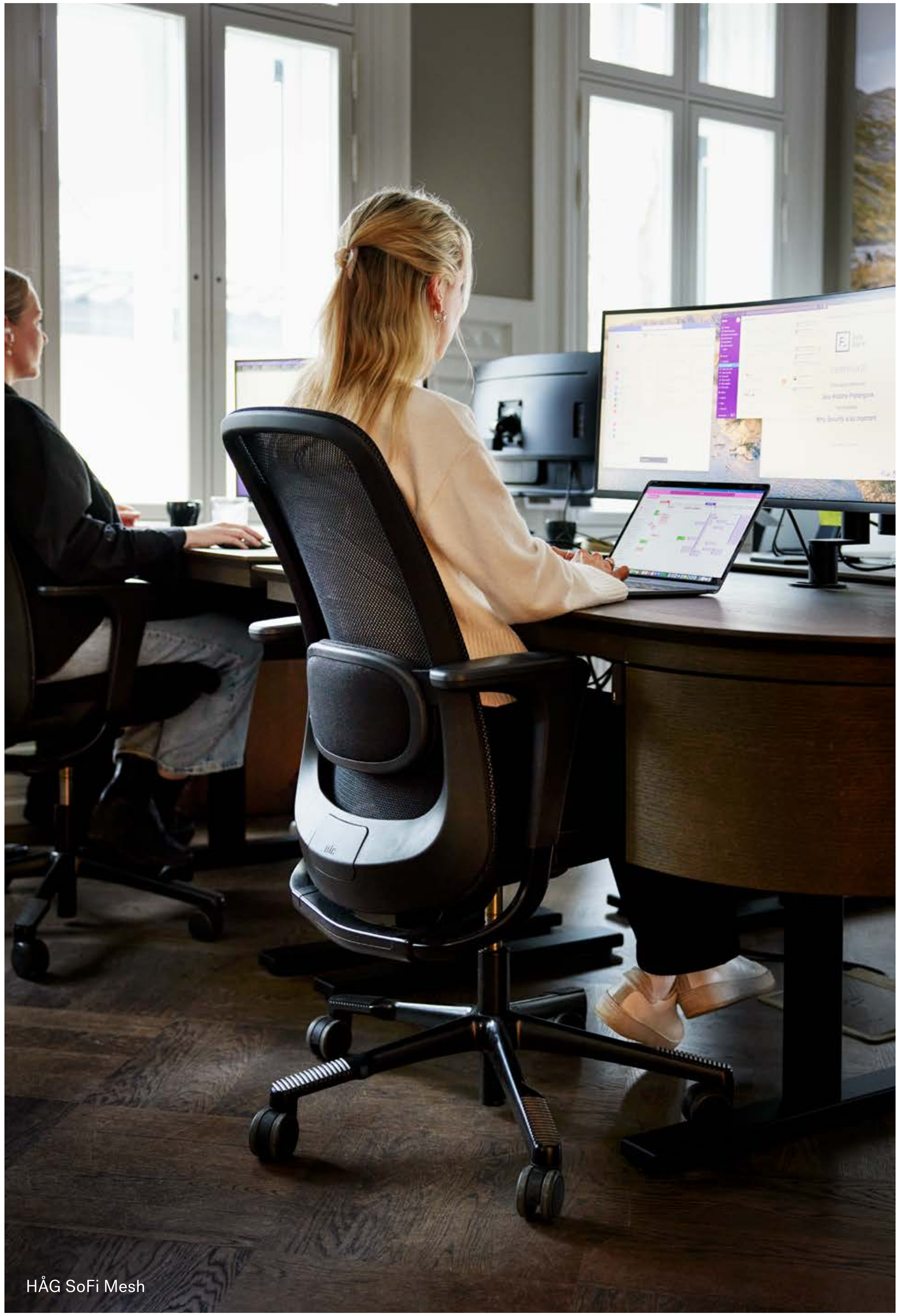
LOOKING AHEAD

Looking ahead to 2023, we are still facing some market headwinds as the economic outlook is uncertain. Flokk will adjust appropriately, but I feel confident in our position.

We have the strongest team, the most comprehensive offering and the most resilient market presence ever, and our business model has proven to be flexible and robust during both strong and weak markets. Our ambition is to build on our leading position in Europe as well as our growing business in the US and Asia – and to continue gaining market share.

In short, we stand firmly on the platform we have built over the preceding years and look ahead to 2023, confident that it will be another good year for the Flokk team!

Lars I. Røiri
Chief Executive Officer


HÅG SoFi Mesh

Corporate Governance

IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Flokk complies with the Norwegian code of practice for corporate governance issued by the Norwegian Corporate Governance Board. As Flokk is not listed on the stock exchange, its corporate governance has been tailored to Flokk's situation, and as such the topics "Information and communications" and "Take-overs" are not described, because they are not relevant for Flokk. Flokk is majority owned by a fund managed by the private equity investment company Triton, and a fund managed by the private equity investment company Innova. The remaining shares are owned by company executives and board members.

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

BUSINESS

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

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

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

EQUITY AND DIVIDENDS

The Groups equity share as at 31.12.2022 was 21.9%. No dividends will be paid in the short and medium term, as available liquidity will primarily be used to invest and repay debt. The board does not have a mandate to increase capital.

EQUAL TREATMENT OF SHAREHOLDERS

Flokk has one share class, and each share provides one vote. Flokk has laid down guidelines that require the board to be notified when board members or the CEO have significant interests in a transaction entered into by the company.

GENERAL MEETINGS

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

NOMINATION COMMITTEE

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

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

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

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

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

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

THE WORK OF THE BOARD OF DIRECTORS

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

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

The board has a dedicated audit committee made up of selected members of the board. This committee prepares business for review before final decisions are made at the board meeting. The committee performs tasks related to financial reporting, the annual accounts, risk assessment, internal control, corporate governance, and has contact with the company's auditor.

Environmental, social, and corporate governance (ESG) is on the agenda at the Group's board meetings. The governance topics are also reviewed by the audit committee. Social topics are handled in the dedicated group committees that have members from the Board, in addition to representatives from management.

The board annually reviews and approves the Group's policies, including code of conduct and policies for sanctions, anti-money laundering, anti-bribery, code of conduct for business partners, energy & environmental and personnel policies.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

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

REMUNERATION OF EXECUTIVE PERSONNEL

The remuneration of the CEO and other group management is reported in note 25 of the Group's consolidated annual report. The board is responsible for the contractual terms of the CEO's employment and remuneration contract through the chair of the board. The group management's bonus program is related to further integration of acquisitions, organisational development, financial targets, and commercial development targets. A number of group management members has individual targets related to ESG activities.

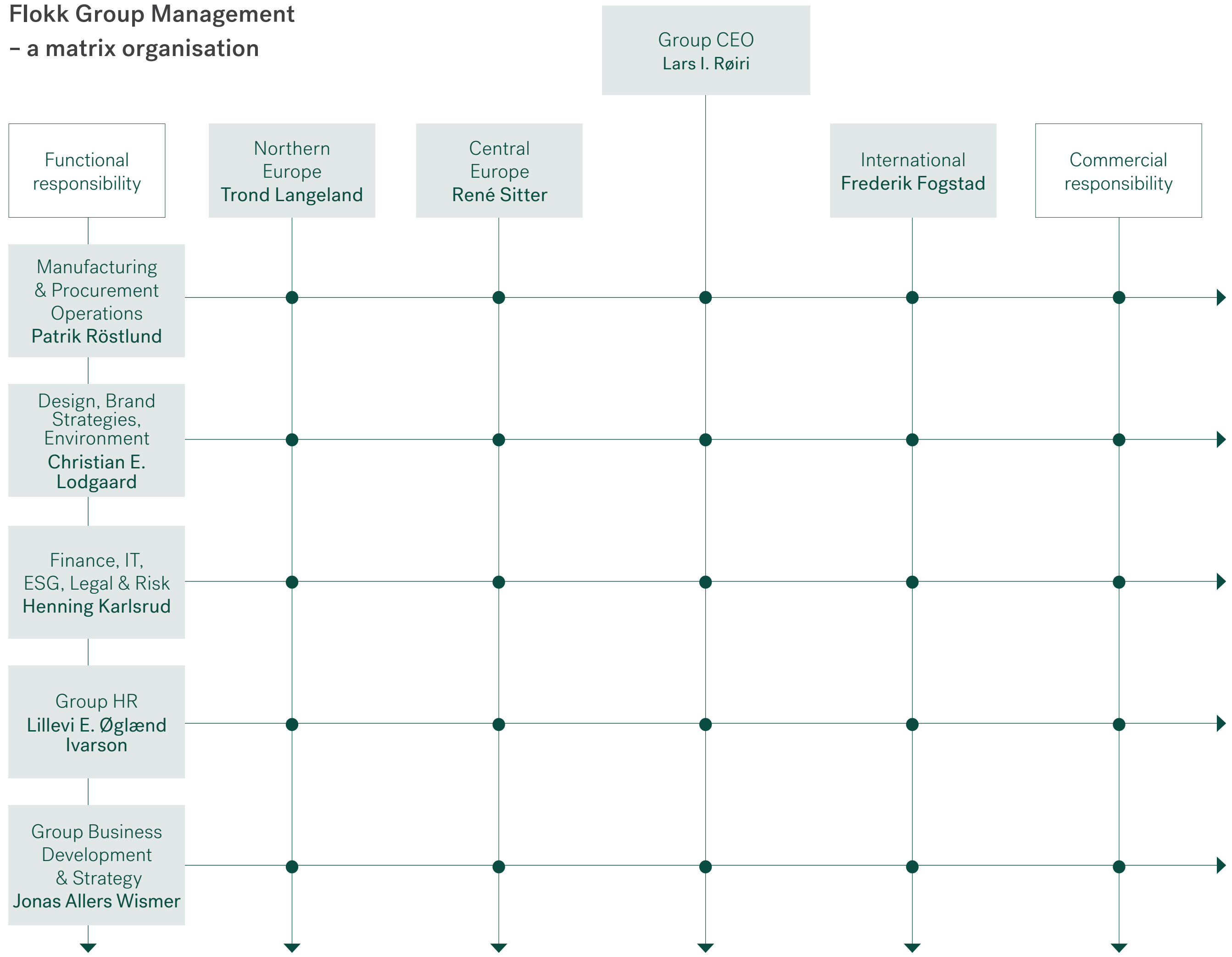
There are no applicable terms in the working employee contracts referring to clawbacks, hence such are non-existent between members of Flokk's group management and the company. The retirement scheme is the same for all employees in each legal entity, including group management.

AUDITOR

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

The general quality management system ISO 9001 and the environmental and energy management system ISO 14001 and ISO 50001 are reviewed and revised annually by the external certification body KIWA. As from 2021, Flokk AS and Flokk AB is certified according to the information security management system standard ISO 27001. Audits of ISO certifications are carried out by KIWA auditors. Health, internal working environment, and safety (HSE) are according to ISO 45001, integrated into Flokk's common management/quality system.

Flokk Group Management
– a matrix organisation



Group Management

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

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

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

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

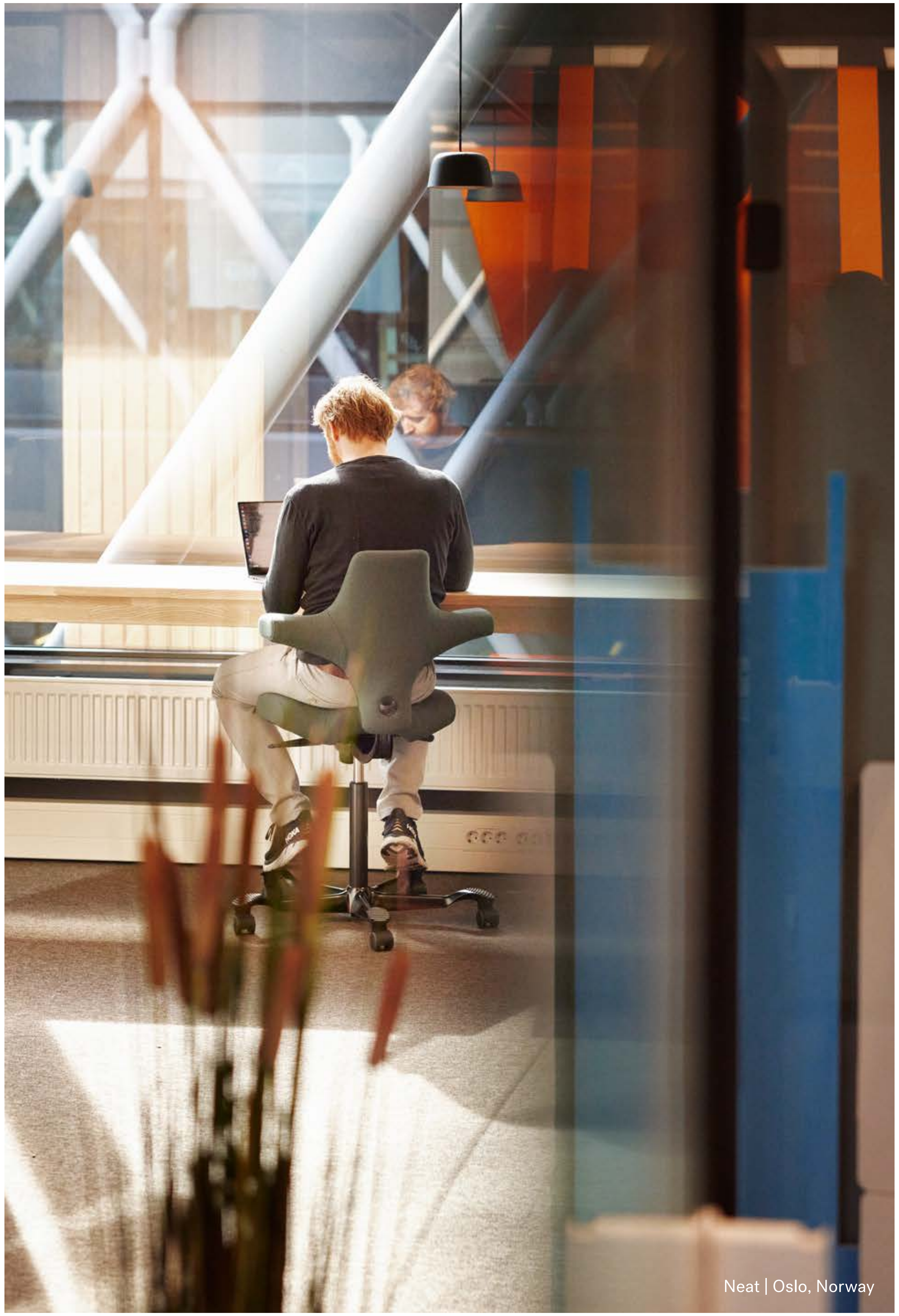
Frederik Fogstad (b. 1965)
Senior Vice President, International
Fogstad joined Flokk in 2013 and is responsible for sales to all markets outside Europe. He holds a Bachelor of Science in Management and Finance from the Norwegian School of Economics (NHH), and an MBA from IESE Business School in Barcelona.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

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

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

Christian Eide Lodgaard (b. 1970)
Senior Vice President, Flokk Design
Lodgaard joined Flokk in 2007 and is responsible for product design and development, product & brand strategies and environment. He holds a Master of Science in mechanical design engineering. Prior to joining Flokk, Lodgaard worked for Hydro Aluminium Automotive.

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



Neat | Oslo, Norway

About Flokk

With every new design we do, with every new product we plan to develop and bring to the market, one thing is clear to us; the world does not need another chair. The market for office seating is large and attractive, and when leaving the pandemic behind, it is expected to continue to grow well from the current estimate of EUR 11 billion in Europe and the USA combined. Our intention is to strengthen our leading position in this market – and we will succeed by being different from competitors.

We provide our customers with an alternative that they do not yet have and that offers tangible improvement. This consideration is at the heart of Flokk. The result is a strong urge to move forward, in all aspects of our operation.

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

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

And it makes us design for the highest of industrialization rates, giving us economy of scale. We conceive everything bottom-up, which is harder, but takes us further and keeps us in control of how every detail is produced in our own factories and with suppliers. It means that our production efficiency is stellar. And we know we can recreate this – because we have done it before. Hence, our agenda is to continue to grow the Flokk family through acquisitions. New members of the Flokk family, like 9to5 Seating in the US, which was included in 2019 and Connection in the UK, which joined us in 2022, has the benefit of the shared competence from the rest of the Flokk group, in order to optimize efficiency and quality to create additional value for all stakeholders.

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


HÅG Tribute

Our brands

HÅG

HÅG's sitting concept was established during the 1970s and remains just as relevant and unique. Based on the belief that humans are not made to sit still, HÅG persists in making every workday healthier, better, and more productive. When you sit in a HÅG chair, you sit in balance. This provides more natural movement of your whole body without involving any physical or mental effort. We seek to develop products that are empathic to people's needs as well as aesthetically pleasing, always reaching for the most sustainable approach.

With sustainability at its core HÅG proudly introduced another two beautiful products made out of waste. We have taken re-use of snow-plough-markers to industrial scale by providing this material as a standard option for the HÅG Capisco Puls model.

Also, HÅG Celi, an elegant chair for social and collaborative spaces is introduced. In addition to the full range of coloured polypropylene (PP) plastic components made from recycled post-consumer materials – literally turning household waste into high-end furniture – we also established an exciting partnership with Hydro, Norway's world-leading producer of recycled aluminium, which provides 75% post-consumer aluminium which uses 82% less energy than creating virgin aluminium. Result is that HÅG Celi is made from more than 80% recycled materials and is truly a treasure made of trash and resources astray.

RH

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

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

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

GIROFLEX

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

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

BMA

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

The patented Axia movement mechanism makes it easy to change between the three main working postures of office workers. The Axia chair that fits all. Thanks to the modular system and the bespoke program, the chair can be customized to its user. The Axia concept stands for a sustainable, circular office chair for a healthy sitting behaviour based on scientific knowledge.

giroflex 150 @ASSAB ONE,
Salone del Mobile,
Milano 2022

giroflex 150, Mover | Switzerland

giroflex 313

Offecct Thelma and Pauline

OFFECCT

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

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

As Offecct is a design brand, the highest level of design in every detail is the basis of our operation. To us it´s not enough to launch another chair or sofa into the market. We want to add other qualities in addition to aesthetics with every new product that is released. We produce furniture that makes our daily life a little bit better, that appeals to both our hearts and our minds, that´s our passion and our mission.

RBM

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

Cooperation with selected designers has given the RBM brand a distinct and authentic Scandinavian identity with unique products covering major consumer needs in this market segment. RBM offers a new range of soft seating furniture of meeting chairs, sofas and tables that will enable our customers to create great and flexible working environments.

MALMSTOLEN

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

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

PROFIM

Having amassed over 30 years' worth of experience as a Polish furniture mass-producer, Profim has developed the knowledge to create optimal workplace solutions. With understanding and responsiveness to market expectations and consumer requirements, Profim has learned how to supply quality for essential needs while remaining affordable for many. Always looking to the future, Profim provides friendly, intuitive in use and comfortable affordable seating whilst caring for the planet by introducing circular economy solutions.

Profim's swivel armchairs and chairs, visitor chairs and soft seating furniture are produced in Turek in central Poland. Profim's skilled employees are renowned throughout the country for their impressive specialist knowledge, amassed since the company was founded. Profim was the first Polish manufacturer of office chairs to receive ISO 9001 Quality Management Systems certificate.

9TO5 SEATING

Sit down and get comfortable. While sitting may come naturally, you are not always guaranteed it will be comfortable. Even when you do find a chair that's comfy, you won't feel that way if the selection, purchasing, delivery, or customer service was a pain. At 9to5 Seating, we are 100% focused on seating and take a 360-degree look at every aspect of the process to ensure you are always at ease. While other manufacturers invest in diversifying their offerings, we are completely invested in making the most personal piece of furniture—seating—align with all of your needs.

From task to lounge, we are designing and delivering beautiful, resilient, dependable chairs that are backed by one of the best warranties in the industry. So go ahead, sit back, relax, and stay comfortable with 9to5 seating.

CONNECTION

Established in 1997, Connection is a British brand with British manufacturing at its heart. Having grown from humble beginnings, once creating a limited range of operator and task seating chairs; we are now a large-scale, established designer and manufacturer of dynamic furniture solutions.

We specialise in creating furniture, which is intuitive and gives purpose to the working practices of all environments, from complex office settings to large-scale education projects and everything in between.

We champion agile working and furniture that adapts and support the ever-changing ways in which people effectively work and learn. We don't just make furniture, we create products and solutions that elevate a space, to work harder, smarter, and altogether better.

Some Flokk Projects delivered in 2022

Sparkasse Trier , Germany
31 HÅG Capisco, **8** HÅG Creed, **12** HÅG Tion, **2** Offecct Oyster, **8** Offecct BOP, **3** Offecct Carry On, **10** Offecct Cornflake, **6** Offecct Maki, **3** Offecct Netframe, **4** Offecct Nobis, **23** Offecct Palma, **44** Offecct Phoenix, **9** Offecct Smallroom, **54** Offecct Soundstick, **26** Offecct Wind, **6** RBM Noor

Danske Bank New HQ
Copenhagen, Denmark
2520 HÅG SoFi mesh

Maersk HQ, Denmark
549 HÅG Capisco

Hotel Viking A/S, Denmark
250 HÅG Celi, **50** HÅG Celi

Forte Digital, Norway
66 HÅG SoFi mesh, **56** RBM Fan, **14** HÅG Tribute, **24** RBM Noor, **10** HÅG Tion, **16** HÅG Celi, **12** RBM Allround, **6** RBM Soft Box, Offecct Nobis + RBM NC

Innoasis, Norway
167 HÅG SoFi 7500, **73** HÅG Tion 2240, **11** Capisco Puls 8020

DNB, Norway
800 HÅG SoFi mesh, **190** HÅG Tribute

Vetenskapsrådet, Sweden
50 RBM Fan, **8** OFFECCT Shift, **82** OFFECCT Phoenix, **40** HÅG Capisco 8106, **64** RH Mereo 220, **32** HÅG Creed 6002

Spendrups Bryggerier, Sweden
204 HÅG SoFi and HÅG Capisco

Headquarter Implenia, Switzerland
145 HÅG Capisco 8106

Domstolsverket, Sweden
354xRH Logic, **48x**HÅG Capsico

Tesla, USA
900 9to5 Neo task chairs

Luzerner Kantonalbank, Switzerland
295 HÅG Capisco 8106

VA (Veteran Administration), USA
235 HÅG Capisco chairs

Wayne County Court House, USA
9to5 seating: **1000** Neo task chairs, **95** Acclaim conference chairs, **1395** Neo Lite task chairs, **342** Clary side chairs, **615** Shuttle side chairs, **9** Zoom multi-purpose chairs, **10** Lilly lounge chairs, **170** Sophie lounge chairs

Akademiet, Norway
350 HÅG Futu Communication

Aleja Bielany, Poland
12 Profim Accis Pro, **4** HÅG Capisco, **4** Profim Mickey

Headquarter ECA Lausanne, Switzerland
11 HÅG Capisco 8106, **53**xRH Secure

Dotpay, Poland
4 Profim FAN 10H, **2** VOR1, **24** FAN 10HC, **8** Chic 20H, **47** LightUp 230SFL, **2** Chic RH20

Lufthansa Aviation Training Switzerland, Switzerland
115 Giroflex 68-3519

Multifunctional Medical Center, Uzbekistan
1500 PROFIM Mix products

Stockholmsmässan, Sweden
1300 RBM Ana

Lietovous draudimas, Lithuania
300 Profim Light up

Tinius Olsen Fagskole, Norway
220 HÅG Tion 2100, **20** HÅG Futu

Ministry of Investments, Slovakia
1000 Profim Lightup + Veris

Radisson Blue Royal Garden, Norway
1200 HÅG Conventio 9510

MOL Campus, Hungary
1939 Profim Lightup, **575** OFFECCT Ezy

Quality Hotel Augustin, Norway
394 HÅG Celi 9140, **150** RBM St. klappbord

Grand Hotel Konya, Turkey
330 RBM Noor, **15** U- Connection

Eurobank, Greece
255 Profim Nu chairs, **100** Fan chairs, **90** Wall in

EDPR, Spain
80 OFFECCT Carry ons

Isbank, Turkey
400 Profim Light ups and 100x Xenons

Globomatik - Technology and IT, Spain
76 HÅG Capisco Puls

Daugbjerg/Vej & Park, Denmark
148 RBM Noor

Radisson RED Oslo Økern, Norway
180 OFFECCT Murano + Shift + RBM NC

Sollentuna Kommun, Sweden
445 Profim LightUp

Astra Zenica, UK
65 Connection Harp frames, **54** Harp Shelves, **28** Harp planters, **16** Harp whiteboards.

Arcadis, UK
1 Connection Mae, **26** WorkWell, **4** Rollie, **9** Camden, **3** Avirary table, **6** Co.table, **2** Centro lite, **28** Canova, **4** Centro low stool, **2** Centro bench, **1** match table, **2** Leo sofa, **2** Forge table, **2** Muse, **1** Pear, **1** Kala, **1** Regent footstool

Rapid 7, UK
2 Connection Bloomsbury, **2** Chelsea, **1** Mae, **1** Aviary Table, **2** Leo Table, **4** Centro Table, **4** Hugge, **2** Swoosh, **2** Chelsea table, **22** Harp frames

Savills, UK
2 Connection Co. table, **5** Centro table, **6** Centro stool, **6** Centro Bench, **16** Swoosh stools, **38** Harp frames

Curtain University - TL Robertson Library, Australia
1441 RBM Noor chairs (**91**x6060, **869**x6060SB, **99**x6090, **68**x6090SB, **325**x6070SB)

Bet365 - Darwin, Australia
385 HÅG Futu 1200

Energy Queensland, Australia
80 RH Secur24

Neste, Singapore
71 RH Logic 220, **8** RH New Logic 220

Best World
Singapore
149 Sofi Mesh 7500

Socius Legal Firm, Japan
8 Giroflex 313

NTT Data, Japan
23 Giroflex 313

Samty Real Estate Developer, Japan
45 Giroflex 313

Providore, Singapore
10 HÅG Tion 2140, **10**xHÅG Capisco 8106

Hafnia, Singapore
24 9to5 Cydia Mesh

Pricewaterhouse Coopers, China
32 Offecct Fan; **26** HÅG Capisco Puls, **3** RBM Twisted Little Star

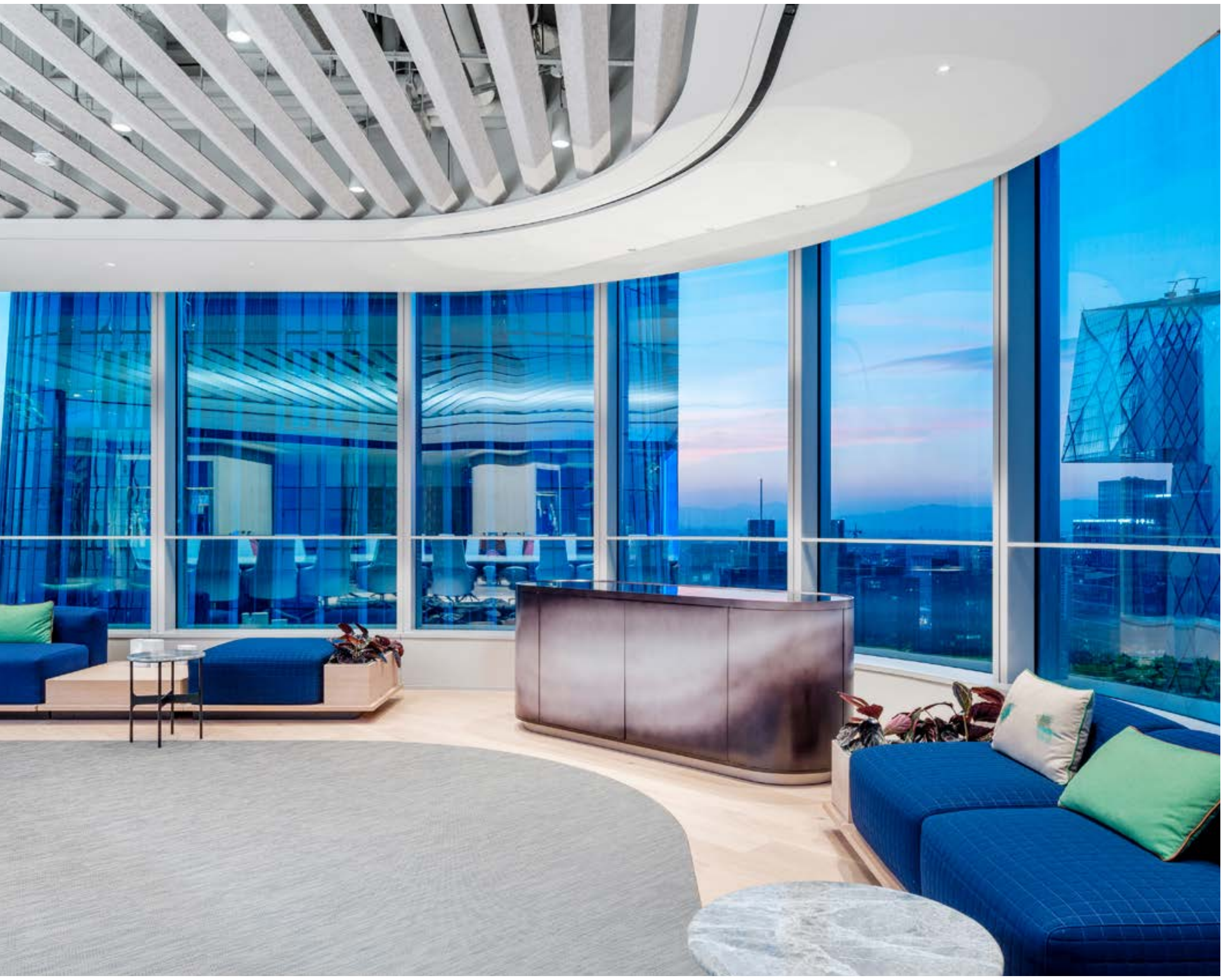
Munich Re Beijing, China
8 HÅG Capisco Puls, **56** Offecct Pix

Volkswagen, China
84 HÅG Conventio Wing, **83** RBM Bella, **153** 9to5 Neo Lite

Chongqing Fuling Experimental School, China
37 HÅG Capisco Puls

Wide Horizon Real Estate Company, China
50 HÅG Sofi Mesh

Neat, Norway
30 HÅG Capisco, **50** HÅG Tion



CBRE | Beijing, China

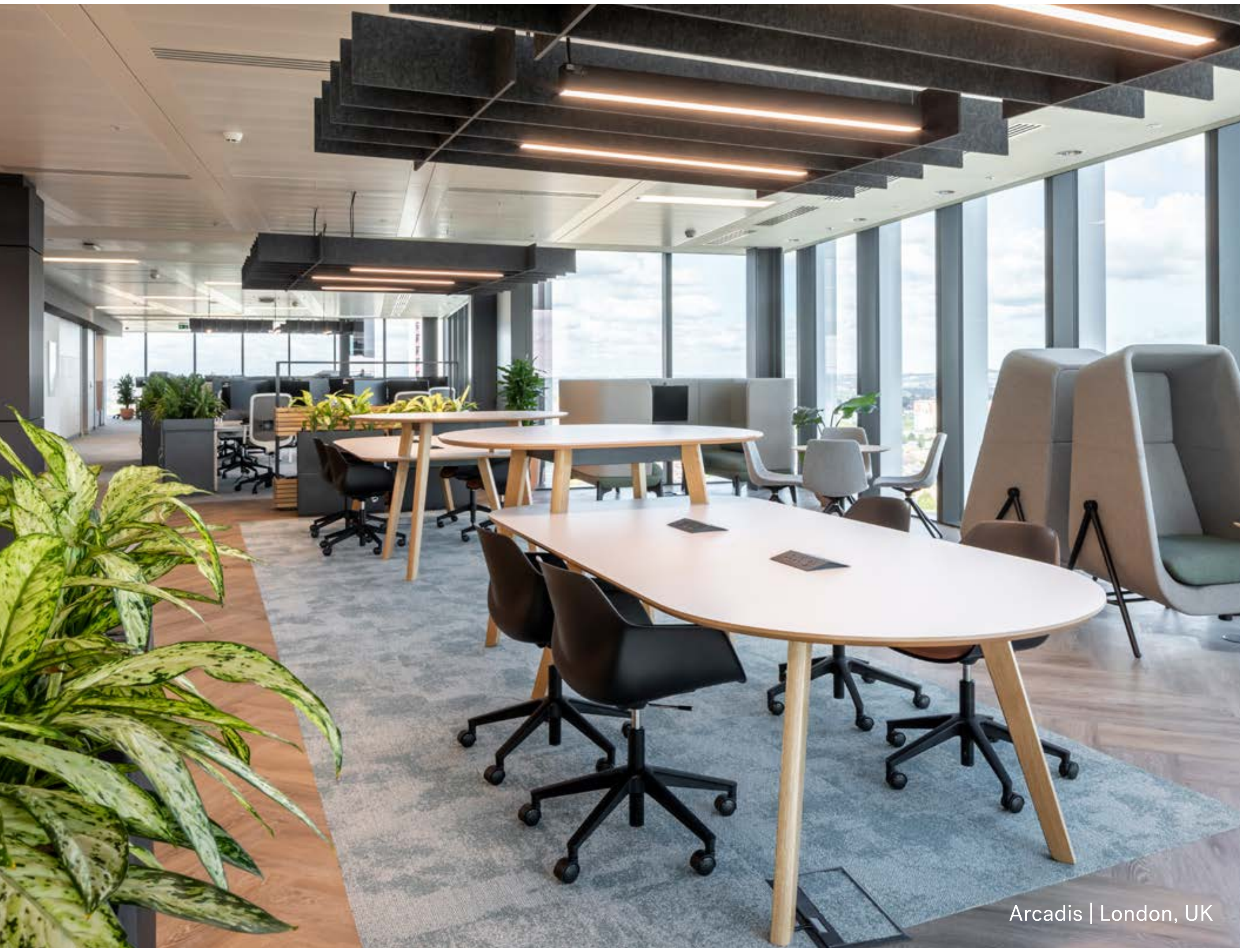
Rapid 7 | Chelsea Bloomsbury,
London, UK

Headquarter Implenia
Schweiz AG
Architects: Architektur
von Hürlemann

©Heatherwick Studio,
©Qingyan Zhu

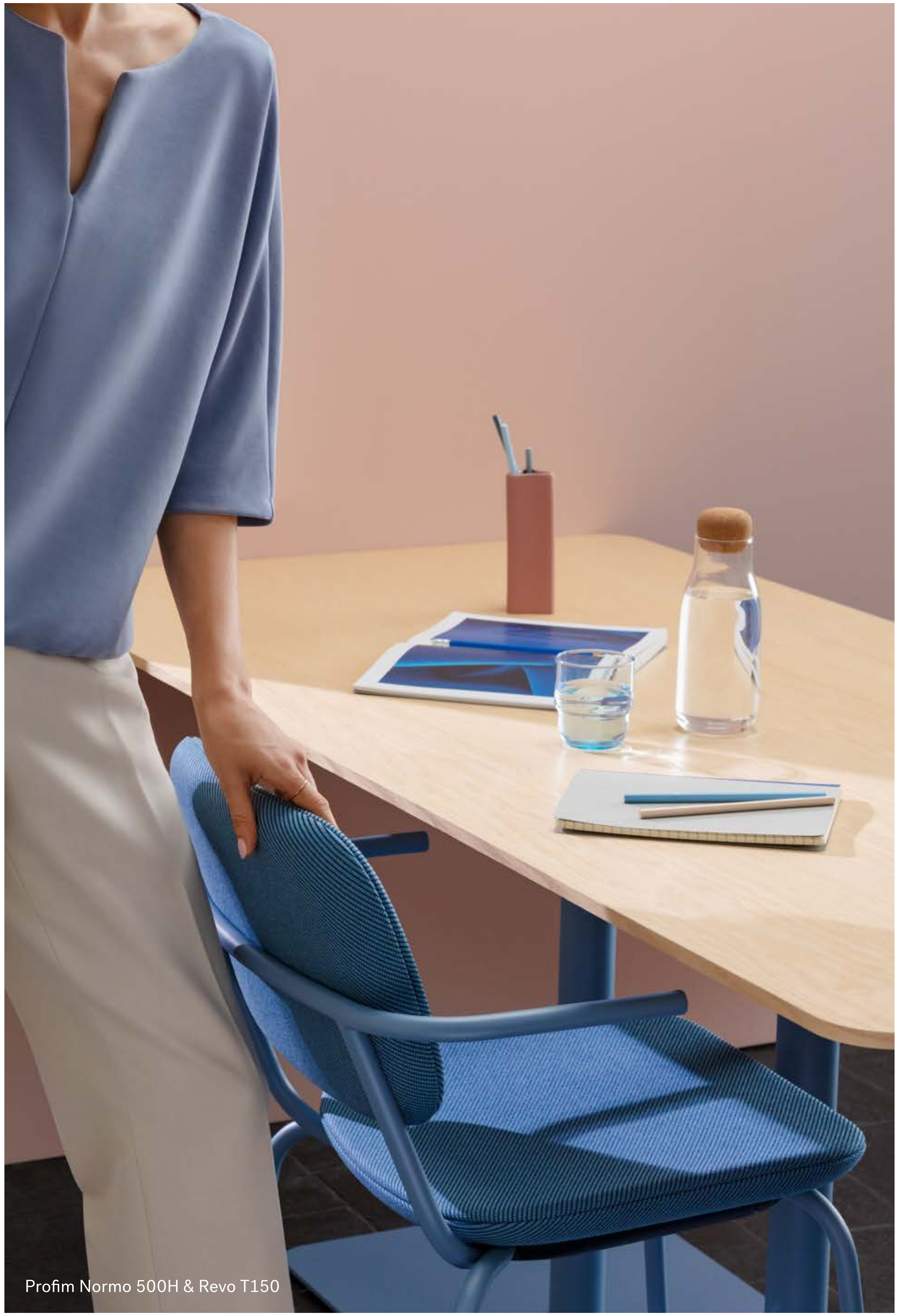
Astra Zeneca | London, UK

Savills | London, UK



Arcadis | London, UK

Maramite | Poznań, Poland



Profim Normo 500H & Revo T150

Annual Accounts

Board of Directors' Report 2022

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

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

GOING CONCERN

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

GENERAL CONDITIONS

In the course of 2022, the rebuilding of the Turek manufacturing site in Poland after the fire late 2019 was finalized. A new high storage warehouse is in place which increases the space for storing components and sub-assemblies used in production. A new production and warehouse hall of 11,500 square meters was completed late 2022. This building has five loading docks for trucks; warehouse with 3,161 pallet spaces, roller conveyor lines for finished products; two foam block cutting machines; seven gluing booths; 37 assembly stations and a modern powder paint shop with its own cleaning system.

In March 2022, the opening of the Røros manufacturing plant extension took place. This building accommodate an increased capacity of mechanical production.

STRUCTURAL CHANGES

In March 2022, Flokk acquired the company Connection Seating Limited in the UK, to strengthen Flokk's position in the UK. The company founded in 1997 designs and manufactures innovative commercial furniture and has a strong portfolio within collaborative furniture. In December 2022, the official opening of Connection Seating Limited's new manufacturing facility took place. The purpose-built state of the art building, located in Mirfield, UK encompasses a head office, showroom and manufacturing facility, and will play a critical role in achieving the Group's growth ambition in becoming a leading manufacturer of high-quality workplace furniture both in the UK and Europe.

In April 2022, Flokk divested its shares in the Latvian chair mechanism manufacturer RingBaltic SIA to allocate resources towards core operations. This important mechanism manufacturing related to Flokk products is now home sourced to the Røros site.

In December 2022, changes in the legal structure were completed in Sweden where the company Offecct AB merged into Flokk AB.

MARKETS

2022 has been a challenging year with supply chain obstacles, global pandemic disruptions, and economic uncertainty affecting many industries. Despite the macro situation, Flokk managed to grow the sales revenue of 14% compared to 2021. The underlying organic revenue growth remains positive at 8% for 2022. The key contributing markets for revenue growth are the USA, and the UK because of the acquisition of Connection Seating Limited. USA is the Group's largest market and saw an increase of 75% through 2022. Germany, the second largest market in the Group, had sales on the same level as 2021. The Netherlands and Belgium declined 5% and 16% respectively. France had a sales growth of 23%, Switzerland was on the same sales level as 2021, while other markets had about 18% sales growth compared to 2021.

Norway and Denmark delivered all time high sales in 2022. Denmark driven by strong performance on the HÅG brand, while Norway continues to grow soft seating business on top of a strong task chair position. Sweden experienced a decline in sales compared to 2021, however with a significant positive development in the RH brand. In the Scandinavian markets, Flokk continues to build a position as a supplier of total business seating solutions utilizing the strength of the Flokk brand portfolio. Flokk is taking a more consultative role towards our customers and partners through investments in visualization- and project sales capabilities.

In Benelux countries, the focus has been on improving the profitability through improvements in the value chain and our distribution set-up combined with price increases. Development is promising and expected to impact 2023 positively.

Flokk continues to strengthen the distribution network with fewer and deeper partnerships, and we continue to develop relationship and grow together with selected online partners.

HÅG continues to be the largest and most profitable brand in the Group. Following a very strong sales development fuelled by home office demand during the corona period in 2020 and 2021, the brand declined 4% in sales compared to 2021. The Profim brand remains the second largest brand in the Group and grew 6% in sales compared to 2021. The 9to5 Seating brand, the Group third largest brand, increased its sales with of 75% compared to 2021, after recovering from the pandemic that impacted the sales in 2021.

THE GROUP'S RESULTS

INCOME STATEMENT

The Flokk Group had sales revenues of NOK 3 719.5 million compared to NOK 3 260.4 million in 2021, an increase of 14.0%. Total operating income was NOK 3 719.5 million compared to NOK 3 352.6 million in 2021. The operating profit for the period was NOK 403.8 million compared to NOK 479.8 million in 2021. The operating margin in 2022 was 10.9%. Net financial expenses amounted to NOK 326.7 million compared to NOK 90.0 million in 2021. The increase in financial expenses is mainly caused by higher interest expenses, and increased loss on foreign exchange deviation on loans in foreign currency due to weaker Norwegian krone at the end of 2022 than previous year. Profit before tax amounted to NOK 77.2 million, compared to NOK 389.8 million in 2021. Profit for the year amounted to NOK 3.7 million compared to NOK 306.4 million in 2021. Profit after tax is affected by a derecognition of tax assets for past non-deductible interest cost in Flokk Holding AS. Income tax expenses increased with NOK 43,8 million following the adjustment. During 2022, the Group's profitability has been under pressure due to increased costs related to freight, commodities, energy, and higher interest expenses in addition to changes in brand mix from the previous year.

FINANCIAL POSITION

Total investments in the Group amounted to NOK 210.0 million covering purchase of property, plant, and equipment of NOK 185.9 million and capitalised development costs of NOK 24.0 million. Acquisition of Connection Seating Limited in the UK amounted to NOK 60.2 million. Most of the Group's investments in property, plant and equipment were at the production sites in Røros, Norway, Turek, Poland and Mirfield, UK.

Total cash flow for the Group derived from operating activities amounted to NOK 221.7 million. The difference in relation to the operating profit is mainly due to depreciation, taxes paid, unrealised exchange rate differences and changes in working capital.

The Group's total assets at the end of the year stood at NOK 6 477.5 million, an increase of NOK 387.8 million from the end of 2021. The equity ratio was 21.9%, compared to 22.4% end of 2021. The Group's current liabilities at the end of the year was 17.9% of its total liabilities, compared to 18.1% the year before. The total debt ratio was 78.1% vs 77.6% in 2021.

At the end of 2022, the net interest-bearing liabilities amounted to NOK 3 185.1 million, an increase of 11.4% compared to the end of the previous year. Debt financing is subject to requirements concerning the achievement of key figures linked to profits and solvency. Bank covenants are calculated at the end of every quarter, and the Group met the requirements at the end of 2022 with good headroom. An extension of the financing until 2027 was completed in January 2023.

At the end of 2022, the Group had a total credit line of NOK 4 151.4 million, consisting of long-term loans of NOK 3 784.4 million and an unused overdraft limit of NOK 367.0 million. Available funds in the form of unused credit facilities and cash equivalents as of 31 December 2022 amounted to NOK 966.2 million.

FINANCIAL RISK

Approximately 90% of the Group's sales are invoiced in currencies other than Norwegian krone, and the financials are therefore exposed to exchange rate fluctuations, especially with respect to USD, DKK, EUR, 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 made to own sales companies, and to dealers and importers with whom the Group has been working for over time. Historically, losses from receivables have been limited and amounted to NOK 1.4 million in 2022. Gross trade receivables as of 31 December 2022 amounted to NOK 492.7 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

Several product launches were delivered throughout 2022, following the ramp up of capacity in new product development, the return of design events, -fairs and -festivals after the pandemic, and continued growth in impact of Flokk's marketing efforts.

The HÅG Tion, launched at the end of 2021, has already proved to be a success. The chair represents a breakthrough on sustainable design with a content of 75% post-consumer recycled material by weight and it attracts substantial attention among customers, architects, and the design community. A landmark in many respects, with positive impacts well beyond the product revenue itself.

Spun out of the same strategic foundation, came the launch of HÅG Celi in third quarter 2022, a 4-legged stackable chair with low CO_2 footprint, like for the HÅG Tion thanks to hitherto unachieved contents of post-consumer recycled material. Strengthening Flokk's storytelling and reputation of sustainability at scale, the repurposing of discarded snowplow markers has also been scaled up, close to 20 metric tonnes were collected and processed through 2022. At end of the year the material is ready to be launched on HÅG Celi and HÅG Tion, adding to the HÅG Capisco Puls that came first.

The Profim Revo was launched, which is the second Profim product family designed according to Flokk philosophy, that includes the 5III circular design criteria, and the new design strategy for Profim. This features a substantially higher industrialization rate than what is commonplace for the soft seating category.

For the Offecct brand, the Pauline armchair was launched and later extended with two- and three-seater sofa siblings, the Thelma acoustic wall, the bar stool NomoLe and the modular sofa Sou.

Flokk launched the Giroflex G40, a mid-range task chair for the Giroflex brand, and the iconic wooden task chair G150, that celebrated 150 years of Giroflex produced in only 150 units. The latter was selected as one of 2022's most significant design items by the Monocle magazine, among a wide range of other media attention.

The above launches, as well as the philosophy & thought leadership behind them, have been extensively communicated on panel discussions, lectures, SoMe content, and events through 2022. Into 2023, Flokk expects to benefit from the strengthened position on design these developments and activities have created.

MANUFACTURING AND PROCUREMENT OPERATIONS (MPO)

Like most industries, the Flokk Group was affected by the post covid disturbances, as well the negative effects of inflation and energy. With strong efforts from the operations team, Flokk successfully mitigated the impacts on logistic difficulties, material constraints and labour availability and managed to keep all our supply chains running while maintaining both lead time and service level at the highest standard towards the markets.

The re-establishment of the factory in Turek, Poland, has progressed according to plan during 2022. The new building was approved for usage, adhering to the various required permits, and in November 2022 the ramp up of the paint line operations started. During the first quarter of 2023 the soft seating production transfer from the current building to the new one will be completed.

At the Røros site, Norway, the facility was expanded to enable more storage and mechanical production capacity. Volume increases are expected since the Røros site will provide mechanisms for all sites in the future.

In 2023, Flokk will continue to streamline and optimize our total value chain, with the greatest focus on the Turek facility, to achieve profitability requirements and maintain customer satisfaction in all markets and brands. During the summer of 2023, the second Eton system in the Turek swivel chair facility will be launched. This will improve the efficiency in material handling and production planning. Flokk will establish a new distribution set up for the Giroflex brand, moving from fully assembled to knock down deliveries, which will harmonize with the lean assembly, packaging and distribution, already established on our other brands. During first quarter of 2023, all of the Flokk UK production and distribution activities are transferred from the facility in Brixton, London, to Mirfield.

A major initiative will be made in consolidating the entire supply base, focusing on the global footprint and reshoring most of our Asian suppliers to a more local supply base. The overall ambition is to further lower the material spend, reduce transportation lead times and minimize warehouse value. Furthermore, MPO will play an important role in the strategic initiatives that lie in increased market expansion and further acquisitions, which will be a contributing factor in our successful realization of identified potentials.

WORKING ENVIRONMENT, EQUAL OPPORTUNITIES, AND DISCRIMINATION

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

Flokk's vision is to "Inspire great work", and the core values are human-centred, sustainable, and innovative. The Flokk Value Program is kept alive through the digital learning, competence development and training platform Learning@Flokk. The program is compulsory for all new employees and during 2022 the program has also been implemented in Flokk's Polish organisation. The Code of Conduct is compulsory for all new employees and was also introduced in the Polish organisation late 2022. In 2023 we aim to have this introduced and signed by all employees in Connection Seating Ltd. (UK), and in 9to5 Seating (USA).

The collaboration between Flokk and the trade unions (in total seven unions represented in the Group) is based on mutual trust, open dialogue, transparency, and good collaboration. A dedicated group committee works as an important forum to share relevant information in a timely manner and lift questions for solid discussions and opinion sharing. At Flokk's production site in Poland, there is also a close dialogue with the internal union with representatives from various parts of the value chain. The Corporate Council continues to be an important meeting place between employee representatives and members of Flokk's Group Management team.

Following more than two years of pandemic impact on the organisation, 2022 did not imply any temporary layoffs for Flokk. The production sites operated as normal, and the value chains were able to deliver under less strained circumstances. The company introduced a Flokk wide policy relate to the use of Home Office – Remote Work, which was positively received by employees.

Within Flokk, everyone has equal opportunities for employment and development, regardless of gender, age, ethnicity, religion, and all other diversity factors in general. In addition, women and men who perform the same job receive equal pay before their individual work performance is assessed. For new recruits and the composition of teams/departments, Flokk aims for a working environment with variations in age, gender, background etc. taking several diversity factors into account. Flokk work actively to prevent discrimination based on age, gender, disability, ethnic background, national origin, skin colour or personal beliefs. Flokk has lifted the focus even further in 2022 where we introduced a special DEI training program for all managers and later for all employees. The purpose has been to lift focus and create further awareness around the topic. The program was well received in all parts of Flokk and highly appreciated. A roadmap was put in place and a detailed further implementation plan is being rolled out in 2023 and into 2024. The DEI topic needs constant attention.

There were no major organisational restructuring activities taking place in 2022. However, some measures were taken late in the year following the acquisition of Connection Seating Ltd in the UK with plans to further integrate the two Flokk UK based activities into 2023. In total, the workforce, however, remained stable during 2022.

At year-end 2022, the Group had 1,829 employees, of whom 741 were women and 1,088 men. This gives a women's employment ratio of 40% and a men's employment ratio of

60%. The female percentage is on the same level as for 2021. There are two women on the company's board of directors, which results in a female share of 33.3%. There is one woman in the Group's Management Team.

After 2022, the Group reported a Lost Time Frequency Rate (LTIFR) of 3.8 (number of incidents involving absence*1 million/number of completed hours) and a Recordable Case Frequency Rate (RCFR) 1,3 (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.

An account of the due diligence assessments according to the Transparency Act will be published on the company's web page www.flokk.com by the end of June 2023.

EXTERNAL ENVIRONMENT

The Group continuously strives to minimise its overall environmental impact globally, with a comprehensive strategy to position itself internationally in the top tier within the area of ESG. The Group has succeeded in being a leader in the sector for development of sustainable products, through a structured focus on climate, resources, and health. Flokk's sustainability strategy in the years ahead 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 2022, Flokk's new strategic environmental certification range was concluded, landing on Type I EU Ecolabel as Flokk main ecolabel for selected products, and EPD and GREENGUARD Gold as default for every product. Update of Environmental requirements to suppliers was processed accordingly, to be launched and distributed in 2023. Further, sustainability improvements towards Product Development have been prioritized, by establishing Sustainability Coordinators in all R&D project teams and updating our 5-III circular design guidelines.

The Group's environmental and energy management system is certified in accordance with ISO 14001:2015 and ISO 50001:2018. Annually, the Group reviews the aspects of the operation, which affect the external environment and energy consumption. Risks and opportunities are assessed at the factories and headquarters, and the most significant aspects defined provide guidance for the annual targets, in compliance with the Group's long-term targets aligned with global strategies.

Climate - with the long-term target of 55% reduction in energy consumption per unit by 2030, the Group contributes to the EU's objective of cutting greenhouse gas emissions by 50-55% by 2030. 93% of the Group's electricity is renewable, with 0.3% reduction in CO_2e emissions per unit since 2015. As the Group is ISO 50001:2018 certified, it complies with EU's EED – Energy Efficiency Directive.

Resources - with the long-term target of an average of 60% recycled materials in its products by 2030, the Group contributes to the UN's Sustainable Development Goal number 12, designed to "Ensure sustainable consumption and production". Flokk has launched two chairs over the last years containing 73% (HÅG Tion) and 82% (HÅG Celi) recycled materials excluding packaging indicating that the strategy and its activities will give tangible results. In 2022, Flokk used 1,298 tonnes recycled plastics in its products including Turek numbers (2021: 1,328 tonnes). With 74.6% of generated waste being material recycled (2021: 70.1%) Flokk considers the 2022 target of 75% as reached.

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 2022, Flokk still had to increase number of process chemicals with 4 at Røros due to increased activity in the mechanical workshop, now producing mechanisms for brands manufactured at other sites as well (target: to remove 3 each site), with an action plan to reduce this level in 2023. The main chemical reduction target at Nässjö is related to phasing out the use of glue in a few numbers of 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 labels and certificates. The Environmental Product Declaration (EPD) on 33 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. 22 of the Group's families of products carry the Nordic Swan Ecolabel, which defines strict requirements for the use of chemicals and recycled materials. 28 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.

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. Significant effort is put into maintaining a good dialogue with the responsible authorities and other important opinion makers. In the future, much of the work will be focused on streamlining and gaining control over the increased supply chain following new acquisitions.

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

MANAGEMENT CHANGES

Mr. Piotr Chełmiński left the Flokk Group on 31 July 2022. As of 1 January 2023, Mr. Trygve Aasland left the Group Management team and is currently temporary Country Manager in Norway and responsible for selected group projects.

FLOKK HOLDING AS

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

Flokk Holding AS had no operating revenues in 2022. Its operating expenses amounting to NOK 26.1 million consisted of fees paid to the board and for other consultancy services. The company's income consists of group contributions and dividend from its subsidiaries. Profit before tax was NOK -97.5 million, compared to NOK 167.6 million in 2021. Profit for the year amounted to NOK -116.4 million compared to NOK 130.7 million the previous year. At year end, Flokk Holding AS had total assets of NOK 6,158.6 million.

ALLOCATION OF PROFIT OF THE YEAR

The board proposes that the annual profit of the year of NOK -116.4 million in Flokk Holding AS be allocated as follows:

Transferred to other equity	NOK -116.4 million

Oslo, 25 April 2023

Mikael Aro
Chair of the Board

Thomas Hofvenstam
Board Member

Pernille Stafford-Bugg
Board Member

Joachim Espen
Board Member

Andrzej Bartos
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

FUTURE PROSPECTS

Flokk is expecting the market development to be more challenging during 2023 which may cause reduced demand. To meet the challenging times, the Group is taking targeted actions to push initiatives that drives sales while at the same time implementing measures to reduce costs and safeguard liquidity. Flokk is well-positioned to continue gaining market shares in the future and our ambition is to continue to do so during 2023.

Profim LightUp

Consolidated income statement

1 January - 31 December

NOK (thousands)	Notes	2022	2021
Sales revenues	6	3 719 507	3 260 417
Other income	6, 26		92 218
Total operating income		**3 719 507**	**3 352 635**
Cost of materials		1 511 126	1 245 583
Inventory movements, in-house production	15	(873)	(539)
Personnel expense	10	893 284	862 839
Depreciation, amortization and impairment	7, 12, 22	170 250	174 522
Other operating expenses	10,13	741 891	590 478
Operating expenses		**3 315 679**	**2 872 883**
Operating profit		**403 829**	**479 752**
Financial income	17	1 256 795	1 050 292
Financial expenses	17	(1 583 461)	(1 140 269)
Net financial income (expense)		**(326 665)**	**(89 976)**
Profit before tax		**77 163**	**389 775**
Taxes	14	73 418	83 394
Profit for the year		**3 745**	**306 382**
Profit for the year attributable to:			
Equity holders of the parent		2 118	305 528
Non-controlling interests		1 627	854
Information concerning:			
Earnings per share	20	71	10 184
Diluted earnings per share	20	71	10 184

Consolidated statement of comprehensive income

1 January - 31 December

NOK (thousands)	Notes	2022	2021
Profit for the year		**3 745**	**306 382**
Exchange differences on translation of foreign operations		47 563	(56 881)
Items that may be reclassified subsequently to income statement		**47 563**	**(56 881)**
Remeasurement of defined benefit pension plans, net of taxes	11	4 629	31 701
Other changes			(15 930)
Items that will not be reclassified to income statement		**4 629**	**15 771**
Other comprehensive income, net of taxes		**52 192**	**(41 110)**
Total comprehensive income		**55 937**	**265 272**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	19	54 165	264 245
Non-controlling interests		1 772	1 027

Consolidated statement of financial position

31 December

NOK (thousands)	Notes	2022	2021
Assets			
Deferred tax assets	4, 14	182 427	160 390
Goodwill	4, 7	3 365 784	3 197 555
Other intangible assets	4, 7	329 034	313 492
Right-of-use assets	22	282 583	221 921
Property, plant and equipment	12	584 492	467 930
Other long term receivables	10	27 010	15 524
Total non-current assets		**4 771 330**	**4 376 812**
Inventories	15	511 385	490 135
Trade receivables	16	484 505	451 543
Other short-term receivables	16	111 071	37 354
Cash and cash equivalents	9	599 231	733 911
Total current assets		**1 706 193**	**1 712 943**
Total assets		**6 477 522**	**6 089 755**
Equity and Liabilities			
Share capital	19	90	90
Share premium		755 720	755 720
Total paid in capital		**755 810**	**755 810**
Retained earnings		618 323	564 157
Non-controlling interests	3	46 610	44 838
Total other equity		**664 933**	**608 995**
Total equity		**1 420 743**	**1 364 805**
Pension obligations	4, 11	7 264	11 528
Deferred tax liabilities	14	207 349	166 417
Warranty provisions	23	3 549	3 020
Long-term interest-bearing loans	8, 9	3 711 039	3 515 345
Lease liability	22	222 276	172 420
Other long-term liabilities		294	489
Total non-current liabilities		**4 151 771**	**3 869 219**
Short-term interest-bearing loans	8, 9	48 353	35 401
Lease liability	22	70 036	53 747
Trade payables		352 971	321 369
Taxes payable	14	93 126	97 718
Accrued liabilities		84 119	90 796
Warranty provisions	23	9 208	7 612
Other short-term liabilities	24	247 195	249 088
Total current liabilities		**905 008**	**855 731**
Total liabilities		**5 056 780**	**4 724 950**
Total equity and liabilities		**6 477 522**	**6 089 755**

31 December 2022
Oslo, 25 April 2023

Mikael Aro
Chair of the Board

Thomas Hofvenstam
Board Member

Pernille Stafford-Bugg
Board Member

Joachim Espen
Board Member

Andrzej Bartos
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

Consolidated statement of cash flows

1 January - 31 December

NOK (thousands)	Notes	2022	2021
Operating activities			
Profit before tax *)	7,12,22	77 163	389 776
Depreciation, amortization and impairment		170 250	174 521
Unrealised exchange rate differences		56 813	(112 177)
Profit sales assets included in profit before tax			(86 320)
Settlement pension agreement in Switzerland	11		(18 190)
Accrued interest loans		14 039	(4 307)
Capitalised borrowing costs		16 514	16 899
Other		89	
Taxes paid	14	(76 566)	(58 670)
Cash flow from operating activities before change in working capital		**258 302**	**301 532**
Cash flow from change in working capital:			
Change in inventories		5 789	(123 877)
Change in current receivables		1 769	(95 590)
Change in payables		(4 565)	72 941
Change in current liabilities		(39 590)	84 518
Cash flow from operating activities		**221 705**	**239 524**
Investing activities			
Acquisition of business, net of cash acquired	3	(60 163)	
Purchase of property, plant and equipment	12	(185 943)	(131 048)
Capitalised development expenditures	7	(24 035)	(35 339)
Sale of shares in subsidiary		454	
Sale of intangible assets		3 022	
Sale of tangible assets		2 939	159 426
Sale of financial assets		115	15
Cash flow from investing activities		**(263 611)**	**(6 946)**
Financing activities			
Other long-term liabilities		(9 016)	(1 020)
Down payment of interest-bearing loans	9	(54 758)	(216 471)
Settlement to pension agreement in Switzerland	11		(23 514)
Payment of principal portion of lease liabilities (IFRS 16)		(62 706)	(54 884)
Group contributions paid		(1 100)	
Cash flow from financing activities		**(127 580)**	**(295 889)**
Cash flow for the year		**(169 486)**	**(63 311)**
Cash and cash equivalents at the beginning of the period		733 911	818 712
Exchange rate differences in cash and cash equivalents		34 806	(21 490)
Cash and cash equivalents at the end of the period		**599 231**	**733 911**
Cash and cash equivalents booked as bank deposit		599 231	733 911
*) Includes			
Interest income received		4 207	1 190
Interest expenses paid		157 651	155 080
Interest portion of lease liabilities (IFRS 16)		8 457	6 150

Unrealised exchange rate difference includes NOK 0 thousand in gain (loss of NOK 1 882 thousand) on unrealised forward exhange contracts.

Consolidated statement of changes in equity

For the years ended 31 December 2021 and 2022

NOK (thousands)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total other equity	Total equity
Equity 01.01.21	**90**	**755 720**	**(18 364)**	**318 276**	**43 811**	**343 723**	**1 099 533**
Profit for the year				305 528	854	306 382	306 382
Other comprehensive income			(56 881)	15 598	173	(41 110)	(41 110)
Equity 31.12.21	**90**	**755 720**	**(75 245)**	**639 402**	**44 838**	**608 995**	**1 364 805**
Equity 01.01.22	**90**	**755 720**	**(75 245)**	**639 402**	**44 838**	**608 995**	**1 364 805**
Profit for the year				2 118	1 627	3 745	3 745
Other comprehensive income			47 418	4 629	145	52 192	52 192
Equity 31.12.22	**90**	**755 720**	**(27 827)**	**646 149**	**46 610**	**664 932**	**1 420 742**

Notes – Group

NOTE 1 – GENERAL INFORMATION

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

The Group has production facilities in Norway (Røros), Sweden (Nässjö), 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 Spinnaker Holdco S.à.r.l (former Triton IV No.10 S.à.r.l.).

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 25 April 2023.

NOTE 2 – ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2022.

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 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.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES IMPLEMENTED WITH EFFECT FROM 1 JANUARY 2022

No changes in IFRS effective for the 2022 financial statement are relevant this financial year.

CLASSIFICATION

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

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

THE USE OF ESTIMATES AND JUDGEMENTS

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

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

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

OPERATING SEGMENTS

The Group 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.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in the 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 have indefinite useful lives and are not amortised. Goodwill is tested for impairment annually at the cash-generating unit level, please see "Business combinations and goodwill" below.

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

In business combinations where the Group's cost exceeds the net fair value of identifiable assets, liabilities, and contingent liabilities, the difference is reported as goodwill. If the difference is negative, it is recognised directly in the 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 done in the period 2014-2022. 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.

OTHER INTANGIBLE ASSETS

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

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.

CURRENCY DERIVATIVES

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

INTEREST-BEARING LOANS

Interest-bearing loans are recognised at the fair value of the loan less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortised cost. Gains and losses are recognised in net financial items when the liabilities are derecognised as well as through the amortisation process. The upfront fees are part of the borrowing cost and are recognised as part of the interest. Borrowing costs are capitalized and distributed through the 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, SEE NOTE 23

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

FREIGHT EARNINGS

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

GOVERNMENT GRANTS

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

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 include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify:

- The meaning of right to defer settlement.
- 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.

The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. The Group does not intend to early adopt the amendments.

Amendments to IAS 8 - Definition of Accounting Estimates

IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted. The Group does not intend to early adopt the amendments.

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 to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted as long as this fact is disclosed. The Group does not intend to early adopt the amendments.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, regulated in IAS 12.15 and IAS 12.24, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations - transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after 1 January 2023.

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 1 March 2022 100% of the shares in Connection Seating Ltd was acquired by Flokk Ltd, a company controlled by Flokk Holding AS. Connection Seating Ltd. is a UK based manufacturer of collaborative furniture. Head office and manufacturing operations are in Mirfield, and the vast majority of sales is in UK.

By acquiring Connection Seating Ltd, the group have strengthened the UK foothold and also increased the portfolio of collaborative furniture.

The fair value of identifiable assets and liability in Connection Seating Ltd at the date of acquisition were:

NOK (thousands)	Fair Value
Intangible assets	5 461
Property, plant and equipment (note 12)	10 126
Right-of-use assets	68 921
Deferred tax assets	17 230
Inventory	17 085
Trade receivables	25 216
Other receivables	5 314
Cash	23 143
Total assets	**172 496**
Deferred tax liabilities	18 927
Long-term-debt	2 900
Lease liability	68 921
Trade payable	31 714
Short-term-debt	15 592
Total liabilities	**138 054**
Total identifiable net assets at fair value	34 442
Cash Payment	81 473
Sellers credit	2 202
Goodwill	**49 233**

The excess value, represented by purchase price minus net fair value of assets and liabilities have been allocated to Goodwill and represents the future cashflow of acquired access to new market segments for Flokk. Flokk's UK operations will be combined in one company in mid-2023. The combined business with a broader portfolio of products will create more market value than the total of the two businesses separated.

Cash flows from Connection are in British pound sterling (GBP). Goodwill on 31 December is converted to the current closing rate. A total of NOK 6 863 thousand was expensed in acquisition cost in 2022 and is included in other operating expenses.

Cash holding in Connection	23 143
Cash payment	(81 473)
Net cash flow	**(58 330)**

Connection contributed NOK 151 487 thousand to the Group's revenues and NOK 3 794 thousand to the Group's operating profit for the period 01.03.2022 - 31.12.2022.

If Connection was acquired on 1 January 2022, this company would be included in the Group's financial statement with a total turnover of NOK 184 663 thousand and an operating profit of NOK 11 587 thousand.

DISPOSAL IN 2022

In April 2022, the group entered into an agreement for the sale of all the shares in the company Ring Chairtech Baltic SIA(Ring). Ring was acquired in 2020. The company has never been a part of Flokks core business and was acquired for the sole purpose of securing the supply chain for one of the groups most successful product. The company was sold to a group of investors for NOK 10 504 thousand. In return for the shares, the group issued a sellers note to the buyers. Cash in Ring was NOK 7 536 thousand at date of disposal. Net cash effect was NOK -7 536 thousand. In 2022 the group recorded a a gain of NOK 512 thousand related to the sale. Rings has contributed NOK 7 064 thousand to the Groups operating revenues and NOK 2 587 to the Groups operating profit for the period 01.01.2022 – 31.03.2022.

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 3,366 million (NOK 3,198 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 182 million (NOK 160 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 7 million (NOK 12 million).

NOTE 5 – MANAGEMENT OF CAPITAL AND FINANCIAL RISKS

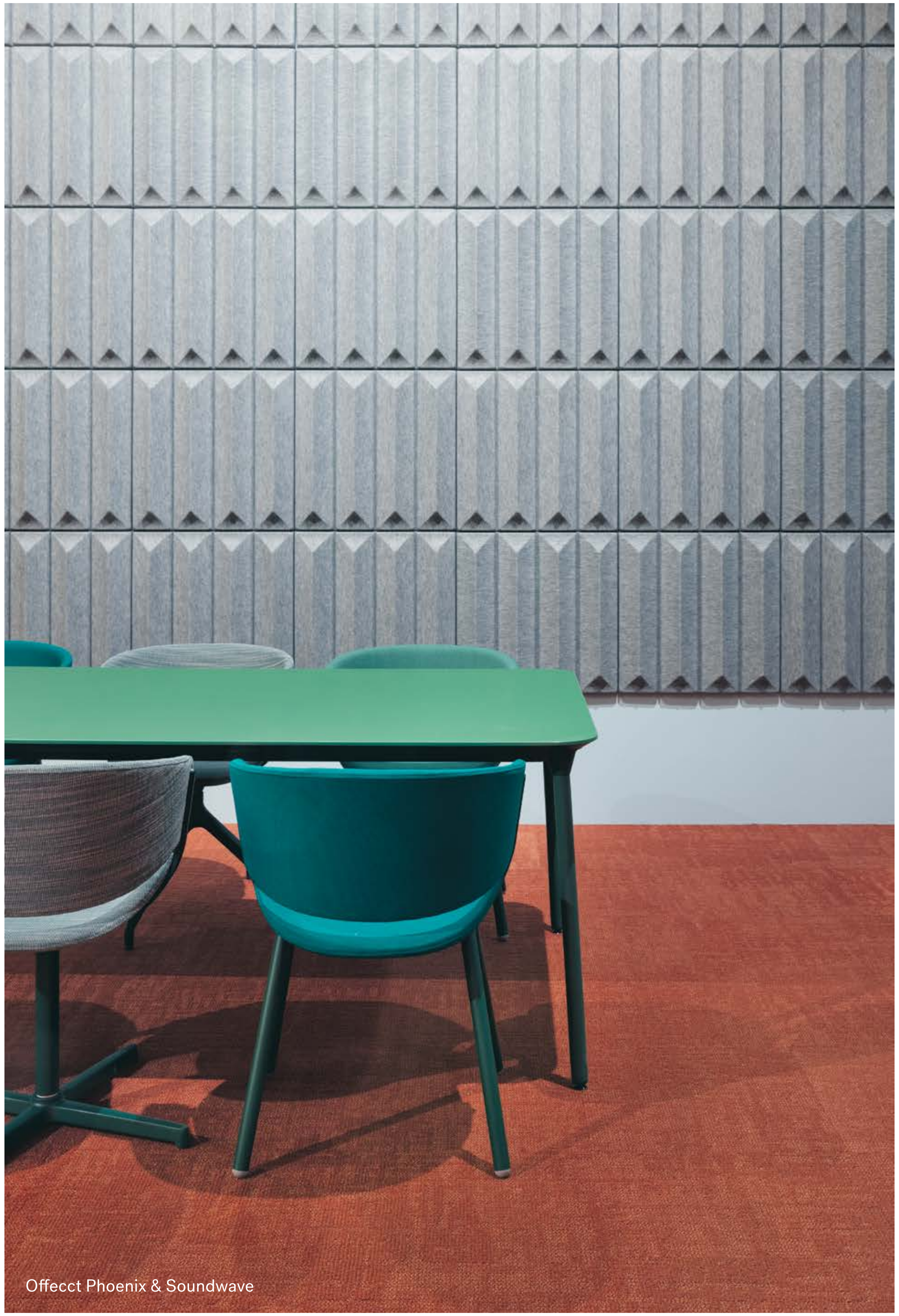
The Group's capital consists of equity. The Group's goal of sound financial capacity is met with this financing structure. See note 8.

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.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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 Luxemburg.

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
Ikea and Contract Manufacturing

Per 31.12.2022	Northern Europe	Central Europe	International	Other	Unallocated	Consolidated
Sales revenues	1 265 220	1 539 448	904 419	10 421		3 719 507
Total operating income	**1 265 220**	**1 539 448**	**904 419**	**10 421**		**3 719 507**
Operating costs					3 315 679	3 315 679
Operating profit						**403 829**

Per 31.12.2021	Northern Europe	Central Europe	International	Other	Unallocated	Consolidated
Sales revenues	1 283 398	1 262 842	606 429	107 747		3 260 417
Other income, see note 26					92 218	92 218
Total operating income	**1 283 398**	**1 262 842**	**606 429**	**107 747**	**92 218**	**3 352 635**
Operating costs					2 872 883	2 872 883
Operating profit						**479 752**

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)	2022	2021
Sum of regions and unallocated	**403 829**	**479 752**
Financial income	1 256 795	1 050 292
Financial expenses	(1 583 461)	(1 140 269)
Income tax expense	(73 418)	(83 394)
Profit for the year	**3 745**	**306 382**

GEOGRAPHIC INFORMATION

NOK (thousands)	2022	2021
Revenues from external customers		
Germany	564 918	563 059
USA	709 099	404 379
Norway	365 647	353 690
Sweden	291 849	331 868
Other countries	333 406	282 288
The Netherlands	246 791	261 025
Denmark	243 094	244 949
Poland	194 988	242 668
Switzerland	179 543	178 654
Belgium	117 830	141 030
United Kingdom	317 836	130 950
France	154 507	125 856
Total sales revenues	**3 719 507**	**3 260 417**

NOK (thousands)	2022	2021
Distribution of revenue per brand		
HÅG	1 016 165	1 062 980
RH	501 628	460 091
RBM	130 212	107 134
BMA	185 559	245 783
Giroflex	255 034	225 000
Malmstolen	105 211	94 363
Offecct	68 669	70 838
Profim	678 364	639 460
9to5 Seating	627 632	354 766
Connection	151 487	
Total revenue from the brands	3 719 960	3 260 417
Other revenue	(452)	
Total	**3 719 507**	**3 260 417**
Fixed assets		
Poland	348 655	244 691
Norway	199 433	205 292
Sweden	99 748	107 139
USA	32 246	27 388
China	19 188	24 505
Switzerland	28 496	24 096
Germany	13 759	18 153
Belgium	9 267	10 039
Denmark	6 484	7 688
Latvia		7 251
UK	86 424	5 979
The Netherlands	6 742	3 709
Czech Republic	2 572	1 502
France	12 259	1 311
Australia	1 803	632
Singapore		477
Total	**867 075**	**689 851**

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

NOTE 7 – INTANGIBLE ASSETS

NOK (thousands)	Goodwill	Internal development	Other intangible assets	Total
Fiscal Year 2021				
Carrying amount 01.01.2021	3 205 282	92 752	238 107	3 536 141
Investments		18 629	16 710	35 339
Translation differences	(7 727)	(4 238)	(9 620)	(21 585)
Sold/Disposed		(81)	(528)	(610)
Depreciation/amortization		(16 853)	(21 386)	(38 239)
Carrying amount 31.12.2021	**3 197 555**	**90 209**	**223 283**	**3 511 046**
Per 31.12.2021				
Initial cost	3 197 555	228 397	318 886	
Accumulated depreciation /write-downs		(138 187)	(95 603)	
Fiscal Year 2022				
Carrying amount 01.01.2022	3 197 555	90 209	223 283	3 511 046
Investments		12 339	11 696	24 035
Additions through acquisitions[1]	49 232	5 434		54 666
Translation differences	118 997	521	5 705	125 223
Sold/Disposed		(838)		(838)
Reclassifications		240	23 220	23 460
Depreciation/amortization		(18 576)	(24 200)	(42 776)
Carrying amount 31.12.2022	**3 365 784**	**89 330**	**239 703**	**3 694 818**
Per 31.12.2022				
Initial cost	3 365 784	265 380	362 510	
Accumulated depreciation /write-downs		(176 050)	(122 806)	
Useful life	Indefinite	6-15 years	4-10 years	

[1] See note 3 for information on intangible assets in acquired companies.

OTHER INTANGIBLE ASSETS

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

RESEARCH AND DEVELOPMENT AND PUBLIC GRANTS

The Group performs its own research and development within the field of seating solutions. External parties within a number of fields are often used as part of this work. The Group has several external designers who are engaged in product development. In most cases the designers are compensated for their work in the form of royalties on sales of the individual product. The Group also have some designers who receive a one-time payment for their services. in both cases, the cost is presented as other operating expenses in the income statement. A not inconsiderable proportion of the total R&D costs are royalties from sales that are recognised as costs in the individual year. Development costs incurred in the period and which satisfy the criteria for asset recognition are recognised in the statement of financial position. An impairment test is performed every year. The test uses the same preconditions for growth and return on investment and WACC as for goodwill. Costs for ongoing development activities as per 31 December are expected to have future earnings that exceed the value recognised in the statement of financial position and expected future costs. As per 31 December 2022, the Group had 22 R&D projects ongoing of which 8 will be launched during 2023.

The Group receives government grants for research and development.

NOK (thousands)	2022	2021
Skattefunn (tax deduction of R&D)		660
Training grant	462	439
Grant from EU	75	
Sum	**537**	**1 099**
Research and development recognised in the consolidated income statement	73 100	58 185

GOODWILL

Goodwill distributed per enterprise purchase and CGU NOK (thousands)	Acquired in	Goodwill
Scandinavian Business Seating Holding AB	2014	524 928
Scandinavian Business Seating Holding AS	2014	1 111 592
BMA Ergonomics BV	2015	38 773
Giroflex AG	2017	14 723
Offecct AB	2017	53 485
Flokk Sp. Z.o.o.	2018	538 451
Connection Seating Ltd.	2022	49 022
Flokk		**2 330 974**
Malmstolen	**2017**	**47 653**
9to5	**2019**	**987 158**
Total goodwill		**3 365 784**

The group has accumulated goodwill of NOK 3 365 784 thousand. Goodwill is the residual value consisting of the difference between the purchase price and the capitalized value of an acquired company. Goodwill is allocated in connection with acquisitions in 2014, 2015, 2017, 2018, 2019 and 2022. 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. During 2023 the Connection activities will be fully integrated into the Flokk matrix organisation. The manufacturing site in Mirfield is supporting all of the Flokk brands. 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 considered to be the most sensitive:

Revenues

Revenue development is based on the budget for 2023, and management's revenue forecast for the growth in the period 2024-2026, 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 entering a recession and is expecting a decline in revenues for 2023. For the period 2024 to 2026 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. Revenue estimates both in budgets and forecasts, The management has during 2022 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 compensate the expected downturn in the revenues and impact the 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 unstable due to global uncertainty driven by the Covid19 pandemic and the situation in Ukraine, and it is expected that management will be able 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	8.25%
United States	9.57%
Sweden	7.30%

IMPAIRMENT TESTS OF GOODWILL

As a result of the impairment test performed in 2022, 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 2022 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. A good performance in 2022 for the 9to5 CGU is expected to continue into 2023 and is important in order to maintain the carrying value of Goodwill.

Cash flow projections are based on extrapolating figures for 2024-2026 from estimates in the company's and the group's senior management strategy plan for 2023.

NOTE 8 – FINANCIAL INSTRUMENTS AND RISKS

MARKET RISK

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

Price risk

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

Effects of increase/reduction in selling prices and rebates:

If the group's net selling prices were 1% higher or lower in 2022 and other variables remained constant, it would have resulted in a higher or lower operating profit of NOK 37 195 thousand (NOK 32 604 thousand). If rebates on gross sales were 1% lower or higher in 2022 and other variables remained constant, it would have resulted in an increase or reduction in the operating profit of NOK 69 558 thousand (NOK 63 800 thousand). This is based on the managements estimates for reasonably possibly for change.

Foreign currency risk

NOK 3 370 million (NOK 2 939 million in 2021) 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. However, due to post Covid-19 pandemic uncertainty, no derivates have been entered into as per end of 2022. 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 2022 was 49% (47% in 2021) of the consolidated statement of financial position, the profit for the year is considerably exposed to the interest level. The liabilities primarily consists of floting-rate loans. In 2022, the Group's floating-rate loans have been in NOK, EUR, and USD. With net interest-bearing liabilities of NOK 3 185 140 thousand (2 858 310 thousand in 2021), 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 2022 and all other variables were unchanged, this would have resulted in higher/lower profit before taxes of NOK 36 775 thousand (NOK 36 881 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 are to Northern/Central Europe, with the company selling to dealers and importers with whom it has a long-standing business relationship. The Group has guidelines to ensure that outstanding accounts conform to fixed credit limits. The Group has no major credit risk linked to one particular contracting party or several contracting parties who can be regarded as a group by virtue of similarities in the credit risk. The Group has guidelines to ensure that sales are only made to customers who have not previously had significant problems with payment and outstanding accounts do not exceed fixed credit limits.

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

NOK (thousands)	2022	2021
Gross trade receivables (note 16)	492 706	457 915
Other receivables	111 071	37 354
Cash and cash equivalents	599 231	733 911
Total	**1 203 008**	**1 229 180**

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)	31.12.2022	Total maturity	2023	2024	2025	2026	2027 and later
Interest-bearing liabilities							
Bank loans	3 784 371	3 784 371	63 000	332 371	128 794	147 193	3 113 013
Interest on bank loans		1 140 205	288 931	279 518	259 622	250 663	61 471
Lease liabilities*)	292 388	357 272	77 752	66 141	47 159	38 340	127 880
Sum of interest-bearing liabilities	**4 076 759**	**5 281 848**	**429 683**	**678 030**	**435 575**	**436 196**	**3 302 364**
Non-interest-bearing liabilities							
Trade payables	352 971	352 971	352 971				
Other short term liabilities and provisions	340 522	340 522	340 522				
Other long term liabilities	294	294	59	59	59	59	58
Sum of non interest-bearing liabilities	**693 787**	**693 787**	**693 552**	**59**	**59**	**59**	**58**
Total	**4 770 546**	**5 975 635**	**1 123 235**	**678 089**	**435 634**	**436 255**	**3 302 422**

NOK (thousands)	31.12.2021	Total maturity	2022	2023	2024	2025	2026 and later
Interest-bearing liabilities							
Bank loans	3 592 221	3 592 221	50 000	63 000	3 479 221		
Interest on bank loans		383 032	141 747	138 470	102 815		
Lease liabilities*)	226 167	252 685	54 616	44 208	37 551	26 486	89 824
Sum of interest-bearing liabilities	**3 818 388**	**4 227 938**	**246 363**	**245 678**	**3 619 587**	**26 486**	**89 824**
Non-interest-bearing liabilities							
Trade payables	321 369	321 369	321 369				
Other short term liabilities and provisions	347 496	347 496	347 496				
Other long term liabilities	489	489	122	122	122	123	
Sum of non interest-bearing liabilities	**669 354**	**669 354**	**668 987**	**122**	**122**	**123**	
Total	**4 487 742**	**4 897 292**	**915 350**	**245 800**	**3 619 709**	**26 609**	**89 824**

*) 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 2022, the fair value of forward currency exchange contracts amounted to NOK 0 (0). Value change recognised for 2022 was 0 (gain of NOK 1 882) thousand.

FAIR VALUE HIERARCHY

NOK (thousands)	Category	Fair value	Book value	Fair value	Fair value level *
2022					
Non-current assets					
Shares in other companies	B	98	98	98	3
Total		**98**	**98**	**98**	
Current assets					
Trade receivables	A		484 505	484 505	
Cash and cash equivalents			599 231	599 231	
Total			**1 083 736**	**1 083 736**	
Long-term liabilities					
Long-term interest-bearing loans	A		3 721 371	3 721 371	
Total			**3 721 371**	**3 721 371**	
Short-term liabilities					
Short-term interest-bearing loans	A		63 000	63 000	
Trade payable	A		352 971	352 971	
Total			**415 971**	**415 971**	
2021					
Non-current assets					
Shares in other companies	B	205	205	205	3
Total		**205**	**205**	**205**	
Current assets					
Trade receivables	A		451 543	451 543	
Cash and cash equivalents			733 911	733 911	
Total			**1 185 454**	**1 185 454**	
Long-term liabilities					
Long-term interest-bearing loans	A		3 542 173	3 542 173	
Total			**3 542 173**	**3 542 173**	
Short-term liabilities					
Short-term interest-bearing loans	A		50 048	50 048	
Trade payable	A		321 369	321 369	
Total			**371 417**	**371 417**	

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)	2022	2021
Long-term interest bearing loans		
Bank loans	3 721 371	3 542 173
Borrowing costs	(10 332)	(26 828)
Total	**3 711 039**	**3 515 345**
Short-term interest bearing loans		
Bank loans	63 000	50 048
Borrowing costs	(14 647)	(14 647)
Total	**48 353**	**35 401**
Maturity dates down payment, interests and borrowing costs		
Within 1 year	337 284	176 363
From 2 to 5 years	4 560 261	3 756 467
5 years or later		
Interest rate and currency rates as per 31.12. is used for calculating future amortisation and interests.		
Carrying amount of loans per currency:		
NOK	63 000	113 000
EUR	2 733 588	2 597 088
USD	985 730	881 940
Total long-term	**3 782 318**	**3 592 028**
GBP - Purchase for hire	1 896	
CZK - car financing	157	193
Total	**3 784 371**	**3 592 221**
Changes interest-bearing liabilities		
Per 01.01.	3 592 221	3 909 428
Down payments	(54 758)	(216 426)
Short or longterm borrowings	(9 016)	
Car financing	(36)	(45)
Purchase for hire loan	1 896	
Exchange differences on translation of loans in foreign currency	254 064	(100 736)
Per 31.12.	**3 784 371**	**3 592 221**

Per 31 December 2022, the loan is drawn in NOK, EUR and USD. An amendment and restatement bank agreement were signed in January 2023 with an extension of the maturity to 2027. 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 2022 been tied for six months at a time. The average interest rates in 2022 before margin was for the NOK-loan 1.91%, the EUR-loan 0.31% and USD-loan 1.59%. 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 2022, the Group had a total credit facility of NOK 4 151 371 thousand (NOK 3 959 221 thousand), consisting of bank debt of NOK 3 784 371 thousand (NOK 3 592 221 thousand) and an unused bank overdraft limit of NOK 367 000 thousand (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 at bank per 31 December 2022 of NOK 599 231, amounted to NOK 966 231 thousand, which constitutes about 26.0% of the sales revenues (NOK 1 100 911 thousand in 2021). 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. A renegotiation of the bank agreement was completed in January 2023 with new levels of the covenants going forward. The company fulfilled the covenants in the loan agreement as of 31 December 2022.

NOTE 10 – PERSONNEL EXPENSES AND AUDITOR'S FEES

NOK (thousands)	1.1-31.12.2022	1.1-31.12.2021
Personnel expenses		
Salaries	729 319	722 565
Social security contributions	98 996	102 216
Pension expenses, see note 11	37 118	14 957
Other benefits	27 852	23 101
Total personnel expenses	**893 284**	**862 839**
Average number of full-time equivalent employees	1 842	1 788
The Group has received government grants related to the Covid-19 pandemic.		
Covid 19-support		13 413
Received government grants are recognized in the income statement as a reduction in the personnel expenses.		
Loan to employees		
One employee was given a loan of USD 1 582.5 thousand in 2019. The loan is due on 26 November 2029 and free of interest. The amount is presented as other long term receivable in the statement of financial position. No other loans have been provided to employees in the Group as of 31 December 2022	15 599	13 957
Audit fee - NOK (thousands) excl. VAT		
Audit fee	7 739	5 626
Other assurance fees	184	196
Tax services fees	1 092	877
Other fees	15 036	465
Total	**24 050**	**7 164**

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 31.12.2022, the defined benefit plan covered no active and 16 retired members. The Group has not provided any guarantees to employees should National Insurance benefits change. The defined benefit plan have been funded by the accumulation of funds with an insurance company. The fund invests in shares, bonds, the capital market, real estate, and hedge funds. Future return is estimated based on historical return on these investments. The future return is uncertain and is dependent of interest level, development on the stock exchange and administration of the risks. The pension liability has been calculated using a straight-line pension-earning basis. Unrealised gains and losses resulting from changes in actuarial assumptions are distributed over the estimated remaining average pension-earning period.

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

The Group's employees in Switzerland have a pension scheme that falls under the provisions for defined benefit pension in accordance with IAS 19. The scheme includes all employees of Flokk AG. Pension funds are managed by a private pension fund which is independent of the companies. Following the closure of the Switzerland production site in Koblenz in December 2021, the assets and liabilities were transferred to a public pension insurance company. Following this transfer, Flokk AG was released from all obligations to retirees. The settlement resulted in an income of NOK 18 190 thousand recognized in personnel expenses in the consolidated income statement in 2021. Prior to the settlement, an amount of NOK 23 514 thousand was contributed to the fund as an extraordinary payment.
The Pension Insurance Company guarantees under Swiss law, a minimum return on funds. As of 31.12.2022, this scheme had 23 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

	2022		2021	
NOK (thousands)	CH	NO	CH	NO
Discount rate	2.30%	3.00%	0.35%	1.50%
Future salary increase	2.00%	3.50%	1.00%	2.00%
Future increase in G-multiplier	1.50%	3.25%		2.00%
Future pension increases	0.00%	1.50%	0.00%	0.00%
Return on plan assets	2.00%	3.00%	9.70%	1.50%

Parameters such as salary growth, increase in the basic amount (G) and inflation are determined in accordance with recommendations in the different countries. The mortality estimate is based on tables for the different countries that are as up to date as possible. In Norway, the K2013 life table is used. In Switzerland, the BVG2015 GT is used. The actuarial gains and losses are recognised in other comprehensive income and are essentially related to changes in economic assumptions. Return on pension funds are expected to be on same level in 2023. Future returns are uncertain and dependent on interest rates, stock market fluctuations and risk management. Contributions to the pension scheme for 2023 are calculated to NOK 2 096 thousand.

COMPONENTS OF NET PENSION COST

NOK (thousands)	2022 Covered	2022 Not covered	2021 Covered	2021 Not covered
Pension costs defined-contribution plan	38 381		36 546	
Pension costs defined benefit plan	(1 263)		(20 102)	
Net pension costs	**37 118**		**16 444**	
Changes in gross pension obligation				
Pension obligations 1 January	46 801		530 775	
Interest expenses on pension obligations	261		727	
Net change in social security expenses	2 518		4 690	
Contribution by plan participants	1 276		2 337	
Benefits paid during the year	(3 214)		(17 150)	
Administration costs			261	
Other	4 105		(3 413)	
Actuarial gains/losses	(8 596)		817	
(Gains) and losses on settlement			(472 242)	
Pension obligations 31 December	**43 152**		**46 801**	
Changes in gross pension fund assets				
Pension plan assets (fair value) 1 January	35 274		432 720	
Return on pension plan asset	204		41 724	
Premium payments	3 335		5 556	
Benefits paid during the year	(3 214)		(17 150)	
Other	2 996		(817)	
Actuarial gains/losses	(2 707)		(16)	
Gains and (losses) on settlement			(426 743)	
Pension plan assets (fair value) 31 December	**35 888**		**35 274**	
Net pension plan assets/(-obligations)	**(7 264)**		**(11 527)**	

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

NOK (thousands)	2022
Cash	9%
Equity instruments	12%
Debt instruments	24%
Real estate	45%
Other	10%
Total	**100%**

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

NOK (thousands)	Land, buildings and other property	Machinery and equipment	Furniture and fittings [1]	Assets under construction	Total
Fiscal year 2021					
Carrying amount 01.01.21	226 630	79 796	129 560	81 653	517 640
Investments	2 855	724	11 524	115 964	131 067
Disposals	(74 246)	(2 951)	(7 942)	(308)	(85 447)
Transferred assets under construction	25 925	11 194	24 554	(61 674)	(1)
Reclassifications		517			517
Recognised as an expense			(163)	(939)	(1 102)
Depreciation	(17 002)	(19 026)	(35 441)		(71 468)
Translation differences	(10 030)	(5 329)	(4 225)	(3 692)	(23 276)
Carrying amount 31.12.21	**154 132**	**64 926**	**117 869**	**131 003**	**467 930**
Per 31.12.2021					
Initial cost	287 172	298 973	616 945	131 003	1 334 093
Accumulated depreciation /write-downs	(133 040)	(234 047)	(499 076)		(866 163)
Carrying amount 31.12.21	**154 132**	**64 926**	**117 869**	**131 003**	**467 930**
Fiscal year 2022					
Carrying amount 01.01.22	154 132	64 926	117 869	131 003	467 930
Investments	18 118	1 968	12 542	153 314	185 943
Acquisitions through business combinations	4 662	819	4 595		10 076
Sales of business		(188)	(90)		(278)
Disposals	(114)	(1 577)	(5 520)		(7 210)
Transferred assets under construction	82 593	31 823	31 329	(169 067)	(23 322)
Recognised as an expense			(2)	(1 989)	(1 991)
Depreciation	(10 946)	(16 601)	(31 861)		(59 408)
Translation differences	8 233	1 674	1 905	800	12 612
Carrying amount 31.12.22	**256 678**	**82 844**	**130 768**	**114 062**	**584 352**
Per 31.12.2022					
Initial cost	418 794	324 880	657 325	114 062	1 515 061
Accumulated depreciation /write-downs	(162 116)	(242 036)	(526 487)		(930 639)
Carrying amount 31.12.22	**256 678**	**82 844**	**130 838**	**114 062**	**584 422**
Useful life	10-25 years	6-8 years	3-10 years		

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

NOTE 13 – OTHER OPERATING EXPENSES

NOK (thousands)	1.1 - 31.12.2022	1.1 - 31.12.2021
Premises expenses	74 210	54 584
Marketing expenses	59 048	46 749
Travelling expenses	18 601	8 620
Fees	71 341	83 938
Business acquisition expenses	6 863	
Sales comission	96 292	61 698
External freight expenses	247 084	208 266
Royalty	32 379	45 469
Car expenses	14 206	11 891
IT-expenses	56 661	54 128
Other operating expenses	65 206	15 136
Total other operating expenses	**741 891**	**590 478**

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

Covid 19-support		674

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

NOTE 14 – TAXES

The major components of income tax expense are:

NOK (thousands)	2022	2021
Taxes payable on this years result, Norway	1 273	39 443
Taxes payable on this years result, abroad	53 370	49 146
Changes in deferred tax and deferred tax benefit, Norway	19 435	(1 723)
Changes in deferred tax and deferred tax benefit, abroad and Group	599	(5 883)
Taxes previous years	(1 259)	2 411
Income tax expense reported in the income statement	**73 418**	**83 394**

Reconciliation of the Group's tax rate.
In the following table, reported taxes are reconciled with the tax expense based on the Norwegian tax rate of 22% (22% in 2021).
The main components are:

Profit before tax	77 163	389 774
Norwegian tax rate (22%)	16 976	85 750
Change of assessment previous years [2]	30 355	310
Permanent differences	4 742	(2 105)
Effect of change in tax rate [1]	1 481	(15)
Deferred tax not recognized	18 327	
Other: differences in tax rates, currency etc.	1 537	(547)
Income tax expense	**73 418**	**83 393**
Effective tax rate	**95%**	**21%**

[1] The tax rate in United Kingdom changes from 19% to 25% in 2023. Revaluation of deferred tax is included in change in deferred tax and deferred tax benefit, abroad and Group.
[2] The amount consists of changes in Income tax expenses, 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 DECEMBER 31

NOK (thousands)	2022		2021	
Deferred tax on temporary differences:	Temporary Difference	Deferred tax recognized in the income statement	Temporary Difference	Deferred tax recognized in the income statement
Property, plant and equipment	(550 830)	3 466	(474 741)	(9 350)
Intangible assets	(281 611)	18 096	(201 444)	17 597
Current assets	4 409	400	6 686	587
Liabilities and other differences	473 616	(22 587)	307 120	(9 233)
Tax loss carried forward	386 103	1 087	274 870	(15 699)
Pension obligations not covered	6 015	(24 186)	11 006	8 491
Not recognized in the statement of financial position	(198 897)	43 757		
Total	**(161 194)**	**20 034**	**(76 503)**	**(7 606)**

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

	2022	2021
Deferred tax asset	182 427	160 390
Deferred tax	(207 349)	(166 417)
Net deferred tax	**(24 922)**	**(6 027)**

Deferred tax assets are mainly linked to temporary differences in non-current assets, intangible assets and tax losses carried forward. NOK 3,384 thousand of tax losses carried forward is due in 2023, NOK 2,299 thousand 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 2022 an amount of NOK 25 430 thousand in deferred tax assets for capitalized interest expense was derecognized from the statement of financial position. An additional amount of NOK 18 327 thousand in deferred tax for non-deductible interest in 2022 was not capitalized. The total amount, NOK 43 757 thousand is included in income tax expenses in the consolidated income statement.

NOK (thousands)	2022	2021
Reconciliation of deferred tax		
Opening net balance as of 01.01.	(6 027)	(9 861)
Deferred tax acquired in business combinations	(1 299)	-
Tax expense during the period recognised in consolidated income statement	(20 034)	7 606
Tax expense during the period recognised in OCI	(1 294)	(7 280)
Other: differences in tax rates, currency etc.	3 732	3 327
Closing net balance 31.12.	**(24 922)**	**(6 027)**
Reconciliation of taxes payable for the year ended 31.12.		
Current income tax charge	54 643	88 581
Taxes payable acquired in business combinations	209	
Tax payment, not settled	80 535	33 280
Prepaid income tax	(44 559)	(22 882)
Other changes	2 298	(1 261)
Closing balance 31.12.	**93 126**	**97 718**

NOTE 15 – INVENTORIES

The Group's total inventories include the following:

NOK (thousands)	2022	2021
Raw materials	377 555	355 432
Work in progress	38 552	43 993
Finished products	95 278	90 711
Total inventories	**511 385**	**490 135**
Inventory movements, in house production	(873)	(539)
Provision for obsolete inventories	8 605	13 576

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 2022 of NOK 20 179 thousand (NOK 5 330 thousand in 2021.)

NOTE 16 – TRADE RECEIVABLES AND OTHER RECEIVABLES

NOK (thousands)	2022	2021
Carrying amount	492 706	457 915
Provisions for bad debt	8 201	6 372
Total trade receivables	**484 505**	**451 543**
Prepaid expenses	27 567	31 237
Deposits	3 477	1 772
Other receivables	77 789	4 345
Total other receivables per 31.12	**108 833**	**37 354**
Total receivables per 31.12	**593 338**	**488 897**
Change in provision for bad debt:		
Provision per 01.01.	6 372	8 606
Change in provision during the year	1 829	(2 234)
Provision per 31.12.	**8 201**	**6 372**
Realized losses	1 383	101

BREAKDOWN OF TRADE RECEIVABLES BY DUE DATE:

NOK (thousands)	2022	2021
Trade receivables not due	383 521	382 851
Overdue receivables 1-30 days	67 083	48 502
Overdue receivables 31-60 days	14 394	13 844
Overdue receivables over 60 days	19 508	12 607

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

NOTE 17 – FINANCIAL ITEMS

NOK (thousands)	1.1-31.12.2022	1.1-31.12.2021
Financial income		
Interest income	4 207	1 190
Foreign exchange gain derivatives	64 949	41 898
Other foreign exchange gain [1]	1 187 145	1 007 143
Other financial income	494	62
Total	**1 256 795**	**1 050 292**
Financial expenses		
Interest expenses	171 697	150 462
Interest expense on lease liabilities	8 450	6 150
Foreign exchange loss derivatives	63 505	41 821
Other foreign exchange loss [1]	1 315 450	917 936
Other financial expenses	24 359	23 899
Total	**1 583 461**	**1 140 269**
Net financial income/(expenses)	**(326 665)**	**(89 976)**

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

NOTE 18 – LIST OF GROUP COMPANIES

The following companies have been consolidated:

Company	Country of origin	Ownership %	Voting rights
Flokk Holding AS	Norway		
Flokk AS	Norway	100%	100%
Flokk USA Holding AS	Norway	100%	100%
Sundveien AS	Norway	100%	100%
Malmstolen AS	Norway	100%	100%
Trispin Acquico AB	Sweden	100%	100%
Flokk AB	Sweden	100%	100%
Fastighets AB Stolhuset	Sweden	100%	100%
Malmstolen AB	Sweden	100%	100%
Flokk A/S	Denmark	100%	100%
Flokk Holding ApS	Denmark	100%	100%
Flokk GmbH	Germany	100%	100%
Flokk Holding GmbH	Germany	100%	100%
Flokk B.V.	the Netherlands	100%	100%
Flokk Limited	UK	100%	100%
Connection Seating 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 Asia Pte Ltd	Singapore	100%	100%
Flokk Asia Pte Ltd, Hong Kong Branch	Hong Kong	100%	100%
Habitat Ltd	Hong Kong	95.45%	95.45%
Flokk Trading (Shanghai) Co., Ltd	China	100%	100%
Zhongshan Habitat Furniture Co, Ltd	China	100%	100%
Flokk Australia Pty Ltd	Australia	100%	100%
Flokk USA, Inc.	USA	100%	100%
Flokk USA Holding LLC	USA	100%	100%
9to5 Seating LLC	USA	95.45%	95.45%
Flokk Furniture Inc.	Canada	100%	100%
Flokk Česko s.r.o.	Czech Republic	100%	100%
Flokk Austria GmbH	Austria	100%	100%

NOTE 19 – SHARE CAPITAL

As of 31 December 2022, Flokk Holding AS had a share capital of NOK 90 thousand divided into 30 shares with nominal value of NOK 3 thousand each.

All ordinary Flokk shares have equal voting rights. There are no restrictions connected to trading the shares in Flokk Holding AS.

Overview of shareholder and number of shares outstanding in Flokk Holding AS as per 31 December 2022:

Shareholder	Share capital	No. of shares
Flokk Holding II AS	NOK 90 000	30
No. of outstanding shares per 31.12.21		30
No. of outstanding shares per 31.12.22		30

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

Overview of shareholders in Flokk Holding II AS as per 31 December 2022:

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

NOTE 20 – EARNINGS PER SHARE

NOK (thousands)	2022	2021
Earnings per share	71	10 184
Diluted earnings per share	71	10 184
Profit for the year attributable to equity holders of the parent	2 118	305 528
Weighted average of number of shares outstanding	30	30
Weighted average of number of shares outstanding (diluted)	30	30

NOTE 21 – RELATED PARTIES

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

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See note 7 in the financial statements of Flokk Holding AS for further details.

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

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

NOTE 22 – LEASES

The Group's lease agreements mainly relate to the lease of buildings, machinery and equipment and vehicles.

RIGHT-OF-USE ASSETS

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

NOK (thousands)				
Right-of-use assets	**Buildings**	**Machinery and equipment**	**Vehicles**	**Total**
Carrying amount of right-of-use assets 31 December 2021	**201 299**	**4 958**	**15 664**	**221 921**
Additions	96 028		17 914	113 942
Depreciation for the year	(54 265)	(2 217)	(11 630)	(68 113)
Adjustments	6 163	565	2 224	8 953
Translation differences	5 334	131	415	5 880
Carrying amount of right-of-use assets 31 December 2022	**254 558**	**3 438**	**24 587**	**282 583**
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 have a long term leasing agreement with a remaining life of 72 years.

Lease liabilities	**2022**	**2021**
Maturity analysis contractual undiscounted cash flows		
Less than 1 year	77 752	54 616
1-2 years	66 141	44 208
2-3 years	47 159	37 551
3-4 years	38 340	26 486
4-5 years	21 751	23 094
More than 5 years	106 129	66 730
Total undiscounted lease liabilities at 31.12.	**357 272**	**252 685**
Discounting effect	(64 884)	(26 518)
Lease liabilities at 31.12	**292 388**	**226 167**
Summary of the lease liabilities		
Total lease liabilities at 01.01.	226 167	229 789
New lease liabilities recognised in the year	122 147	53 278
Cash payments for the principal portion of the lease liability	(71 084)	(61 034)
Interest expense on lease liabilities	8 450	6 150
Currency translation differences	6 707	(2 016)
Total lease liabilities at 31.12.	**292 388**	**226 167**
Current lease liabilities	70 036	53 747
Non-current lease liabilities	222 276	172 420
Total cash outflows for leases	**71 171**	**61 034**

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	204	266
Total lease expenses included in other operating expenses	**204**	**266**

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)	**2022**	**2021**
Balance 01.01.	10 632	11 660
Provisions arising during the year	14 861	6 386
Provisions used	(12 995)	(7 021)
Translation difference	260	(394)
Balance 31.12.	**12 758**	**10 632**

The Group has a provision of NOK 12 758 thousand for warranty claims per 31 December 2022 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)	**2022**	**2021**
Accrued salary expenses	86 646	100 567
Other accrued expenses	160 549	148 520
Total other short-term liabilities	**247 195**	**249 088**

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

NOK (thousands)	CEO	Other members of Group Management[1)]	Board
2022			
Board of Directors fee			1 824
Salaries	5 639	23 155	
Bonuses	1 805	10 539	
Other benefits	236	1 422	
Pension expenses	211	1 801	
Severance pay		6 519	

1) Lillevi Ivarson, Christian Lodgaard, Frederik Fogstad, Trygve Aasland, Patrik Röstlund, Trond Langeland, Rene Sitter, Jonas Allers Wismer, Henning Karlsrud, Piotr Chełmiński (until 31 July 2022).

NOK (thousands)	CEO	Other members of Group Management[1)]	Board
2021			
Board of Directors fee			1 688
Salaries	4 727	22 180	
Bonuses	1 200	6 003	
Other benefits	144	1 505	
Pension expenses	190	5 817	

1) Lillevi Ivarson, Christian Lodgaard, Frederik Fogstad, Trygve Aasland, Patrik Röstlund, Piotr Chełmiński, 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 management and senior employees, the Group has accrued an amount of NOK 5 673 thousand in the consolidated income statement as of 31.12.22. The bonus will be due for payment in 2023. There are no option programs or agreements of share-based payment in the company.

Shares owned by management and board members in the parent company Flokk Holding II AS through the company Spinnaker Norway MipCo AS per 31.12.22:	Ordinary shares	Preference shares
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	400 000	10 000
Tunset AS (Lillevi Ivarson)	160 000	4 000
Patrik Röstlund	80 000	2 000
René Sitter	80 000	2 000
Christian Lodgaard	48 000	1 200
Frederik Fogstad	16 000	400

Shares owned by management and board members in the parent company Flokk Holding II AS through the company Spinnaker Norway MipCo 2 AS per 31.12.22:	Ordinary shares	Preference shares
Board		
Aromi Invest Oy (Esko Mikael Aro)	255 000	4 500
Pernille Stafford	34 000	600
Kristine Landmark	7 095	558
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	140 426	2 694
Patrik Röstlund	140 426	2 694
Aiguille AS (Henning Karlsrud)	138 565	2 985
Frederik Fogstad	127 500	2 250
Cross Invest AS (Trygve Aasland)	127 500	2 250
Zoute Invest GmbH (Rene Sitter)	83 139	1 791
Trolan AS (Trond Langeland)	65 863	3 227
Christian Lodgaard	42 500	750
Jonas Allers Wismer	42 500	750

NOTE 26 – OTHER INCOME

RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

NOK (thousands)	2022	2021
Profit from sale of property		92 218
Net effect on consolidated income statement		**92 218**

NOTE 27 – EVENTS AFTER THE REPORTING DATE

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

The Group's senior secured term and revolving facilities agreement made an amendment and restatement agreement in January 2023.

An agreement to purchase the minority part of the shares in 9to5 Seating LLC and Habitat Ltd is made and was carried out in April 2023.

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 2022 accounts.

The Group's presentation currency and Flokk Holding AS' functional currency is NOK (Norwegian Krone). In 2022, 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 Holding AS – Income statement

1 January - 31 December

NOK (thousands)	Notes	2022	2021
Personnel expenses	2	1 824	1 214
Other operating expenses	2, 3	24 286	10 070
Total operating expenses		**26 110**	**11 284**
Operating profit		**(26 110)**	**(11 284)**
Financial income	4	1 127 511	1 046 456
Financial expense	4	1 198 866	867 591
Net financial income/(expense)		**(71 355)**	**178 866**
Profit before tax		**(97 465)**	**167 582**
Taxes	5	18 943	36 868
Profit for the year		**(116 408)**	**130 714**
Information concerning:			
Transferred to other equity		(116 408)	130 714
Total distribution		(116 408)	130 714

Flokk Holding AS – Balance sheet

31 December

NOK (thousands)	Notes	2022	2021
Assets			
Deferred tax benefit	5		16 301
Shares in subsidiaries	6	3 380 657	3 380 657
Loan to subsidiaries	7	2 226 321	2 015 105
Total non-current assets		**5 606 978**	**5 412 064**
Group receivables	7	246 081	248 435
Cashpool receivables	7	17 376	31 287
Other receivables		25 071	41 582
Total receivables		**288 527**	**321 304**
Cash and cash equivalents		263 137	380 381
Total current assets		**551 664**	**701 685**
Total assets		**6 158 642**	**6 113 749**
Equity and Liabilities			
Share capital	8	90	90
Share premium	8	755 720	755 720
Total paid-in equity		**755 810**	**755 810**
Retained earnings	8	984 589	1 100 997
Total equity		**1 740 399**	**1 856 807**
Long-term interest-bearing loans	9	3 719 318	3 542 028
Deferred tax	5	3 927	
Total long-term liabilities		**3 723 245**	**3 542 028**
Short-term interest-bearing loans	9	63 000	50 000
Taxes payable	10		38 763
Trade payable	10	2 272	77
Value added taxes		161	5 539
Cashpool liabilities	7,10	578 438	584 679
Group payable	7,10	2 122	2 118
Other short-term liabilities	10	49 006	33 737
Total current liabilities		**694 998**	**714 913**
Total liabilities		**4 418 243**	**4 256 941**
Total equity and liabilities		**6 158 642**	**6 113 749**

31 December 2022
Oslo, 25 April 2023

Mikael Aro
Chair of the Board

Thomas Hofvenstam
Board Member

Pernille Stafford-Bugg
Board Member

Joachim Espen
Board Member

Andrzej Bartos
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

Flokk Holding AS – Cash flow statement

1 January - 31 December

NOK (thousands)	2022	2021
Profit before tax	(97 465)	167 582
Group contribution	(151 248)	(199 634)
Change in cashpool recevables	13 911	103 511
Change in cashpool liabilities	(6 241)	(235 884)
Change receivables	(46 034)	20 311
Change in payables	2 199	975
Change in other provisions	135 037	(55 806)
Paid taxes	(36 689)	(6 933)
Cash flow from operating activities	**(186 531)**	**(205 877)**
Loan to subsidiary	(80 347)	
Proceeds from borrowings		99 377
Down payment of interest-bearing loans	(50 000)	(216 426)
Group contribution received	199 634	133 343
Cash flow from financing activities	**69 287**	**16 294**
Cash flow for the year	(117 244)	(189 583)
Cash and cash equivalents at 01.01	380 381	569 965
Cash and cash equivalents and cashpool deposit at 31.12	**263 137**	**380 381**
Specification:		
Bank deposits at 31.12	150	3 536
Cash pool deposits at 31.12	262 987	376 846

Notes – Flokk Holding AS

NOTE 1 – ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

SUBSIDIARIES/ASSOCIATED COMPANIES
Subsidiaries and associated companies are valued in accordance with the cost method in the financial statements. Investments are stated at the cost of the shares unless they have had to be written down. They are written down to fair value when the fall in value is due to causes that it cannot be assumed will be transient and this is regarded as necessary pursuant to good accounting practice. Impairment charges are reversed when the basis for impairment no longer exists.

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

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

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

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

The entire amount in the group account system is presented as cash and cash equivalents. The sub-account holders' deposits/deductions are presented as cash pool receivables and cash pool liabilities. In the cash flow, this is separated out on a separate line.

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

NOTE 2 – PERSONNEL AND OTHER OPERATING EXPENSES

NOK (thousands)	2022	2021
Fees auditor	1 391	446
Fees consultancy	(149)	7 882
Financial and legal consultancy	21 802	1 234
Provision directors' fee	1 824	1 214
Other operating expenses	1 243	508
Total operating expenses	**26 110**	**11 284**

NOTE 3 – AUDIT FEES AND DIRECTORS' FEE

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

Auditor

NOK (thousands)	2022	2021
Audit fee	369	313
Audit related consultancy services	1 022	97
Tax consultancy fee	13 170	37

Directors' fee

NOK (thousands)	2022	2021
Directors' fee paid out	1 824	1 688

NOTE 4 – AGGREGATED FINANCIAL INCOME/EXPENSE

NOK (thousands)	2022	2021
Financial income		
Interest income	85 542	66 318
Foreign exchange gain	881 124	780 505
Group contribution	151 248	199 634
Other financial income	9 596	-
Total	**1 127 511**	**1 046 456**
Financial expense		
Interest expense	168 925	148 083
Foreign exchange loss	1 008 020	698 053
Other financial expenses	21 921	21 455
Total	**1 198 866**	**867 591**

NOTE 5 – TAXES

NOK (thousands)	2022	2021
Taxes payable this years result		38 763
Change deferred tax	20 229	(1 895)
Change previous years	(1 286)	
Income tax expense	**18 943**	**36 868**
Profit before tax	(97 465)	167 582
Permanent differences	112	
Received dividend	(9 596)	
Tax loss carried forward	7 129	(31 326)
Change temporary differences	16 514	16 908
Interest deduction carried forward	83 306	23 033
Basis for taxes payable	0	176 197
22% taxes payable	**0**	**38 763**
Profit before tax	(97 465)	167 582
22% taxes	(21 442)	36 868
Taxes due to:		
Permanent differences	25	
Received dividend	(2 111)	
Change previous years	(1 286)	
Change in tax rate		
Change in interest deductibility	43 757	
Income tax expense reported in the income statement	**18 943**	**36 868**
Specification of the basis of deferred taxes		
Temporary differences included in the provision for deferred taxes:		
Borrowing costs	(24 979)	(41 493)
Tax loss carried forward	7 129	
Unutilized interest deductibility		115 591
Total temporary differences	**(17 850)**	**74 098**
Net deferred tax	**(3 927)**	**16 301**
Deferred tax and deferred tax benefit are booked as net value in the balance sheet statement.		
Deferred tax benefit		16 301
Deferred tax	(3 927)	
Total	**(3 927)**	**16 301**
Group contribution received	151 248	199 634

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

NOTE 6 – SHARES IN SUBSIDIARIES

Company	Business location	Time of acquisition	Ownership	Company's share	Booked value	Equity	Profit for the year
Trispin Acquico AB	Stockholm	2014	100%	100%	942 240	35 223	34 178
Flokk AS	Oslo	2016	100%	100%	2 438 417	1 443 279	156 663
Total					**3 380 657**		

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

NOTE 7 – RECEIVABLES AND DEBTS WITH COMPANIES WITHIN THE SAME GROUP AND WITH RELATED COMPANIES

RECEIVABLES

NOK (thousands)	2022	2021	2022	2021	2022	2021	2022	2021
	Flokk AS		Flokk BV		Flokk Holding GmbH		Flokk Limited	
Loan to subsidiaries	275 163	265 548			113 843	108 159	84 471	
Accrued interest loan	6 444	5 183				2 080	2 058	
Group receivables					2 634			
Cashpool receivables	6 424			22 328				
Group contribution	144 583	194 752						
Total	**432 615**	**465 483**		**22 328**	**116 477**	**110 238**	**86 529**	
	Flokk Holding ApS		Flokk USA Holding LLC		Malmstolen AS			
Loan to subsidiaries	105 500	100 231	1 153 331	1 031 894				
Accrued interest loan	2 433	1 935	24 334	15 019				
Group receivables			46 248	15 186				
Cashpool receivables	10 952	8 959						
Group contribution					1 343			
Total	**118 885**	**111 125**	**1 223 913**	**1 062 098**	**1 343**			
	Sundveien AS		Trispin Acquico AB		Total			
Loan to subsidiaries			494 014	509 274	2 226 321	2 015 105		
Accrued interest loan			10 680	9 399	45 950	33 615		
Group receivables					48 882	15 186		
Cashpool receivables					17 376	31 287		
Group contribution	5 322	4 882			151 248	199 634		
Total	**5 322**	**4 882**	**504 694**	**518 672**	**2 489 778**	**2 294 827**		

LIABILITIES

NOK (thousands)	2022	2021	2022	2021	2022	2021	2022	2021
	Flokk AS		Flokk BV		Flokk GmbH		Flokk Holding GmbH	
Group payable	2 122	2 118						
Cashpool liabilites		148 095	15 630		65 323	34 506	63 681	14 719
Total	**2 122**	**150 213**	**15 630**		**65 323**	**34 506**	**63 681**	**14 719**
	Flokk NV		Flokk AB		Flokk Sarl		Flokk Limited	
Group payable								
Cashpool liabilites	53 001	26 267	59 265	21 067	4 670	8 874	61 195	45 271
Total	**53 001**	**26 267**	**59 265**	**21 067**	**4 670**	**8 874**	**61 195**	**45 271**
	Flokk A/S		Malmstolen AB		Malmstolen AS			
Group payable								
Cashpool liabilites	87 931	73 419	49 246	47 674	2 737			
Total	**87 931**	**73 419**	**49 246**	**47 674**	**2 737**			
	Offecct AB		Flokk Sp. Z.o.o.		Sundveien AS			
Group payable								
Cashpool liabilites		4 231	17 214	74 909	14 974	13 676		
Total		**4 231**	**17 214**	**74 909**	**14 974**	**13 676**		
	Fastighet AB Stolhuset		Trispin Acquico AB		Total			
Group payable					2 122	2 118		
Cashpool liabilites	11 760	9 818	71 812	59 822	578 438	582 349		
Total	**11 760**	**9 818**	**71 812**	**59 822**	**580 560**	**584 467**		

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

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

NOTE 8 – EQUITY

NOK (thousands)	Share capital	Share premium	Retained earnings	Total equity
Equity per 31.12.21	**90**	**755 720**	**1 100 997**	**1 856 807**
Profit for the year			(116 408)	(116 408)
Equity per 31.12.22	**90**	**755 720**	**984 589**	**1 740 399**

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

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

NOTE 9 – RECEIVABLES AND LIABILITIES

NOK (thousands)	2022	2021
Long-term liabilities with maturity later than 1 year		
Bank loan	3 719 318	3 542 028
Total	**3 719 318**	**3 542 028**
Loans secured by mortgage	3 782 318	3 592 028
Assets mortgaged		
Shares	3 380 657	3 380 657

Per 31 December 2022, the loan is drawn in NOK, EUR and USD. An amendment and restatement bank agreement was signed in January 2023 with an extension of the maturity to 2027. The borrowing costs are capitalised and expensed over the lifetime of the loan.

The interest is variable and normally tied for three months at a time. The average interest rates in 2022 was for the NOK-loan 1.91%, the EUR-loan 0.31% and USD-loan 1.59% plus margin. The interest rates correspond to the sum of relevant IBOR and an interest margin based on the key figures NIBD/EBITDA, EBITDA/Total Net Finance Charges and an investment limit. The margin is set every quarter according to an incremental scale in relation to key performance indicators (covenants) achieved. The company fulfilled the covenants in the loan agreement as at 31.12.2022.

At the end of 2022, the company had a total credit line of NOK 4 149.3 million, consisting of bank loan of NOK 3 782.3 million and an unused bank overdraft limit of NOK 367.0 million.

NOTE 10 – CURRENT LIABILITIES

NOK (thousands)	2022	2021
Short-term interest-bearing loans	63 000	50 000
Group payable	2 122	2 118
Cashpool liabilities	578 438	584 679
Trade payable	2 272	77
Value added taxes	161	5 539
Taxes payable		38 763
Other short-term liabilities	49 006	33 737
Total current liabilities	**694 998**	**714 913**

NOTE 11 – EVENTS AFTER THE BALANCE SHEET DATE

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

Referring also to note 27 in the consolidated financial statements.

The annual financial statements were approved by the Board of Flokk Holding AS on the 25 April 2023.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Flokk Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Flokk Holding AS (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 2022 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 2022, the 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 a summary of significant accounting policies.

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 2022 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 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with 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 and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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.

- 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, 16 May 2023
ERNST & YOUNG AS

Anja Maan

Anja Maan
State Authorised Public Accountant (Norway)

Definitions

ALTERNATIVE PERFORMANCE MEASURES

Flokk Group's financial information is prepared in accordance with International Financial Reporting standards (IFRS). In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Flokk's performance, but not instead of the financial statements prepared in accordance with IFRS.

The alternative performance measures presented may be determined or calculated differently by other companies.

The principles for measurement of the alternative performance measures are in accordance with the internal reporting to Group Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

ORGANIC REVENUE GROWTH

Organic revenue growth is defined as revenue adjusted for the effects of mergers, acquisitions, disposal of operations and currency effects. Organic growth is measured by eliminating sales by acquired business in the year of acquisition and then add whole year revenue by use of proforma when measuring growth to the following year.

We believe that the measure provides useful and necessary information to stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies)

RECONCILIATION

NOK (thousands)	2022	2021	Change	Change YoY
Revenue growth	3 719 507	3 260 417	459 091	14%
Impact of using exchange rates for 2022		31 907	(31 907)	
M&A	(152 431)		(152 431)	
Organic revenue growth	**3 567 076**	**3 292 324**	**274 752**	**8%**

NOK (thousands)	2021	2020	Change	Change YoY
Revenue growth	3 260 417	2 929 347	331 07	11%
Impact of using exchange rates for 2021		(150 212)	150 212	
Organic revenue growth	**3 260 417**	**2 779 135**	**481 281**	**17%**

ORGANIC EBITA GROWTH

Organic EBITA growth is defined as the earnings before interest, tax and amortization, adjusted for the effect of mergers, acquisitions, disposal of operations and currency effects. Organic growth is measured by eliminating EBITA in acquired business in the year of acquisition and then add whole year EBITA by use of proforma when measuring growth to the following year.

We believe that the measure provides useful and necessary information to stakeholders for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance
- it is used for internal performance analysis, and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies)

RECONCILIATION

NOK (thousands)	2022	2021	Change	Change YoY
Operating profit	403 829	479 752	(75 923)	(16%)
Amortization and impairment	24 133	21 390	2 743	13%
EBITA	**427 962**	**501 142**	**(73 180)**	**(15%)**
Impact of using exhange rates for 2022		7 883	(7 883)	
M&A	(3 978)		(3 978)	
Organic EBITA growth	**423 984**	**509 025**	**(85 042)**	**(17%)**

NOK (thousands)	2021	2020	Change	Change YoY
Operating profit	479 752	362 903	116 849	32%
Amortization and impairment	21 390	17 531	3 860	22%
EBITA	**501 142**	**380 434**	**120 708**	**32%**
Impact of using exhange rates for 2021		(10 611)		
Organic EBITA growth	**501 142**	**369 822**	**131 320**	**36%**

CONTRIBUTION MARGIN

Contribution margin is defined as net sales minus the total of all variable cost for the manufacturing and distribution operations. This is a key performance indicator to management because it provides additional information on product profitability and distribution efficiency. It is also used for internal performance analysis.

RECONCILIATION

NOK (thousands)	2022	2021
Sales revenues	3 719 507	3 260 417
Cost of goods sold	(1 510 253)	(1 245 044)
Salary production workers	(263 702)	(279 795
Sales freight	(246 302)	(200 735)
Other variable cost	(139 669)	(102 570)
Contribution margin	**1 559 581**	**1 432 273**
Contribution margin/Sales revenues	**41.9%**	**43.9%**

OPERATING EXPENSES (OPEX)

Operating expenses is a key financial parameter for Flokk and comprises of total cost for non-production personnel and other operating cost. Management monitors the operating expenses in its continuous effort to improve efficiency and increase profitability.

RECONCILIATION

NOK (thousands)	2022	2021
Sales revenues	3 719 507	3 260 417
Other operating cost	741 891	590 478
Reclassifications		
Fixed personnel expenses	629 582	583 044
Sales freight	(246 302)	(200 735)
Other	(139 669)	(102 570)
OPEX	**985 503**	**870 217**
OPEX/Sales revenues	**26.5%**	**26.7%**

ADJUSTED EBIT

Earnings before interest, tax, and impairment (EBIT) is a key financial parameter for Flokk. Adjusted EBIT is EBIT ex. Items affecting comparability (cost and income) and is defined as EBIT less gains and losses on M&A activities, workforce reductions and integration cost. These measures are useful to stakeholders in evaluating and comparing operating profitability across time periods.

RECONCILIATION

NOK (thousands)	2022	2021
Sales revenues	3 719 507	3 260 417
Operating profit	403 829	479 752
Amortization and Depreciation	170 250	174 522
EBITDA	**574 078**	**654 273**
Items affecting comparability:		
Merger and acquisition cost	8 991	4 240
Integration activities	48 301	125 984
Turek fire incident		24
Strategic review of Flokk	43 601	167
Other	10 659	11 043
Adjusted EBITDA	**685 630**	**795 731**
Depreciations	(146 117)	(153 131)
Items affecting comparability:		
Integration activities	9 967	(71 954)
Adjusted EBITA	**549 481**	**570 646**
Adjusted EBIT/Sales revenues	**14.8%**	**17.5%**
Amortization and impairment	(24 133)	(21 390)
Adjusted EBIT	**525 348**	**549 256**
Adjusted EBIT/Sales revenues	**14.1%**	**16.8%**

PRODUCT DEVELOPMENT AND IMPROVEMENT SPEND

The product development and improvement spend shows how much the group is investing in either launching new products or improving margins and / or adding updated versions of current products, either recognized as an expense in the income statement or as an asset in the statement of financial position. Flokk believes this is relevant for investors as it shows the group's investments in products that shall generate revenues and profits in the future.

RECONCILIATION

NOK (thousands)	2022	2021
Sales revenues	3 719 507	3 260 417
Recognized as an expense	88 941	90 170
Recognized as an asset	28 651	24 469
Product development and improvement spend	**117 592**	**114 639**
Product development and improvement spend / Sales revenues	**3.2%**	**3.5%**

CAPITAL EXPENDITURES

Capital expenditures are derived from the statement of financial position and consist of investments in PPE and intangible assets, excluding business combinations and extraordinary items. Capital expenditures is a measure of investments made in the operations in the relevant period and is useful to stakeholders in evaluating the capital intensity of the operations and to understand the level of underlying investments.

RECONCILIATION

NOK (thousands)	2022	2021
Sales revenues	**3 719 507**	**3 260 417**
Tangible assets	185 943	131 067
Development	12 339	18 629
Other intangibles	11 696	16 710
Rebuild plant in Turek	(74 568)	(53 837)
Capital expenditures	**135 410**	**112 569**
Capital expenditures / Sales revenues	**3.6%**	**3.5%**

AVAILABLE CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are monitored by Flokk on a frequent basis to understand the flexibility with regards to potential investments or acquisitions. Unused credit facilities are defined as the group's revolving credit facilities less what is used of these facilities for guarantees in rental agreements and similar.

RECONCILIATION

NOK (thousands)	2022	2021
Cash and cash equivalents	**599 231**	**733 911**
Unused credit facilities	367 000	367 000
Available cash and cash equivalents	**966 231**	**1 100 911**

RETURN ON OPERATING CAPITAL EMPLOYED

Return on operating capital employed measures the capital efficiency of the group's assets. Goodwill and intangible PPA assets from acquisitions have been excluded, to show the returns on the group's investments in tangible and intangible assets. Excess cash and cash equivalents are assumed to be all cash holdings above 5% of the sales revenues the last 12 months. This cash is retained for future acquisitions.

RECONCILIATION

NOK (thousands)	2022	2021
Adjusted EBITA last 12 months, ex impairment in intangible assets recognized in business combinations	549 481	570 646
Total assets	6 477 522	6 089 754
Current liabilities	-905 008	(855 730)
Interest-bearing current liabilities	133 036	103 795
Goodwill	(3 365 784)	(3 197 555)
Intangible PPA assets from acquisitions	(1 523)	(2 709)
Excess cash and cash equivalents	(413 256)	(570 890)
Total operating capital employed	**1 924 987**	**1 566 664**
Return on operating capital employed	**29%**	**36%**

NET DEBT

Net debt consists of both current and non-current interest-bearing loans less cash and cash equivalents. Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. Net debt/adjusted EBITDA is a key ratio that Flokk considers to be relevant to investors who want to assess Flokk's opportunity to meet its financial obligations.

RECONCILIATION

NOK (thousands)	2022	2021
Adjusted EBITDA	**685 630**	**795 731**
Cash and cash equivalents	(599 231)	(733 911)
Interest bearing loans	3 784 371	3 592 221
Net Debt	**3 185 140**	**2 858 310**
Net Debt/Adjusted EBITDA	**4.6**	**3.6**

CASH CONVERSION

Cash conversion is a key financial parameter for Flokk measuring cash flow generated from operations excluding items affecting comparability and net working capital changes. This measure is useful for investors to understand Flokk's underlying cash generation irrespective of financing arrangements, IFRS16 effects and extraordinary revenues, costs or investments.

RECONCILIATION

NOK (thousands)	2022	2021
Adjusted EBITDA	685 630	795 731
Capex	(135 410)	(112 569)
Depreciations right-of-use	(67 816)	(56 605)
Cash Conversion	**482 404**	**626 558**

TAXES PAYABLES PER COUNTRY

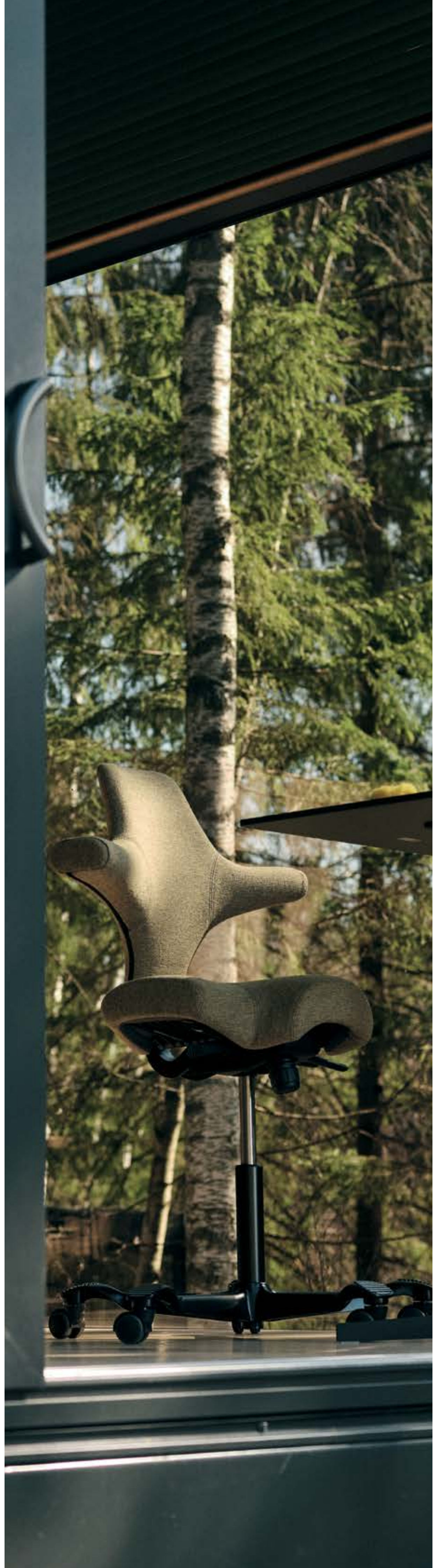
Taxes payables per country is key for management and external stakeholders and it is a measure of Flokk's social responsibility. Taxes payables comprise corporate income tax paid or to be paid on the groups taxable profit.

RECONCILIATION

NOK (thousands)	2022	2021
Norway	1 273	39 416
Sweden	3 763	5 465
Denmark	10 734	9 581
The Netherlands	11 420	2 364
Belgium	3 488	5 876
Germany	15 437	16 540
Austria	641	
United Kingdom	2 560	1 863
France	1 340	266
HongKong	1 000	854
Switzerland	2 890	5 448
China	99	
Australia		4
United States of America		824
Latvia		89
Total taxes payables	**54 643**	**88 589**

Offecct Soundwave

Corporate Sustainability Report 2022



The Environment and Corporate Social Responsibility

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

Flokk strives towards responsible business conduct that respects people, society and the environment. Flokk's strategic goals and targets for 2030 are defined to ensure we contribute to the achievement of the global targets as set e.g., by the EU European Green Deal, UN Sustainable Development Group, and the UN Convention on Climate Change.

The practical consequence of this aspiration is that our products, services, and processes must be resource-, energy- and water- efficient, must generate minimum greenhouse gas emissions, cannot present a risk to health or the environment and must result in minimal waste generation. We are committed to the constant pursuit of improvements on these parameters, with principles for sustainable design (5-III) at the core of our efforts. As our company is constantly growing, we capture the opportunity to scale these efforts also through applying them on business we acquire and integrate. This spreading of best practice strengthens our power and ability further to make an even greater difference.

In 2022, we have managed to reduce our carbon emissions per unit by 0.3% since 2015, due to a high share of 93% renewable electricity and a 165% increase of units produced in that same period. We see a positive trend in reaching the long-term target of an average of 60% recycled materials in our products. Keeping sustainability our primary differentiator, we aim to grow the company while at the same time improving our environmental performance. Beyond our own in-house activities, we are continuously imposing stricter environmental requirements on all our suppliers.

Our priority on environmental aspects stems from the privilege of having the vast majority of production & value-chains in central and northern Europe & thereby within well matured legislative systems. But we acknowledge that sustainability entails more than this; there is also an S and a G in ESG. Increasing legal & stakeholder requirements as well as expansion into new geographies imply, we must also continue to further strenghten our efforts further within social responsibility and governance. We strive to be a responsible social operator, to preserve natural resources and the people involved – by helping to protect people's rights, health and wellbeing, taking care of our common environment and practicing good social responsibility. Our Code of Conduct applicable also to our suppliers, include human rights as labour law, diversity, equity & inclusion, working conditions, bribery, corruption, sanctions and animal welfare.

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

Lars I. Røiri
Chief Executive Officer

Materiality Assessment

One important element of our sustainability strategy and reporting is to disclose information on where Flokk as a company already has - and can potentially have - the most impact, both positive and negative, to the environment and society, economy and people. Large part of this work is to identify both internal and external viewpoints and inputs over time, thus identifying material risks and opportunities associated with Sustainability. We must not only adapt to the increased impact from the growth of our organisation, but also to a rapidly changing earth, society and legislation, with requirements and expectations that are increasing in line with greater public awareness in every market.

MATERIAL IMPACTS AND STRATEGIC PRIORITIES

Material topics are topics that represent an organisation's most significant impacts on society and the environment. In 2021, Flokk engaged The Governance Group (now Position Green Group) to facilitate an update of our materiality assessment according to the new GRI Standard 2021 concept of double materiality; how sustainability factors impact Flokk (strategic priority), and how Flokk impacts society and the environment (external materiality). Flokk's previous materiality assessment from 2018 was a result of a comprehensive process involving interviews and workshops including managers from all business areas and disciplines at Flokk, Group Management included.

The 2021 materiality assessment involved in-depth interviews with both internal and external stakeholders. Internally, selected Group Management managers were interviewed. External interviews were carried out with Nordea - one of Flokk's key banking partners, The Confederation of Norwegian Enterprise (NHO) - Furniture & Interiors, Skift - a business-led climate initiative & CEO network and Circular Norway - politically independent promoter of the transformation of Norwegian business to a circular economy.

A long list of impacts the furniture industry is associated with was discussed and rated based on severity throughout the value chain in all the interviews. To count as a positive impact, it should be a substantive and independent positive effect that is integral to the business model or product/service e.g. providing fully circular products etc. Reducing negative impacts or performing better than industry average did not count as a positive impact in this context.

A final list of Flokk's strategic priorities and where we have the most impact to the environment and society, both positive and negative, was finally agreed upon and calibrated with Flokk ESG stakeholders and selected Group Management managers through extensive workshops.

REPORTING STANDARD & PERIOD

This year's report has been prepared by Flokk in accordance with the GRI Standards 2021 for the period 2022. Reporting is done annually. The financial and sustainability report is aligned. The publication date is 22th of May 2023.

REPORTING SCOPE

The entities listed in Note 18 in the financial reporting are included in the sustainability reporting with exception of Habitat Ltd and Connection Seating Ltd. The exception of those two entities is due to incomplete integration into common ERP system and IT platform because of Covid and travel restrictions.

In this year's sustainability report, the largest workplaces are covered: Røros and Head Office (Norway), Nässjö (Sweden), Turek (Poland) and Hawthorne (9to5 Seating in US).
The report presents primary data for Flokk's entire workforce in Norway, Sweden, The Netherlands, Switzerland, Denmark, Germany, Belgium, Austria, The Czech Republic, France, the UK, Poland, China, Singapore, Australia, Canada, and the USA.

Environmental	Social	Governance
Material impacts: 1. GHG-emissions • Climate impacts from supply chain (S) • Climate impacts from own productions and operations (S) 2. Circular economy • Contributions to a circular economy (P) • Material use in products and packaging • Waste/pollution impacts in productions and operations 3. Chemical impacts in supply chain (S)	Material impacts: 1. Local job creation and employment offerings (P) 2. Working conditions in supply chain • Labour rights violations • Health, safety and working environment Strategic priorities: • Diversity, Equity and Inclusion • Health, safety and working environment in own operations (S) • Health and Safety Customers (P)	Material impacts: 1. Influence on sustainable public procurement practices and regulations (S)(P) 2. Illegal or unethical practices in supply chain Strategic priorities: • Illegal or unethical practices in own operations

Flokk Material impacts and Strategic priorities related to sustainability. (P) – Positive impacts. (S) – Strategic impacts.

Stakeholders – Dialogue

Collaboration among stakeholders across our complete value chain is essential for us to fulfill our high ambitions on sustainability, human factors & aesthetic innovation. Stakeholders are identified through systematically accumulated knowledge through various channels. We consider what is expected of us and our deliveries, and what impact our products, our production and operations have on internal and external stakeholders. Flokk also has a commitment to society and includes our stakeholders in the work to contribute to the improvement of human rights for selected vulnerable groups.

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

- Owners and Investors/Bank/Insurers including Individuals and entities
- The Board and Group Management including Individuals and entities
- Colleagues, New employees and Contracted workers
- Trade unions
- Consultants
- Customers - Dealers, Importers, End users
- Competitors
- Public, Media
- Local communities, Neighbours and Vulnerable groups
- Suppliers, Partners and Transporters
- NGOs and organisations
- Authorities and Regulatories
- Industry associations
- Academia

INVOLVEMENT IN ORGANISATIONS

We are active members and contributors of:

- The Confederation of Norwegian Enterprise (NHO) through the trade association the Federation of Norwegian Industries, Furniture & Interiors – Furniture Committee, of which our CEO, Lars I. Røiri, is deputy member of the Board
- Through NHO, member of the German federation of furniture manufacturers, BSO, and the European Furniture Industries Confederation (EFIC)
- Member of Skift, a business-led climate initiative & CEO network, established to accelerate the transition to a low carbon economy
- +LAB / Norwegian design industry cluster, with regular participation in expert groups and on panels
- The revision of the EN 1335 standard for office furniture at national and European level
- Participation in the CEN Work Group 10 'Requirements and tools for furniture circularity', aiming to standardise Circular Economy (CEN - European Committee for Standardization)
- Various local & regional bodies round our production facilities, including TIG (Turek Chamber of Economy), which affects the improvement of the functioning of local business, including social issues
- In US, 9to5 is member of Business and Institutional Furniture Manufacturers Association (BIFMA), a not-for-profit trade association for infrastructure of engineering and materials standards

Involvement in projects

Project	Goal / Findings	Partners	Timeline
MaxSense	Development of human anatomical avatars using AI techniques to predict muscular tone and tension, for optimization of workspace design & human-computer interaction.	SINTEF, Nordic Semiconductors, SATS, NxTech, UiO	2022->
Community work hub	Pilot project of a reuse & replace system for community co-working spaces, allowing users to change their work environment from home, but spare the commute to work	OBOS GoGood	2021 →
Hållbar Interiör	Development of design criteria, ranking & certification of the sustainability of interior architecture and furnishing	RISE, Tengbom architects, Federation of Swedish Furniture Industries, Indicium + various suppliers	2021 ->
POCOplast	Collaboration to utilise post-consumer plastics from aquaculture before lost in nature, value chain focus	NCE Aquatech, Bellona, Plasto, Empower, NOPREC, SINTEF	2020 ->
Adapt AI	Process development for upstream Aluminium production, to enable higher post-consumer recycled content while maintaining mechanical properties & downstream processing needs	Norsk Hydro ASA, SINTEF, Raufoss Technology AS, IDT AS	2020 - 2023
Circular textiles ecosystem	Circular textile solutions for seating application	RISE, Volvo, Artex, Bogesunds + 8 additional partners	2020 - 2021
Leading in Environment & Quality	Tackle sustainability challenges Increase our competitive strength	Federation of Norwegian Industries + 22 companies	2017 →

Stakeholder Matrix

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency	Key topics 2022	Response
INTERNAL			INTERNAL	
Owners	Triton Partners' purpose is to achieve the greatest possible return on investment by creating sustainable, long-term value in their portfolio companies, through changing economic cycles.	Triton expect us to follow up ESG requirements and guidelines by maintaining a clear, structured dialogue with Flokk through monthly video calls, quarterly performance reviews and an annual ESG forum. Flokk reports to Triton on key ESG KPIs biannually.	Three highlights from Triton's ESG agenda in 2022: A - Reduction in carbon emissions and comply with the European Energy Efficiency Directive (EED) B - Establish ESG strategy including subsidiaries C - Involve The Board by establishing process for yearly update of Governance policies and Risk review by Board	A - Flokk reports energy consumption and carbon emission to Triton, complies with EED through ISO 50001 B - Quality assured Turek and Hawthorne added to Triton ESG KPI reporting scope in 2021 C - 13 policies are approved by Board before published
The Board and Group Management	The Board strives to ensure that the company acts ethically in all parts of the organisation and throughout the value chain.	Bimonthly Board meetings, attended by CEO, CFO, and other members of Group Management (GM) when relevant. The Board only works with the company via GM. As part of the established ESG Forum, Flokk reviews ESG performance quarterly. ISO Management Review is integrated in the ESG agenda, in which VP Sustainability reports status to GM. The Board is involved in a new process to annually approve Governance policies and review risk analysis.	Innovation, digitalization, brand strategies for acquired brands, strategic governance. Market communication of environmental benefits. Preparations for ISO 14001 and ISO 9001 follow-up audit and ISO 50001:2018 recertification audit at Røros production site.	Raised level of innovation in portfolio development, including key sustainability topics. Continued migration of post-consumer recycled material in component production. A continuous surge in marketing communication on sustainability for 2022. Flokk sites at Oslo, Røros and Nässjö were ISO 50001:2018 recertified in February 2022.
Employees and trade unions	Our employees influence Flokk through their productivity, creativity, competence, involvement, and engagement. Flokk, on the other hand, influence its employees by offering personal and professional development activities, compensation & benefit schemes, sound working conditions as well as a sense of belonging through the company culture. Additionally, Flokk influences the employees' immediate external environment such as family, friends, and the local communities where we are represented.	The employees actively participate in various formal bodies linked to the trade unions, Board work, working environment committees, Corporate Executive Council etc. Our corporate culture is characterized by open and transparent dialogue, trust and mutual respect. All employees conduct annual personal development dialogues with their direct manager, setting objectives and personal development goals all linked to Flokk's strategy and the department's action plan	Due to the pandemic years, we experienced that our office employees handled their forced home office working situation very well. We have thus implemented a Remote Work Policy in close cooperation with the unions and working climate committees. Leadership Development Programs completed: DEI Awareness training, Remote Management and Flokk's Leadership Requirements. The action plans agreed following the Engagement@Flokk survey in 2021 has been focused on site and department levels. Additional digital training programs linked to Flokk's Core Competence Requirements: IT & Information Security and Health, Safety & Environment training. Learning@Flokk has been made available for our production colleagues at Røros and in Nässjö.	We emphasize keeping our employees updated on business status, important decisions, and progress in relation to goals. We have monthly newsletters for all employees at Røros, Nässjö and Turek sites. Regular General Meetings take place four times a year, and departmental meetings are held at least every second month.
EXTERNAL			EXTERNAL	
Customers - dealers, importers, end users	Flokk has three main customer groups: dealers, importers, and end users. Dealers represent the public face of the company vis-à-vis end customers and users, and exercise considerable influence over the company's reputation.	The Customer Survey will be sent out mid-2023. We will also strive to integrate a survey via Super office. Gives our dealers the possibility to rate Flokk immediate after they have got a reply from us. Low response rate on the original survey forces us to find new channels for measuring the customer satisfaction.	Integration of 2 brands and common ERP and CRM system in our factory in Turek to have equal handling and carry through of the customer order processes. Integration of Flokk HUB to simplify order process to our dealers (B2B) and to end customers (B2C). We have started to integrate ERP and CRM system in Mirfield, UK and this work will be finalized in May 2023.	Lean order handling by re-organizing the order process has been carried out through 2022. Flokk HUB and re-organizing the order flow process in Flokk in total. New KPI reports are made to measure response time towards our dealers and to measure the reason for why the customer must contact us. This is done via tags with reason for contact, in Super Office. Actions for improvements will be taken according to more specified measurements.
Suppliers and their workers	Agreements are signed with the suppliers before new business are awarded, including sanction list check. We have a mutual understanding and discussion on what we require and what the supplier can agree to. Focus on Supplier Performance e.g. Quality, Delivery, Compliance, Risk including environmental and social factors with a negative impact on society, labour market practices and human rights. Deviations will need an action plan with the supplier.	Key suppliers: we have frequent meetings at least 2 times per year: Review performance, improvements and projects. Supplier Performance and risks are internally followed up monthly. Low performing suppliers: we have actions to increase performance with a higher frequency of follow-ups, and new business might be put on hold.	During 2022, main activities were related to heavy fluctuations in raw material prices and electricity where we had to agree to extraordinary changes. We also started a re-appraisal of key suppliers from Poland to have them approved according to the latest standard.	We are willing to listen to our suppliers in difficult situations and they appreciated an open discussion with us.
Local communities	Flokk is an important employer in the local communities of Røros, Nässjö and Turek, and target to be an attractive employer on the local job market. Through this we participate in the development of the business sector in the regions and support organisations of voluntary workers.	We have a close cooperation on matters that affect the communities and the company. Flokk employees hold important positions, and actively participates in municipal and local business sector projects. It is important for Flokk to demonstrate true engagement and act as a responsible business partner.	Flokk continues to contribute financially to culture and sports projects in the local communities of Røros, Nässjö and Turek. Through our DEI focus, we also try to reach out to vulnerable groups in society that may need special attention to enter working life such as refugees and young adults who both need language training and work experience.	Flokk continues to play a central role in the Norwegian Mass Customisation Cluster at Røros, Norway's leading professional environment in mass customization production. Site Manager at Røros is chairman of the Board at the Regional Business Association, and Board member of NHO Trøndelag. In Nässjö, sustainability and social development have been focused on in several municipal projects. In Turek, we support the local community with financial donations to Ukrainian refugees, orphanages, charity sports events, and product donations to schools and police stations.
NGOs and organisations	Flokk is a member of Ethical Trade Norway (ETN) and collaborates with environmental organisations where relevant. We support Hold Norge Rent through membership.	Representatives of Flokk ESG key personnel are invited to seminars and courses run by ETN. We actively participate in the environmental foundation ZERO's Fossil Free plastics forum.	ETN has high focus on gaining control of a responsible supply chain in our dialogues. In 2022, we continued to financially support ZERO on surveying potential and possible solutions of fossil free plastics.	Our annual reporting to ETN is integrated in this sustainability report. We share our experience on use of post-consumer recycled plastics with ZERO's Fossil Free plastics forum
Industry associations	A - The Confederation of Norwegian Enterprise (NHO), Furniture & Interiors. B - Norwegian design industry cluster Plusslab.	A - Annual General Meetings, Board meetings. B - Board member in the cluster, quarterly Board meetings. Participation in Expert group for sustainability and circular business models	A - Pilot member of "Leading on Environment and Quality" project. EPD practice improvement. Position statements ahead of EFIC sessions (through NHO). B - Downstream innovation, circular economy.	A - Promotion of best practice for environmental criteria when purchasing office furniture, through EPDs. B - Tailored academic training on MBA level for 5 employees

The Environment – Background

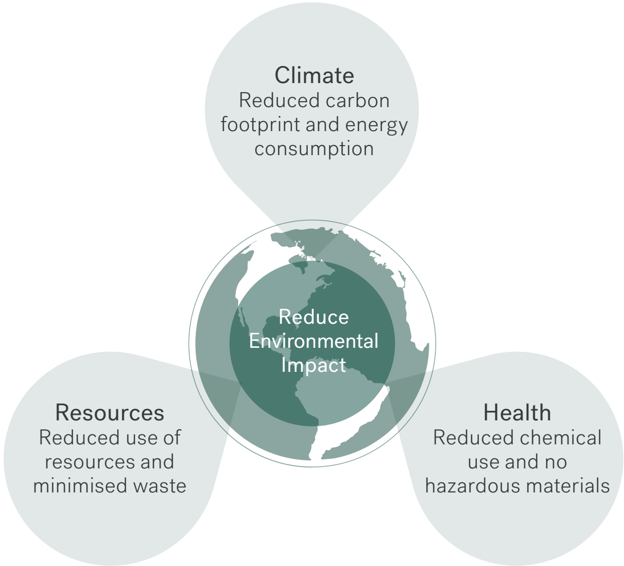
The environment has been a high priority for the company for almost 40 years. In 1990, we were early adopters and employed a full-time environmental manager - long before customers and the general public showed interest in the environmental performance of companies and products in general. We established our three focus areas early on – climate, resources and health. Flokk has several milestones as sustainable pioneers; among the first office chair producers in Europe to be ISO 14001 certified, to declare products with EPDs - Environmental Product Declarations and to receive the Nordic Swan Ecolabel. Over the last few years, we have grown to become the market leader for office seating in Europe and we are now able to scale our ongoing efforts to reduce our impact and thus make a significant difference.

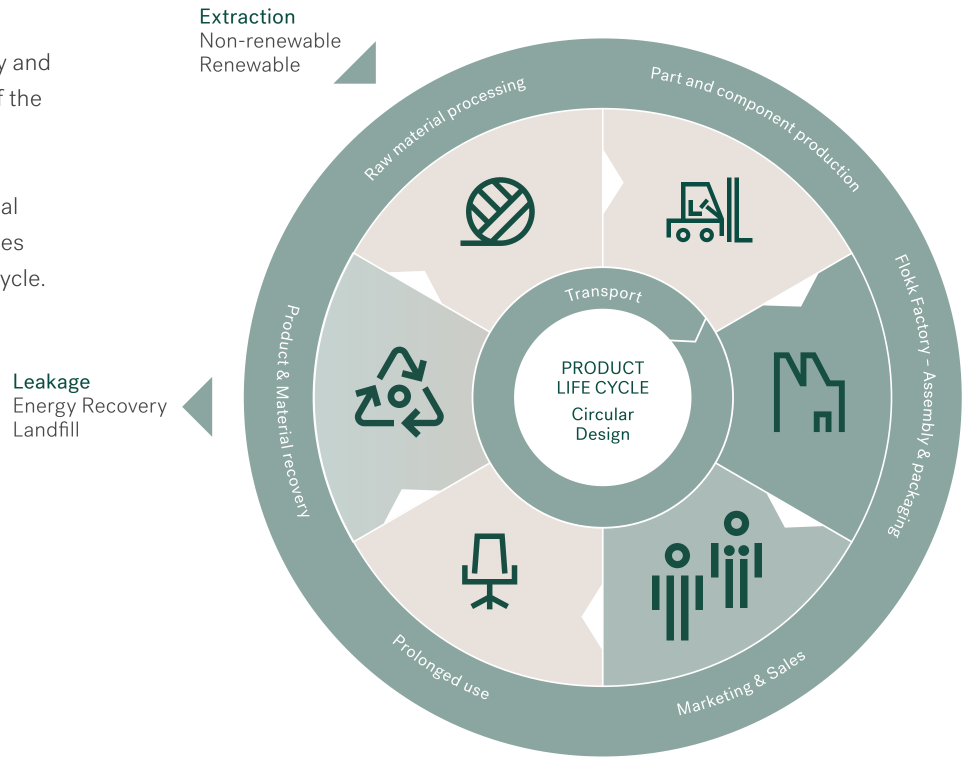
THE ENTIRE LIFE CYCLE COUNTS

More than 90% of the total environmental impact of our products is generated before parts and components even arrive at our factories. Effectively, the impact is down to material choice and consumption, as well as the production processes. This is all decided during the design processes, we pay particular attention in these earliest phases in the product life cycle. The decisions are followed through by our procurement of raw materials and components.

The remaining phases also receive high priority. Final assembly and our downstream value chain such as packaging, waste handling, logistics, sales & distribution is important, as this is where we have exposure to employees in operations. Ensuring products feature great functionality, lasting aesthetics and age with dignity, are targeted drivers for long service life. Offering good customer service and spare parts for repair, and having designed the products for disassembly and recovery of the resources at the end of the lifecycle closes it responsibly off.

One way or the other, the environmental impact is linked to all people and entities involved, through all stages of the lifecycle. We consider them all.





Circular Design

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

FLOKK'S PRINCIPLES FOR SUSTAINABLE DESIGN – REDUCING ENVIRONMENTAL IMPACT

5 CIRCULAR DESIGN CRITERIA

1. **Low weight**
   weight optimisation – resource efficient solutions – lower transportation costs – easy handling

2. **Few components**
   integrated functions – modularity – fewer tools – less processes – simpler assembly – less packaging, storage, and transportation

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

4. **Long life span**
   lasting & durable designs – high quality – easy replacement of worn-out or broken parts – reduce the need to replace our chairs – circular economy: maintain, reuse, refurbish

5. **Design for disassembly**
   no glues, staples or non-accessible screws – simple dismantling with commonly available tools – easy to sort materials for recycling with marked parts – keep materials in closed loop

3(III) FOCUS AREAS

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

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

III. **Health** – reduced chemical use and no hazardous substances

Sustainable Design and Innovation Recognitions in 2022

- HÅG Tion – Finalist in 'Household & Leisure Product of the Year' at the Plastics Recycling Awards Europe 2022, Amsterdam
- Red Dot award HÅG Tion
- Green Good Design Award for HÅG Tion
- Good Design Award for HÅG Sofi
- HÅG Tion and Offecct Thelma shortlisted for Dezeen Awards
- Offecct Soundsticks – Best Partitions of the Year Award at the 2022 Prize Designs for Modern Furniture and Lighting from The Chicago Athenaeum. 100 percent made from recycled materials.
- Stylepark Selected Award for Profim Revo
- Editorial coverage of Giroflex G150 in Wallpaper, OnOffice and Monocle that ranked the chair among top 20 design objects for 2022

Sustainability Goals 2030

Sustainability is an integrated part in all our operations, and our commitment is implemented in Flokk's corporate strategy, frameworks, and processes. The fulfilment of our sustainability strategy, policies, and procedures is systematically monitored through our internal sustainability management system. At Flokk, we are highly committed to ensuring compliance with legislation, such as the OECD guidelines for multinational corporations, and the UN's Global Compact. Flokk's strategic goals and targets remain focused towards 2030 and are defined to ensure contribution to the global targets as set, e.g. by the EU European Green Deal, the UN Sustainable Development Group, the EU Taxonomy, the Transparency Act, and the UN Convention on Climate Change. Our goals and targets also reflect our learnings and experiences from working on our sustainability goals for 2010-2020, some of the results described in our GRI report 2020. We see the increasing focus from various stakeholders on human rights and labour law as well as the ongoing crises of climate change and biodiversity as opportunities to make a difference.

Environment

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

CLIMATE TARGETS – GHG (CO_2e) EMISSIONS AND ENERGY

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

Flokk's contribution to:
- UN Sustainable Development Goals 7 and 13
- The EU's 1.5-degree target to cut greenhouse gas (GHG) emissions by 40% by 2030

Selection of decided measures to reach our long-term goals:
- Replacing fossil fuels with renewable sources
- Transition to a green car fleet by 2025
- Reduce air travel
- Improve our packaging design, logistics and goods transportation
- Continue our energy efficiency efforts at all sites
- Purchase renewable electricity at all sites, or invest in on-site renewable generation
- Lower the impact from our Supply chain

* Scope 1 – Direct emissions (e.g., fuel for sales/service cars)
Scope 2 – Indirect emissions (e.g., purchased electricity) – Market based
Scope 3 – Other indirect emissions (e.g., business travel)

RESOURCES & CIRCULAR ECONOMY – MATERIALS AND WASTE

x Increase share of recycled materials used in the products to an average of 60% by 2030
  x 1 500 tonnes of recycled plastics used in our products by 2025
  x 100% recycled & recyclable plastics in all plastic packaging by 2030
  x Increase recycled share of aluminium to 95% (moulded) and 75% (extruded) by 2025
  x Increase recycled share of steel to 50% by 2025 and/or 50% fossil-free steel by 2030
= 100% FSC® Certified Wood / All Factories FSC® Chain of Custody Certified by 2030
x 85% of our waste will be material recycled by 2025
x Products in core markets will be distributed with clear obligations on end-of-first-use handling:
  x 75% of HÅG, RH, Giroflex by 2030 (30% by 2025)
  x 50% of Flokk integrated brands by 2030

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

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

HEALTH – CHEMICALS

= Products and their manufacture must be free of chemical contents that are hazardous to the environment and/or health, according to Globally Harmonized System of Classification and Labelling of Chemicals
= 100% of all standard fabrics must be certified with the EU Ecolabel by 2025**

Flokk's contribution to:
- UN Sustainable Development Goal 3

Selection of decided measures to reach our long-term goals:
- Redefine & update our purchasing criteria
- Increase our chemical control at suppliers through Supply Risk Management tool
- Improve follow up of our supply chain performance through Supply Risk Management tool

** Revised from 2022 to 2025, due to the addition of new brands to our scope and the increase of total number of standard fabrics

Sustainability Goals 2030

People & Communities

Guided by our vision "Inspire Great Work", we strive to make a positive impact on our customers, our employees and in the local communities we are a part of. We recognize that as a global business, we have an increasing opportunity to create positive impacts in the communities where we operate, within our organization, and across our value chain. At Flokk, we are committed to conducting business ethically and sustainably, as we strive to create a brighter future for all.

SOCIAL HUMAN RIGHTS

- 100% of all employees having signed Flokk's Code of Conduct, in addition to management training and e-learning courses for office employees in Flokk Shanghai, Habitat Furniture and 9to5 Seating by 2025
- 100% of all suppliers of direct material to Røros, Nässjö, Turek, 9to5 Seating, Connection and Habitat Furniture having signed the Code of Conduct for Business Partners by 2030

Flokk's contribution to:
- UN Sustainable Development Goals 3 and 8

Selection of decided measures and initiatives to reach our long-term goals:
- Ensure highly ethical business conduct by all Flokk employees and Flokk Supply Chain by adhering to the provisions of the ILO and UN Global Compact
- Yearly review and follow up risk in the supply chain through supplier appraisal and supplier risk assessment

ETHICS AND WORK ENVIRONMENT

- Develop a communication channel in accordance with the Transparency act for external parties, and secure access to a confidential reporting channel for employees
- Facilitate sharing of best practices and experiences from Flokk entities in local communities, and promote a selected activities to build communication around (internally/externally)
- Continue the sequence of Engagement@Flokk every other year and safeguard the agreed activity plans and improve the overall Flokk ENPS score
- Zero fatalities and Zero high-consequence injuries
- Secure and maintain focus on employees' work-life balance

Flokk's contribution to:
- UN Sustainable Development Goal 3

Selection of decided measures and initiatives to reach our long-term goals:
- Safeguard that any work-related misconduct or other wrongdoing is reported, and that employees and external parties have a confidential channel to raise concerns for review and investigation
- Continuing building a strong and sound company culture and foster company pride to leverage, support and promote Flokk's ESG related initiatives
- Address feedback from Engagement@Flokk for continuous improvements related to working environment, leadership and Diversity, Equity and Inclusion activities
- Continue striving for and even further safe and healthy physical working environment

DIVERSITY, EQUITY AND INCLUSION

- Secure DEI awareness training for all employees, also as part of Flokk's Onboarding process. 100% completion rate by 2025
- At least one female candidate in the last phase of recruitments for leadership positions by 2025
- Minimum payment of maternity leaves in all parts of Flokk's organisation
- Paid paternity leave of 10 business days post-partum
- A Flokk Female population of 45% & Female leaders representing 40% of the workforce by 2025
- Close the gaps in wage differences for same role and position in all parts of Flokk

Flokk's contribution to:
- UN Sustainable Development Goals 5 and 8

Selection of decided measures and initiatives to reach our long-term goals:
- Track and transparently on organisational KPIs, and communicate actions to improve address the findings

Corporate and Sustainability Governance

At Flokk, it is fundamental that business is conducted in an ethical and responsible manner. We believe that sustainability isn't just good for the planet – it is good for business and organisations too. We drive business and sustainability performance through proactive, systematic and integrated processes, and share our progress openly in our annual sustainability report.

We work continuously for compliance with human rights for our employees and in our supply chain according to the ILO provisions and UN Global Compact. We operate according to our ethical principles and our values. Flokk does not accept any forms of corruption or violation of human rights.

Flokk has a well-established human rights policy and ethical guidelines (Code of Conduct for Employees and Code of Conduct for Business Partners) describing our work with both human rights and decent working conditions. Our ethical guidelines laid out in our Code of Conducts oblige both us and our suppliers to comply with human rights and a sustainable business. Our principles stated in our Code of Conduct are an integral part of all our agreements

ESG GOVERNANCE MODEL

- Yearly review of key policies with approval from Board of Directors
- Ensure updated policy training program on key policies (Code of Conduct for Employees, Anti Bribery and Corruption, Anti-Money Laundry, Delegation of Authority, Information Security, Sanction policy, Diversity, Equity and Inclusion policy)
- All our production sites to adhere to Flokk HSE policy, and conducted e-Learning program
- Review ESG initiatives and reported regularly to Flokk Group Management
- Improve data quality and accessibility for sustainability reporting
- No significant/material business impact caused by cyber attacks

Flokk's contribution to:
- UN Sustainable Development Goal 8

Selection of decided measures and initiatives to reach our long-term goals:
- Define roles, responsibility, key personnel and processes in ESG Governance Framework to ensure execution, follow up and reporting of ESG strategy
- Ensure compliance and proactively adapt to regulatory changes related to ESG/sustainability reporting and unexpected events
- Safeguard the Flokk way of working by integrating new subsidiaries in accordance with Governing subsidiary policy

COMPETENCE – COMMUNICATION

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

Flokk's contribution to:
- UN Sustainable Development Goal 17

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

Sustainability Management and Strategy

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

HUMAN-CENTRED
SUSTAINABLE
INNOVATIVE

At Flokk, we are proud to have had sustainability at the heart of our business strategy for almost four decades. We believe that it is our responsibility to not only create high-quality, sustainable products but also to conduct our business in an ethical and responsible manner.

Flokk's strategic goals and targets for 2030 are defined to ensure we contribute to the achievement of the global targets as set e.g. by the EU European Green Deal, UN Sustainable Development Group and the UN Convention on Climate Change, and to ensure we commit to, and follow the principle key United Nations (UN) and International Labour Organisation (ILO) conventions and documents, including the Ten Principles of the UN Global Compact. It is fundamental that business is conducted in an ethical and responsible manner. Flokk works continuously for compliance with human rights both with our employees and in our supply chain.

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

Within our focus on environmental aspects, we use cradle-to-grave CO_2e emissions per net sales among the KPIs on corporate level. From previous analysis, as an industrial company, we know that the vast majority of our environmental footprint is associated with the materials processed and used in our products. Knowing this is a key lever to succeed for Flokk, we will continue to improve practices according to our circular design criteria. Extending beyond carbon footprint and materials, the Environmental Department is responsible for a broad set of measures across all departments & locations. The department is part of the Flokk Design organization and reports to SVP Flokk Design.

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Alongside the environmental measures, a broad set of measures to control and improve social & governance aspects across all departments & locations, is coordinated by the Head of ESG and Finance Development. This function reports to Group CFO.

The resulting sustainability strategy is integrated into the Group's three-year strategy plans.

SUSTAINABILITY MANAGEMENT SYSTEM

Policies Commitments

Flokk is committed to complying with the precautionary principle, stated in our Governance policies, reviewed and approved annually by the Board. It is also stated in our Environmental & Energy Policy, signed by our CEO.

The objective of our governing policies is to enable the Group to act in accordance with relevant laws and requirements within Environment, Social and Governance, and in the best interest of our business.

All Group Governing documents is placed on the web application TQM Enterprise and stored electronically. As a principle all employees should have read access to the system. The governing document owner is responsible for launch, distribution, and communication. Governing documents should be communicated to the organisation ensuring relevant stakeholders are informed and trained.

We strive to ensure that any risks and opportunities associated within ESG are managed consistently across the whole Flokk Group, and that our policies are implemented across our locations, our acquired companies and with our suppliers. We provide ongoing support to encourage and facilitate implementation of the policies by our operating entities, and regularly review the implementation of our standards to identify and address areas for improvement. Reporting on ESG (Environment, Social and Governance) is defined as a separate process and positioned under the Finance department.

Flokk commits to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to. All request/grievance to Flokk will be received and followed up through defined processes depending on consignor.

In 2021 and 2022, no compliance instances occurred where Flokk was charged with monetary fines or non-monetary sanctions.

Environment and Energy

Flokk is ISO 14001:2015 certified and two production sites are ISO 50001:2018 certified. The production unit in US is ANSI/BIFMA e3 Furniture Sustainability Standard certified. Flokk complies with EU's EED – Energy Efficiency Directive.

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

The environmental & energy goals for 2022 were based on aspect analysis of the factories at Røros, Turek, Hawthorne and in Nässjö, as well as the head office in Oslo and sales offices in Germany. Germany will not be part of Flokk ISO scope from 2023, but still comply with EED through external energy audits. The planned 2022 integration of Turek into our management systems was postponed to 2023 due to covid uncertainty related to resource use and long-term travel activities. Flokk decided that it was more appropriate to keep the existing local ISO certificates instead of merging.

Management Review

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

Sustainability communication highlights 2022

- Collaboration with Mover – the work's first plastic-free sportswear brand
- Full production launch of snowplough Capisco Puls
- Stockholm Design Week Exhibition Connect – central focus on sustainability and sustainable products, with three panel discussions on sustainability
- New series of Flokk articles covering all aspects of what makes furniture sustainable
- Repair guide publishing continues (23 new guides in 2022, bringing total to 100)
- Research collaboration with Hydro enabling radically reduced carbon footprint of HÅG Celi. Published with films & articles on our own as well as Hydro's channels

Sustainability Management

Long-term goal: Continuous improvement

Measures & Results 2022	Status	Measures 2023
Annual review and update of Climate Risk Assessment **Results - Risk assessment not updated, however, progress on outcomes pursued:** **- Reporting on Corporate KPIs defined to reduce our climate emissions** **- Long-Term Environmental Goals for 2030 reviewed** **- Strengthened market communication & public visibility with our sustainability ethos, performance leadership in providing low carbon products** **- Improved digital infrastructure to document & generate environmental data for internal analysis and for tenders** **- 5-III principles for sustainable design implemented at Turek** **- Monitoring & pilot testing for future circular business models**	➡	Annual review and update of Climate Risk Assessment. Prepare reporting on KPI: '% sales on products covered by EPD's' (already reporting on Corporate KPIs: 'kg CO_2e pr NOK net sales', 'Average quantity of recycled plastic used per produced unit [kg/unit]' and '% of electricity consumption renewable')
Prepare for CSRD reporting for GRI 2023 **Results - We have prioritised our resources on transition to the new GRI Standards 2021, and will prepare CSRD compliance within deadline 2025**	➡	Prepare for CSRD reporting for GRI 2025
9to5 US: complete GRI reporting scope 2022 **Results - Partly done. We only had 2021 data available for Hawthorne supply chain, included in this report.**	✔ / ➡	9to5 US: complete GRI reporting scope 2023, including supply chain data. Connection UK: prepare partly GRI reporting scope 2023.
Further develop Greenstone+ Sustainability Data Management tool for GRI reporting. Investigate potential for use as Site data management tool **Results - Greenstone+ not found sufficient for either GRI reporting tool or Site data management tool due to its limitations. Tool does not fulfill Flook needs.**	✔	Limit Greenstone+ use to carbon accounting and ESG reporting. Develop Power BI solution for Site data management.
Quality assure pilots for corporate M3 (ERP) development - BOM on demand with sustainability attributes & Supplier Portal **Results - Pilot for linking Harvest manually collected EPD data with M3 living data put on hold. Supplier portal pilot efforts replaced by Supply Risk Management tool, to be implemented 2023.**	➡	Corporate M3 (ERP) development - BOM on demand: Continue develop Harvest EPD creation tool. Prepare for live EPD data in M3. Implement Supply Risk Management tool.
Continue 5-III transition and implementation at new acquisitions - Investigate 5-III implementation at 9to5 **Results - Lack of capacity to formally implement 5-III at 9to5, they use their own internal eco design tool in the meantime**	➡	5-III transition and implementation at new acqusitions. Prepare for 5-III implementation at 9to5. Investigate Connection
Develop more specific and context based 5-III Circular Design criteria for various product segments **Results - Soft seating segment identified as first prio**	✔ / ➡	Measures 2022 continued due to lack of capacity. Focus on adjusting 5-III for Soft seating segment
Follow up on increased focus, requirements and reporting on ESG initiatives from various stakeholders **Results: Head of ESG and Finance Development as a new role in the company to ensure an coherent ESG strategy**	✔	Improve internal follow ups and continue to share success stories of our of ESG initiatives
		New measure: Initiate project and start working with suppliers in 9to5 to adhere to Flokk Code of Conduct for Business Partners
		New measure: Implementaiton and training of 9to5 employees on key policies (HSE, Diversity Equity and Inclusion, Anti-money Laundering, Anti-Bribery & Corruption, Sanction Policy, Information Security and Privacy Policy)

Offecct Carry on,
Änglanda skolan, Sweden

Risk and Opportunity Management

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

The framework for business risk management in Flokk is based on an Interest Parties Analysis, by identifying threats and opportunities for stakeholders' external and internal issues with impact on Flokk's strategy. This is achieved through a proactive approach where risk management is an integral part of all significant decision-making processes in Flokk. The framework determines how to identify, handle and follow-up business risks and opportunities for the Group. The key strategies and operational risks are followed up closely through action plans and regular reporting. The Board is regularly briefed on this work. No critical concerns were specially addressed and communicated to the highest governance body during the reporting period.

In accordance with the Norwegian Transparency Act, Flokk works continuously to map and uncover risks of breaches of the law both internally and in the supply chain and to ensure implementation in all the company's business areas and management systems.

The following principles apply to risk management in Flokk:

- Minimise financial losses
- Minimise reputational damage, negative media coverage and loss of market share
- Ensure compliance with laws and regulation
- Ensure that business operations and opportunities are balanced against associated risks through formalisation of processes, controls, and routines
- Ensure staff satisfaction and retention
- Minimise significant injuries and avoid fatalities to employees or third parties, such as customers or suppliers
- Ensure data protection and GDPR, avoid cyber-attack and have stable network
- Minimise environmental damage and ensure energy consumption according to strategy

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

Flokk is seeking to continuously grow both organically and through M&A. The company acquired Profim, Poland in 2018, 9to5 Seating, US/China in 2019 and Connection, UK in 2022 which all have affected the Group positively. We have strengthened our market position and pursue a strategy to spread our best practices to new acquisitions, including ESG practices. Stronger financial foundation enables us to accelerate our sustainability efforts further. This was highly visible with the 2022 product launches for Profim, that all are designed according the Flokk's principles for sustainable design 5-III.

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

Excluding 9to5 and Connection, 91.4% of Flokk's inbound value chains are located within EU/EEA. This caters for low social risk and provides us with the privilege of focusing strongly on the environmental element of ESG. Significant effort is spent onshoring the last volumes from Asia to EU/EEA and on ensuring that the value chains that remain in Asia, are compliant with OECD and UNGP directives. Going forward, the approach will be similar for 9to5 and Connection. An ESG network is established to coordinate efforts and monitor progress.

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

- Stakeholder Analysis – threats and opportunities identified for both external and internal issues with impact of strategy
- Materiality assessment – set of significant topics and strategic priorities defined through survey, internal & external interviews, and workshop on risks & opportunities
- Supplier Risk and Performance – general overview of significant risks to people, society and the environment in our supply chain, based on information from reliable external sources and other available information. Each supplier should be free for sanctions and comply by signing Flokk's Code of Conduct for Business Partners
- ESG (Environmental, Social, Governance) Forum – a strategic sync/status meetings between Group Management and managers for Corporate Processes, ESG, HSE, Environment, Legal & Risk, and Insurance
- Environmental and Energy aspect analysis – procedure to define elements of Flokk's activities, products, or services that (can) interact(s) with the environment, evaluating our abilities to make a difference
- Climate risk assessment – climate-related impacts that have the potential to generate substantive changes in operations, revenue or expenditure are covered
- Nature risk assessment – to be prepared in 2023 with the aim to be conducted in 2024
- Information Security Risk Assessment – to verify that no necessary controls have been omitted, a comparison of the controls set in ISO 27001, Annex A (Reference Control Objectives and control).
- Human Risk and Labour Law - own employees' compliance with respect to human rights, discrimination and labour law for own employees in all Flokk's locations and countries will be carried out in 2023.
- Health and Safety – secure that potential risks that might be a threat to the running business are identified, evaluated, and followed up
- Chemical risk assessment to have a full understanding of the nature, magnitude and probability of a potential adverse health or environmental effect of a chemical, considering both hazard and exposure

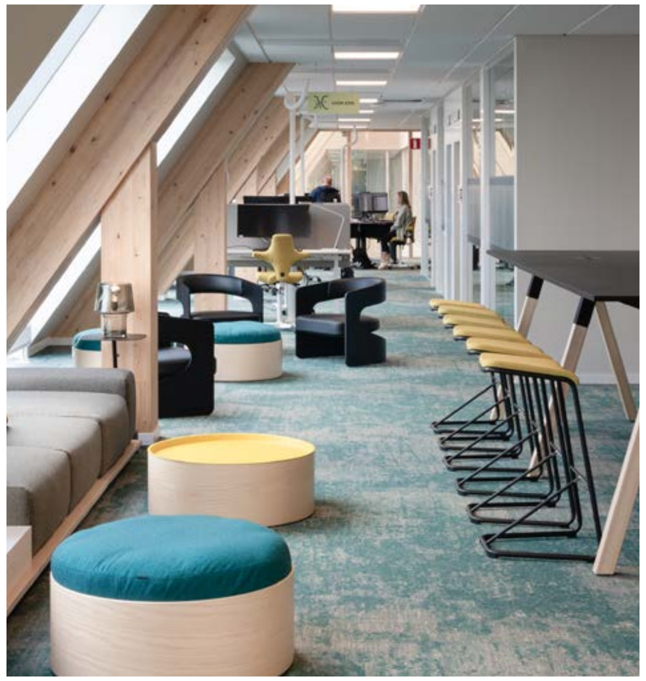
CLIMATE RISK ASSESSMENT

We conduct Climate Risk Assessment with the aim to identify key risk elements, as well as the opportunities that arise from growing awareness of climate change in the general public. In the exercise, the information is provided in line with the recommendations from the Taskforce for Climate-related Disclosures (TCFD) and is based on interviews with key personnel from within Flokk's organization.

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

Climate Risk Assessment Outcomes:

- Corporate KPIs defined to ensure we continue to reduce our cradle to gate climate emissions
- Long-Term Environmental Goals for 2030 reviewed
- Strengthened market communication & public visibility with our sustainability ethos, performance leadership in providing low carbon products
- Improved digital infrastructure to document & generate environmental data for internal analysis and for tenders
- 5-III principles for sustainable design implemented in the Profim/Turek operation acquired in 2018
- Monitoring & pilot testing for future circular business models continued



Risk and Opportunity Management

Risks and Opportunities – Environmental, Social and Governance

	Themes	Identified Risks	Opportunities	Activity to minimize risk and follow up opportunities
E	Environment - own activities and operations, including R&D	Environmental incidents & accidents Climate • Global warming from GHG emissions • Inefficient energy consumption • Energy & heating emissions • Transportation & travel emissions • Dirty energy mixes Resources • Overconsumption • Material scarcity • Waste generation • Barriers for full implementation Circular Economy Health • Use of chemicals harmful to health and/or the environment • Pandemic • Nuclear events and radiation	• Capitalize from long standing effort on leading low carbon furniture • Tap into strong circular design capabilities through new products • Tap into strong innovative capability to develop new business models & service concepts • Advice customers on setting environmental purchasing criteria • Lift performance level at suppliers by setting strict environmental requirements • Continue migration of post-consumer recycled material in existing products • Counter labour arbitrage by high industrialization rates & owned IP • New market segments - Home office • New product segments - Home office • Less travel and lower emissions • Higher efficiency with digital meetings • Global Fight against financial crime	• ESG included in Due diligence & acquisitions processes • Environmental & Energy Policy • Flokk's Code of Conduct • ISO 14001 & 50001 - environmental & energy management system (EED compliance) • Environmental & Energy Aspect Analysis • Principles for Sustainable Design/Circular design criteria (5-III) & supporting design tools & guidelines to ensure products with minimised GHG emissions and resource use, with long life time and easy to disassemble for reuse & recycling • Quantified targets for annual consumption of post-consumer recycled material in production (both closed material loop & low carbon footprint materials) • Risk reduction Production sites - Management system Risk module • Waste Management • Research projects & business model tests ongoing to explore circular solutions • Chemical management - EcoOnline & MSDS archives – SCIP compliance • Eco labeling – EU Ecolabel, EPD, GREENGUARD Gold, FSC • Separate Environmental Requirements to Suppliers • Code of Conduct – Business Partners • Supplier Appraisals, Supplier Chain Management and Performance • Screen all suppliers regularly to eliminate the risk of sanction breach
S	Responsible Supply Chain - operations of suppliers and tiers	• Growing supply chain - number and distribution • Compliance level among suppliers versus EU Ecolabel requirements • Lack of signed Code of Conduct – Business Partner • Pandemic or other events challenging global supply chains • Breach of sanctions		
	Social Responsibility & Human Rights - own + business partners	• Negligence of terms of employment • Discrimination • Harassment • Diversity, Equity and Inclusion • Freedom of Association and the Right to Collective Bargaining	• Build corporate culture around Flokk's vision & values • Good working environment • Transparent use of statistics	• HR Policy & mandatory Flokk's Code of conduct • Code of Conduct – Business Partners • Diversity Equity and Inclusion Policy • Employee Management System - People@Flokk • IDT - Individual Development Talks, Training & e-learning • Trade unions & working environment committees/survey
	Health and Safety - Workplace	• Fatalities • Lost time injury frequency (LTIFR) • Repetitive strain injuries • Chemicals exposure • Fire at own premises	• Low sick leave • Good working environment • Pioneer company in ergonomics	• Health & Safety Policy • Preventive and risk reduction HSE cases registered • Internal Audits and Safety tours • HSE e-learning for all employees
	Health and Safety – Customers	• Accidents & repetitive strain injuries at customer • Chemicals exposure • Customer satisfaction • Reputation	• Safe products • No claims • Good reputation	• Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength • Eco labeling - free of hazardous chemicals • Customer training in proper use of products
G	Compliance – Legal – Internal	• Local laws & regulations • New markets • Secure conducting business in compliance to internal policies and procedures • Cyber attack	• Market access • Safe products • Competent staff • Do things correct the first time • Low risk for penalties	• External Market Requirement • Internal audits • Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength
	Investments	• Investment decisions insufficient • Unacceptable levels of risk -> involved in legally or ethically questionable practices • Negative reputation	• Promote investor confidence • Responsible investment • Good reputation • Growth • Good return of investment	• Enterprise risk management • Finance Policy • Quality Policy • Health & Safety Policy • Environmental & Energy Policy • Delegation of authority Policy • Information Security and Privacy Policy • Flokk's Code of Conduct • Code of Conduct – Business Partners • EU Taxonomy compliance
	Governance practices	• Insufficient governance policies and practices • Lack of identifying and/or understanding long-term risks	• Good governance policies and practices encourage shareholder engagement • Adequately address long-term risks	• Certified with ISO 9001 Quality Management System, ISO 14001 & 50001 - Environmental & Energy Management Systems (EED compliance), ISO 27001 Information Security and Privacy • Internal audits • Corporate policies (Sanctions-, Anti briberry- and Anti Money Laundering- Policies) and policies employee training

Climate – GHG (CO_2e) Emissions and Energy

Flokk's pursuit of improving energy efficiency and reducing our carbon footprint in 2022 was characterised by getting an intensive overview of our GHG emissions.

The year 2015 marks the baseline year for our GHG and energy indicators, as from that year onwards we systemised our data collection. We steadily increased the quality and coverage of our data, making our performance claims more reliable and transparent as our footprint expands.

In 2022, we worked on correctly accounting for the past years, retrospectively adding data for the years 2018 and 2019, due to the acquisition of Profim. Additionally, we included the electricity consumption of our electric car fleet in our accounting and added retrospectively where possible. Furthermore, we added train travels to Scope 3 Cat. 6 (Business travel) and refined our data for Cat. 7 (Downstream transportation and distribution) for the year 2022. The newest change in our footprint is the accounting of Cat. 5 (Waste generated in operations). The retrospective accounting of waste emissions thus affected our baseline and the KPIs based on GHG emissions.

At Flokk, we are continuously revising our targets and KPIs. As a next step, we want to set targets according to the Science Based Targets initiative and commit to Net-Zero. For that we need a complete overview of our Scope 3 emissions thus making estimations where actual data is not obtainable. In the process we will rethink and redefine our current GHG targets and KPIs and adjust our baseline if needed. Currently, Flokk does not use any carbon offsets to meet our long-term targets.

The reported numbers in the climate chapter differ from the previous year's report due to retrospective adding of data described in the previous passages. Additionally, historic data were quality-checked and corrected, as well as efforts in the traceability of the origin of data were increased. Some of the changes are corrected electricity values in 2021, added green electricity certificates and thus changing the emissions, and better estimations for showrooms without data. The greatest adjustment is the correct accounting of liquified natural gas (LNG) at our factory in Turek, which was previously reported as natural gas resulting in too high consumption values due to heating value conversion.

Total tCO_2e	Units produced	kg CO_2e/unit	kWh/unit	tCO_2e/MNOK revenue	MWh/MNOK revenue
5 223	1 266 182	4.3	15.8	1.4	5.2
+4% since 2021 +165% since 2015	-12% since 2021 +165% since 2015	+18% since 2021 -0.3% since 2015	+14% since 2021 -36% since 2015	-9% since 2021 -16% since 2015	-12% since 2021 -46% since 2015

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

Flokk uses operational control as consolidation approach for emissions. Gases included in the calculations are CO2, CH4, N2O, SF6, HFCs and PFCs. The sources of the emission factors for 2022 are as follows: Scope 1: GHG, EPA, Defra / Scope 2: IEA, EPA, Defra, Fjärrvärmens lokala miljövärden 2021 for marked-based district heating emissions in Sweden / Scope 3: GHG, EPA, Defra.

GHG emissions intensity is drawn by including all relevant sources of GHG covered by Scope 1, 2 , and 3 within the organisation. Emission reduction figures are based on absolute numbers as available.

Flokk uses Greenstone+, a sustainability data management tool, to gather and calculate data. Flokk focuses on gathering actual data, and uses assumptions/estimates (e.g., electricity consumption for a showroom) only if actual data is not obtainable. Conversion factors are provided by Greenstone+, based on DEFRA.

Energy intensity is drawn by including all relevant energy sources covered by Scope 1 and 2 within the organisation. Energy reduction figures are based on absolute numbers as available.

Long-term goals:
- Reduce CO_2e emissions per unit and per revenue by 55% by 2030 (vs 2015)
- Reduce Energy consumption per unit and per revenue by 40% by 2030 (vs 2015)
- 100% renewable electricity at our premises by 2025
- 75% renewable energy by 2030
- 0% fossil fuels for heating & processes by 2025

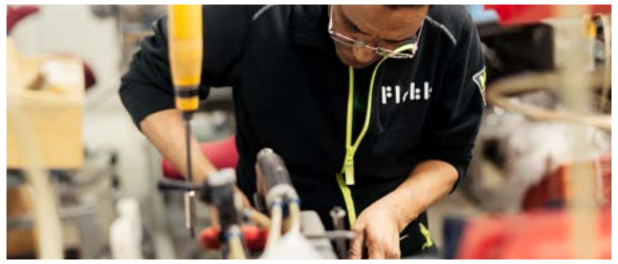
KPI	Goal 2023	Goal 2022	Results		
			2022	2021	2020
CO_2e emissions per unit [kgCO_2e/unit] - (Scope 1,2,3)	3.97	3.38	4.26 (+17.8%)	3.62 (-6.0%)	3.84
Energy consumption per unit [kWh/unit] - (Scope 1,2)	15.68	14.0	15.81 (+14.3%)	13.83 (-2.1%)	14.13
CO_2e emissions per revenue [tCO_2e/MNOK] - (Scope 1,2,3)	1.32	1.42	1.40 (-8.8%)	1.54 (-6.4%)	1.64
Energy consumption per revenue [MWh/MNOK] - (Scope 1,2)	5.0	6.10	5.21 (-11.5%)	5.89 (-2.5%)	6.04
Share of renewable electricity (Scope 2)	96%	89%	93.3% (+8.5%)	86.0% (-6.6%)	92.0%
Share of renewable energy vs total consumption (Scope 1,2)	51%	50%	47.7% (-0.6%)	47.9% (+5.8%)	45.3%
Use of Fossil fuels for heating and processes [MWh] (Scope 1)	3 053	3 393	4 579 (+27.7%)	3 586 (-4.8%)	3 766

Measures & Results 2022	Status	Measures 2023
Turek: Set up local energy team. Establish energy management plan at remaining sites **Result - Local energy team set-up started, establishing moved to 2023** **Result - Corporate energy management valid for all ISO 50001 sites, no site specific plans needed**	➡ ✓	Turek: Set up local energy team
Create ownership for the team members and assign responsibilities **Result - Clear responsibilities at ISO 50001 sites**	➡	Turek: Discuss and create responsibilties at Turek
e-Learning course for all Energy management system effective personnel **Result - Training performed end of 2022, integration into e-learning platform planned**	➡	Integrate training as course module into e-learning platform
Implement scheme for internal audits according to ISO 50001 **Result - Audit plan implemented for ISO 50001 sites**	✓	
All sites: Continue search for energy saving potentials **Result - Turek: Heat recovery from compressors and paint shop** **Result - Røros: Improvements of air compression** **Result - Nässjö: Contious change to LED lighting**	➡	Continue search for energy saving potentials (e.g., continue change to LED lighting)
Search for savings in ventilation systems including heat recovery all sites	➡	Continue search for savings in heating/ventilation systems
Focus on packaging efficiency **Result - Turek: Mapping of packaging situation and improvement potential**	➡	Continue measure
Define scheme + install energy meters for high consumption/volume equipment in factories **Result - Røros: Increased metering + data collection/processing (e.g. Power BI)**	➡	Continue measure with focus on data processing at all factories and installation of energy meters where possible
		New measure all sites: Investigate installation of solar panels + business case study

The retrospective addition of the years 2018 and 2019 for our Turek factory, the previously mentioned various correction such as the correct accounting of LNG, and the addition of Cat. 5 (waste generated in operations) to our Scope 3 emissions impacted our KPIs. The intermediate goals set in 2022 are therefore not anymore a good metric as they were based on the old numbers. The intermediate goals 2023 were adjusted and based on the current numbers. Due to a decreased unit output of 12% compared to 2021, our intensity metrics per unit worsened. A positive trend is visible in our intensity metrics per revenue and our share of renewable electricity at our premises. Our share of renewable energy slightly decreased by 0.6%. Our usage of fossil fuels for heating processes increased by 28%, indicating the need for increased efforts.

36% LOWER ENERGY CONSUMPTION PER UNIT

While the produced units have increased by 165% since 2015, the energy consumed per produced unit is 36% lower than in 2015. A result of many efficiency gains. We see an increase of 14% since 2021, due to the decrease of produced units by 12% compared to 2021 and the addition of new processes in our factories.



GHG (CO_2e) EMISSIONS

Flokk's GHG emissions, market-based [tCO_2e]

	2015	2020	2021	2022
Scope 1 - Direct emissions	796	1 835	1 616	1 836
Fuel for heating and processes (Burning oil, Natural gas, LNG)	264	901	850	1 061
Fuel for sales and service travels	532	935	766	775
Scope 2 - Indirect emissions	187	349	530	328
District heating	25	89	121	119
Electricity	162	260	409	209
Scope 3 - Other indirect emissions*	990	2 632	2 873	3 059
Cat. 5: Waste generated in operations	9	107	125	92
Cat. 6: Business travel	265	183	130	295
Cat. 7: Downstream transportation and distribution	716	2 342	2 618	2 672
Total [tCO_2e]	1 973	4 816	5 020	5 223
Change from year to year			4.2%	4.0%

* Not applicable for Flokk: Cat. 10: Processing of Sold Products, Cat. 13: Downstream Leased Assets, Cat. 14: Franchises and Cat. 15: Investments.
For Cat. 11: Use of Sold Products, Flokk decided not to report in this year's report as the accounting of indirect use-phase emissions is optional, no direct use-phases emissions are associated to our products.

LOCATION-BASED EMISSIONS (SCOPE 2)
• In 2022, our Scope 2 location-based emissions amounted to 2 664 tCO_2e (district heating: 301 tCO_2e, electricity: 2 363 tCO_2e).
• The lower market-based district heating emissions (-61%) are due to better knowledge on emissions factors of the respective providers. The difference in electricity (-91%) shows the significance of our 100% renewable electricity goal.

BIOGENIC EMISSIONS
• Since 2019, our factory at Røros uses biodiesel instead of burning oil. While biodiesel emissions are accounted as 0 in Scope 1, the biogenic emissions are as follows: 2019: 5.5 tCO_2e, 2020: 3.4 tCO_2e, 2021: 23.0 tCO_2e, 2022: 5.3 tCO_2e.
• Flokk did not report any biogenic emissions in previous annual reports.

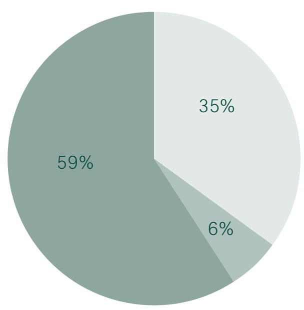
4% HIGHER TOTAL CARBON EMISSIONS
Although we experienced lower produced units (-12% vs 2021) our total emissions increased by 4%. This is due to multiple factors such as the addition of processes in our factories or increased sales travels.

14% INCREASE IN SCOPE 1 CO_2e EMISSIONS
• Emissions have increased steadily since 2015, due to the acquisition of Profim and their factory, heavily relying on LNG for processes.
• Fuel usage for our sales and service travels increased by 1% compared to 2021, indicating constant sales activities.
• In 2021, propane was wrongly included in the fuel for heating and processes. Fuel used for our forklifts is accounted for in our services activities.

38% DECREASE IN SCOPE 2 CO_2e EMISSIONS
• The emissions of our district heating usage decreased by 2%.
• Our electricity emissions nearly halved (-49%) compared to 2021 due to the phase-out of our factory in Koblenz, and more offices/showrooms switching to green contracts.

59% OF FLOKK'S GHG EMISSIONS ARE INDIRECT EMISSIONS
• Flokk is continuously working on getting the complete overview on our GHG emissions. As a furniture company, our biggest impact lies in our Scope 3 emissions. Our Scope 3 emissions increased by 6%.
• Including more Scope 3 categories will increase our carbon footprint. Adding Cat. 5 (waste generated in operations) added 92 tCO2e to our 2022 emissions, 2% of the total. We are continuously working on our waste management (see following chapter).
• In 2022, our business travels increased again by 127%, an expected trend after the lifting of travel restrictions. Nevertheless, Flokk needs to increase efforts again to bring emissions down.

Flokk's GHG emissions in 2022, market-based



Scope 1 – Direct emissions
Scope 2 – Indirect emissions
Scope 3 – Other indirect emissions*

Greenhouse gas emissions are distributed on 3 areas – Scope 1,2,3 – set by the Greenhouse Gas Protocol. While having complete coverage for Scope 1 and Scope 2 (according to the Scope of the annual report), we just cover categories 5, 6, and 7 of Scope 3. We believe Scope 3 represents more than 90% of Flokk's entire emissions. Scope 3 is however somewhat covered in our EPDs - Environmental Product Declarations.

ENERGY

Flokk's energy consumption [MWh]

	2015	2020	2021	2022 [MWh]	2022 [MJ]
Fossil fuel sources:	3 500	7 484	6 652	7 685	27 665 755
• Burning oil	333	1 226	772	0	0
• Natural gas	1 046	319	248	156	561 258
• LNG	0	2 221	2 566	4 423	15 923 646
• Propane	0	33	38	51	182 689
• Diesel	2 083	3 439	2 662	2 322	8 358 912
• Petrol	38	245	365	733	2 639 250
Renewable fuel sources:	0	14	91	21	75 398
• Biodiesel	0	14	91	21	75 398
District heating	1 237	1 494	1 851	1 762	6 341 774
Electricity:	6 628	8 702	10 612	9 922	35 720 749
• Electricity (Grid)	6 628	8 571	10 446	9 793	35 256 043
• Electricity (On-site production)	0	162	189	146	524 761
• Electricity (To grid)	0	-30	-23	-17	-60 055
Total energy consumption [MWh]	11 366	17 694	19 205	19 390	69 803 677
Change from year to year			8.5%	1.0%	

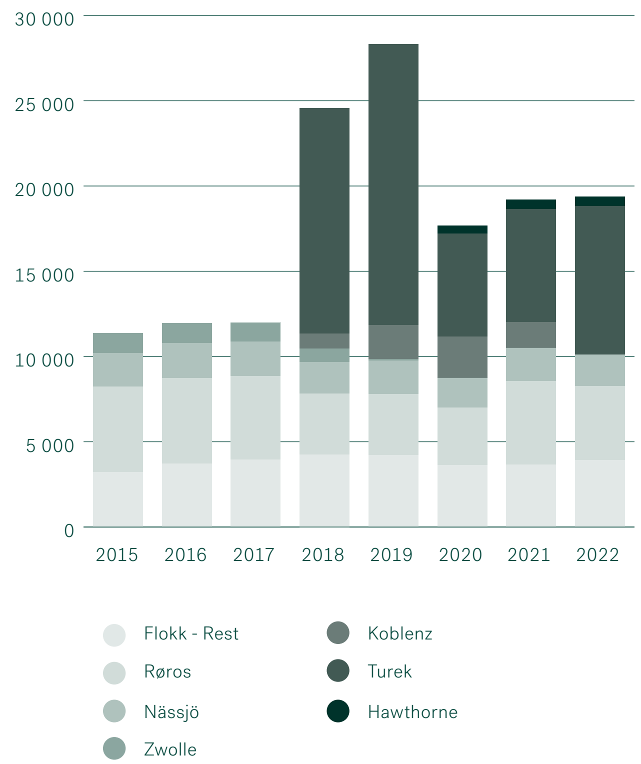
No cooling and steam consumed. No heating, cooling, and steam sold.

71% INCREASE IN ENERGY CONSUMPTION SINCE 2015
• This is due to our recent acquisitions, as seen in the graph below. Through efficiency gains and relocating production to more efficient production sites we achieved a decrease of our energy consumption per unit by 36% since 2015.
• Although our number of produced units fell in 2022 compared to 2021, our energy consumption stayed constant (increase by 1%).
• The correct accounting of LNG influenced the energy numbers as well as the retrospective addition for our Turek factory for the years 2018 and 2019.
• 48% of all the energy used by Flokk comes from renewable sources. The long-term goal is to have 75% of all energy consumed coming from renewable sources by 2030.

120% INCREASE IN FOSSIL FUELS SINCE 2015
• The use of fossil fuels has increased significantly due to the addition of our factory in Turek being highly dependent on LNG for their processes.
• Flokk has the ambition to completely remove fossil fuels for heating and processes and respective CO_2e emissions from our Scope 1 by 2025. We see the need to redefine this target and will do so when setting targets in accordance with the Science Based Targets initiative.

50% INCREASE IN ELECTRICITY CONSUMPTION SINCE 2015
Electricity represents 55% of our total energy use but only 2% of our total GHG emissions, thanks to 93% renewable electricity at our premises. The increase from 86% in 2021 is due the closing of our factory in Koblenz and more sales offices/showrooms switching to green contracts. The long-term goal is to reach 100% renewable electricity at our premises by 2025.

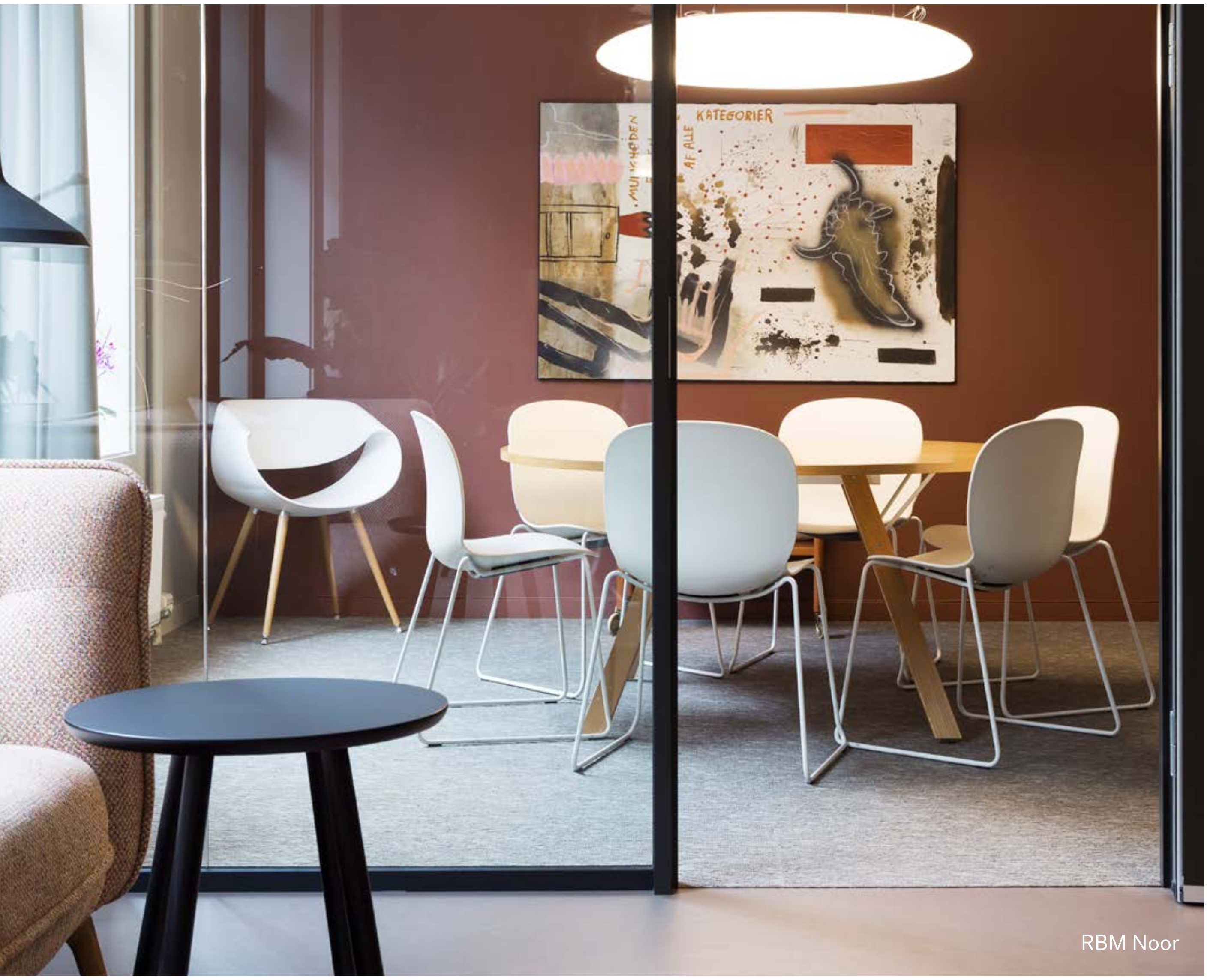
Flokk's energy consumption, subdivided [MWh]



Resources – Materials, Waste, Chemicals

In 2022, Flokk's GRI scope production sites produced close to 1,3 million new products. With an estimated average weight of 15-20 kg per product, our operations naturally require large quantities of raw materials and components. The furniture industry uses chemicals in paints and glue, and in the production of textiles, foam and other plastics.

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


RBM Noor

Resources - Materials, Waste, Chemicals

Long-term goals:
- 60% share of recycled materials in our products by 2030 | 100% recycled & recyclable plastic packaging by 2030
- 1 500t recycled plastics in our products by 2025
- Recycled Aluminum: 95% (moulded) and 75% (extruded) | 50% recycled Steel by 2025 and/or 50% fossil-free Steel by 2030
- 100% FSC® Certified Wood / All Factories FSC® Chain of Custody Certified by 2030 | 85% of our waste will be material recycled by 2025
- No hazardous chemical contents in our products or their manufacture | All standard fabrics certified with EU Ecolabel by 2025

KPI	Goal 2023	Goal 2021	Results			
			2022		2021	2020
Amount of recycled plastics used in our products [tonnes]	1 365 t	1 450 t	1 298 t (-2.3%)	●	1 328 t (+72.5%)	770 t
Average quantity of recycled plastic used per unit [kg/unit]	1,09	1,21	1,06 (+10.7%)	●	0,96 (+55.6%)	0,61
Number of factories FSC® Chain of custody certified	3 out of 5	2 out of 4	1 (Turek)	●	1 (Turek)	1 (Turek)
Share of our waste being material recycled	78%	75%	Flokk: 74.6% (+6.3%) Røros: 93.1% (+0.8%) Nässjö: 53.1% (-4.4%) Turek: 65.9% (+22.1%) Hawthorne: 70.4% (est.)	●	Flokk: 70.1% (-1.6%) Røros: 92.4% (-1.7%) Nässjö: 55.6% (-5.6%) Koblenz: 67.4% (est.) Turek: 53.9% (-4.9%) Hawthorne: 70.4% (est.)	Flokk: 71.3% Røros: 94.0% Nässjö: 58.9% Koblenz: 67.4% Turek: 56.8% Hawthorne: 70.4% (est.)

	Measures & Results 2022	Status	Measures 2023
MATERIALS	Scale use of snow plough material: Launch industrialised HÅG Capisco Puls. Launch other product offerings **Result - Industrial pilot 2021 on 8 tonnes batch succeeded and sold commercially with Capisco Puls. At YE 2022, 22 tonnes of this material pass through the established value chain.**	✔	Launch HÅG Tion and HÅG Celi with snow plough material. Plan other product offerings
MATERIALS	Launch HÅG Celi with colored post-consumer recycled polypropylene **Result - HÅG Celi launched Q3'2022**	✔	Plan other product offerings with colored post-consumer recycled polypropylene
MATERIALS	Investigate PUR alternatives as part of ongoing development projects **Result - No relevant opportunities during 2022**	➡	Continue investigate PUR alternatives as part of ongoing development projects
MATERIALS	Commit to our Grønt Punkt 'Control membership' – recruit non-members in our supply chain **Result - Not done due to capacity challenge**	➡	Measure continued - recruit non-members in our supply chain
MATERIALS	Achieve Nässjö factory FSC® Chain of custody certification	●	Measure continued due to capacity challenge, new resource hired in 2023
WASTE	Røros: Clarify potentials for hard plastic recycling with new waste handler, contract to be signed 2022 **Result - Found partnership with Oceanize for material recycling starting Jan'2023**	✔	Røros: Follow-up waste handler/Oceanize to ensure correct handling of waste stream
WASTE	Nässjö: Search for partners to recycle wood waste Class 1 vs energy incineration **Result - Wood is burned in Nässjö's district heating system which our factory is connected to**	➡	Nässjö: Investigate the impact of recycling wood versus incineration for district heating. Tracking focus on WEEE.
WASTE	Finalise Flokk corporate procedure on waste handling across sites **Result - Flokk common Waste Handling procedure + Waste Handling plan done Nov'22**	✔	Follow up on how sites and locations adopt the new Waste Handling procedure
WASTE			New measure Turek: Follow up of closed-loop project with one of our main suppliers for recycling our own textile waste
WASTE	Complete mapping of plastic packaging used. Initiate sourcing and scale up of recycled plastic packaging **Result - Mapping started, procedure to change articles implemented, process started at Røros**	➡	Complete mapping of plastic packaging used. Initiate sourcing and scale up
CHEMICALS	Reduce no of chemicals at production sites **Result - Røros: 4 added (218 in total), 5 more on candidate list (5), 67 less with Prio-criteria (5) Nässjö: decided to focus reduction of chemicals towards reduce use of glue in products**	✔	Continue reduce no of chemicals at production sites. Prepare overview at Turek
CHEMICALS	Define KPI and target for glue consumption in Nässjö as input to PM (Product Maintenance) **Result - Action plan to reduce glue at Nässjö not yet clear**	➡	Measure continued - Give input and follow up PM prio list with target to reduce number of products using glue
CHEMICALS	Replace chromed surfaces in RBM portfolio **Result - Complete RBM table collection chrome surfaces replaced with Metalsilver and Steelgray powder coatings**	✔	Investigate chrome usage in all brands
CHEMICALS	Update Environmental Requirements with regard to chemical content - to ensure healthy materials **Result - Slow progress due to capacity challenge. However, the fundament for the new environmental requirements mirroring Flokk Environmental Certification range was ready Dec'22**	➡	Finalise new Environmental Requirements for roll-out to suppliers, decide on format for supplier dialogue.

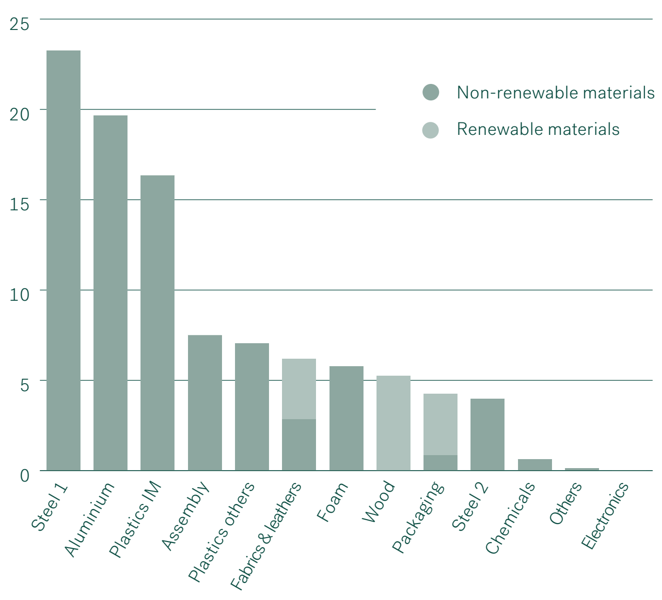
In this year's annual report, we adjusted our "Average quantity of recycled plastic used per unit" KPI. While in the previous years we just considered selected brands (where we had the complete overview) for this KPI, now we included all brands of the report's scope. The KPI thus better reflects now the company. The goal for 2023 was therefore adjusted, and the goal of 2022 is not representative anymore as it was based on the old numbers.

MATERIALS

Our long lasting and high-quality products require construction with strong materials like metal and engineering plastic, thus renewable material as wood is less adapted to our high-volume needs. 12% of our annual purchased value (turnover) for Direct Material is allocated to renewable materials including wool, leather, cardboard and wood (2021: 21%). We suspect much lower share in 2022 vs 2021 due to the use of incorrect, far too low values for steel. Will be followed up towards GRI 2023.

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

Distribution of Flokk's 2022 annual purchased value (turnover) for Direct Material



Plastics IM: injection moulded
Steel 1: raw materials, pipe bases, mechanisms
Steel 2: fasteners, springs, wire products

HÅG Capisco 8106	HÅG Sofi 7300 (black)	RH Logic 220 9112	RH Mereo 220 8212 (black)	HÅG Capisco Puls 8010 (black)	HÅG Tion 2100	Profim Normo 500H	HÅG Celi 9100
47%	48%	55%	49%	55%	73%	53%	82%
2010	2019	2019	2019	2020	2021	2022	2022

Share of recycled materials (%).
Packaging excluded.

Share of recycled materials

Over the years, our best chairs have been made of +/- 50% recycled materials excluding packaging. Today, we are proud that two of our latest launches even exceed our long-term target of 60% recycled materials on average with good margins. Our products' material composition, as well as the share of recycled materials, are declared in EPDs – Environmental Product Declarations.
Share of recycled materials in the timeline above is now without packaging (last year included packaging) due to easier communication of chair performance, resulting in differing values from last year's report.

HÅG Tion

PLASTICS

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

In 2021, we had a breakthrough on our efforts to increase the share of recycled materials, by launching colour sorted post-consumer recycled plastics for the first time with the HÅG Tion. In 2022, we launched HÅG Celi using the same reycled plastic range.

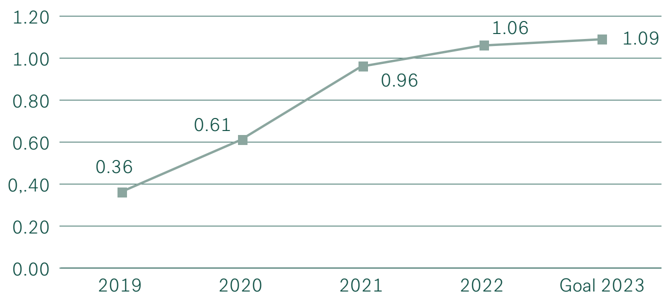
Through 2022 we have scaled up the use of material from discarded snowplow markers in production of new chairs. At year-end, 22 tonnes of this material is passing through the established value chain, the color & quality will be available also on the recently launched HÅG Tion and HÅG Celi, beyond on HÅG Capisco Puls that was first out. With this, the effort not only attracts attention to use of post-consumer recycled materials at large but represents sustainability at scale in its own right.

1 687 tCO_2e

saved in 2022
by using recycled instead of virgin plastic

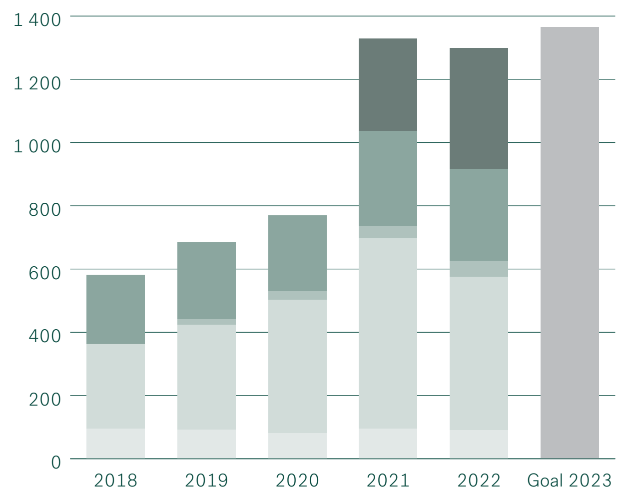
In our ongoing work to migrate recycled plastic into our existing portfolio's virgin plastic components, we see great potential in further boost now that this work is progressing in Turek. For the average quantity of recycled plastics used per produced unit, we have this year included data from all Flokk core brands (previous scope: units produced in sites Røros, Nässjö and Turek only). This results in values which differ from last year but now allow us to track the pr. unit value across all brands. With increased knowledge of our brands' portfolio and usage of recycled plastic, along with the migration of recycled plastics, this value will increase steadily over coming years.

Average quantity of recycled plastics used per produced unit [kg/unit]



By industrialising the use of discarded snowplow markers in 2022, we are soon ready to launch a wider portfolio beyond HÅG Capisco Puls, first out is HÅG Celi and Tion in 2023.

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



	2018	2019	2020	2021	2022	Goal 2023
Total	581	684	770	1 328	1 298	1 365
Post-consumer	353	419	477	643	580	610
Post industrial	228	265	293	685	718	755

Profim RH RBM HÅG BMA

METALS

Our die-cast aluminium parts contain an average of 95% recycled aluminium – the quality, durability and finish is just as good as for virgin material. Today, our extruded aluminium parts contain about 30% recycled aluminium. However, in 2022, we launched the HÅG Celi containing extruded aluminium parts, with a recycled share of at least 75%.

Previously, we had access to a share of 20-40% recycled steel. But with the latest developments in the steel market, we see that most of the available recycled steel is now reserved for the construction sector. Today we know that our realistic share of recycled steel is limited to around ± 3%. We hope to continuously increase this amount. In parallel, we are currently collaborating with our key steel supplier on fossil-free solutions for near future possible use.

FABRICS & LEATHER

We strive to make responsible choices for our standard collection of fabrics and leathers. In our textile program we offer a carefully curated selection of high quality, durable textiles made of wool and synthetics, along with a mixture of wool/synthetic.

Our choices are filtered through our environmental principles. We strive to include mono-materials made from 100% wool or 100% post-consumer polyester and chrome-free tanned leather.

Since 2021, we have collaborated with one of our main textile suppliers and our Turek factory in a circular closed-loop project. Our goal is to make use of our own waste textiles from production, for re-use in yarns and textiles to be integrated back into our collection in near future. This work had good progress in 2022 with a special focus on fiber-to-fiber recycled yarns made into textiles.

47 out of our 59 (80%) standard fabrics are certified under at least one of the ecolabels EU Ecolabel, Oeko-tex®, The Blue Angel, Cradle to Cradle™, Greenguard Gold and Möbelfakta.

Our target has been EU Ecolabel on all our standard fabrics by 2022. However, this target is now revised to 2025, due to adding new brands to our scope resulting in larger number of standard fabrics. In 2022, only 25 out of 59 (42%) fabrics had EU Ecolabel (2021: 22 out of 52 (42%) / 2020: 9 out of 18 (50%)). When harmonizing standard collections across brands we emphasize sustainability performance as one of the main drivers when reducing or adding new collections.

All new textiles introduced in our new standard collection going forward will have the EU Ecolabel, except for PU coated fabrics, where it is not possible to comply with EU Ecolabel, only Oeko-tex®. We are in the process of defining the strictest requirements for these types of fabrics. We are urging for the replacement of all non-ecolabeled fabrics by 2023.

WOOD

The wood used in Flokk's products originates from traceable and sustainably managed forestry. As members of FSC® Norway, we are committed to upholding the highest standards of responsible sourcing. In Nässjö, 100% of the wood we use is FSC® Mix, which includes a combination of FSC® certified forests, recycled materials, and controlled wood that adheres to FSC® rules. Our Turek facility is FSC® Chain of Custody certified and sold 223,6 tonnes of certified wood in 2022.

By 2030, we target all our factories to be FSC® Chain of Custody certified, and that 100% of the wood we purchase will be FSC® certified.

PACKAGING

Our products are delivered to customers either fully assembled with limited use of packaging material or stacked together or knocked down in cardboard boxes.

In 2022, our two factories in Scandinavia sent a total of 1 220 tonnes of packaging out into the market (9% down since 2021: 1 325 t). This consisted of 89% cardboard (2021: 88%), 7% plastics (2021: 8%), 0.5% expanded polystyrene (EPS) (2021: 1%) and 3% other materials such as tape, etc. (2021: 3%). Numbers for Turek and Hawthorne not accounted for.

In 2022, we used 90 tonnes of plastic packaging (23% down since 2021: 111 t). We have initiated efforts to transition all our plastic packaging to post-consumer recycled plastics. We are aiming for 100% recycled & recyclable plastic packaging by 2030.

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

WASTE

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

WASTE FROM PRODUCTS

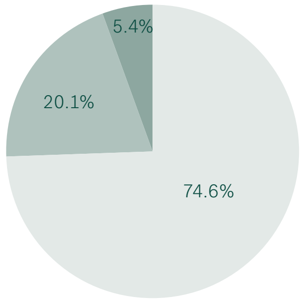
Waste generation directly linked to our products takes the form of packaging, protective materials for transport, and used products. Due to a high risk of damage, we need to protect our chairs with various types of protective covers. We do see significant potential to improve our use of packaging materials.

WASTE FROM OPERATIONS AND OFFICES

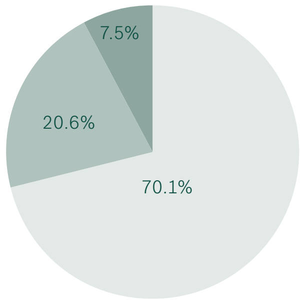
Another source of waste generation is from our production processes and daily office routines. As far as our own factories are concerned, we have an efficient waste management plan in order to improve the systems for both collecting and sorting waste. Waste-related data is collected as part of our ISO 14001 routines, monitored by the factories, and discussed quarterly on a corporate level. In 2022, our factory in Hawthorne started the data collection process, thus some data needed to be estimated (est.). To ensure consistency, waste data for that factory was estimated for the years 2020 and 2021 as well (based on the 2022 numbers) and retrospectively added.

Our waste sorting reflects as a minimum how the waste fractions are handled at our waste disposal contractors. The information concerning the waste disposal methods have been given by our waste disposal contractors and is continuously updated in follow-up meetings.

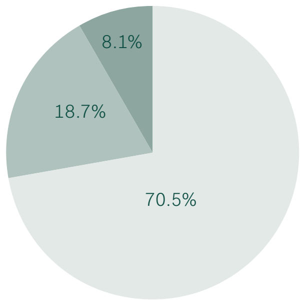
Factory waste [tonnes]



2022: Total 2 154 tonnes
Incl. Røros + Nässjö + Turek + Hawthorne (est.)



2021: Total 2 178 tonnes
Incl. Røros + Nässjö + Koblenz + Turek + Hawthorne (est.)



2020: Total 1 953 tonnes
Incl. Røros + Nässjö + Koblenz + Turek + Hawthorne (est.)

- Material recycling
- Incinerated with energy recovery
- Landfilled

Waste fractions at Flokk factories (Røros, Nässjö, Turek, and Hawthorne) in 2022 [tonnes], including hazardous waste breakdown.

	2022
Non-hazardous waste	2 120
Material recycling	1 592
Incinerated with energy recovery	418
Landfilled	109
Hazardous waste	34
Material recycling	13
Incinerated with energy recovery	14
Landfilled	6
Total [tonnes]	2 154

Due to increased knowledge one waste stream fraction in our factory at Røros was changed resulting in a higher share of recycling of hazardous waste, this was done retrospectively as well. All disposal operations mentioned in the table below are off-site.

As part of our Environmental Requirements, our suppliers commit to have a plan to minimise their waste volumes. We have scaled down returns of cardboard packaging to selected suppliers and recycle rather than reuse, due to quality and damage issues.

In 2022, 1 592 t of our non-hazardous production waste was diverted from disposal (material recycling), while 527 t was directed to disposal (418 t incineration with energy recovery, 109 t landfill). The remaining amount of hazardous waste (34 t) is declared pursuant to the requirements of local and national Waste Regulations and delivered to an approved reception facility. The biggest waste fractions were cardboard (32.5%), steel (31.1%), and mixed waste (15.2%).

We have had a steady increase on waste to material recycling as a result of improved sorting on all sites, through identifying new recyclable fractions, performing spot checks and keeping our employees updated with new information. With the addition of new factories, we see fluctuations and decreases through the years, but with further focus on identifying improvement measures we are on track of reaching our corporate goal of 85% material recycling waste by 2025.

In 2022, there has been no spills or leakages to the environment.

CHEMICALS

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

SUPPLIERS

We have strict standards on the use of chemicals for our suppliers, which must commit to fulfilling our requirements in order to be a supplier to Flokk. With the planned 2023 implementation of a new Supplier Risk Management Tool, we aim to improve the handling of chemicals at our suppliers for the entire supply chain.

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

PRODUCTION AND OFFICES

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

PRODUCTS

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

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

Every year, we analyse our existing portfolio for possible product improvements, including health considerations. For our older portfolio, we set strict requirements concerning the components of glue and paint, which might otherwise contain substances such as formaldehyde and bisphenol. Our standard PUR foam articles comply with the strict requirements of the Nordic Swan Ecolabel, and do not contain any harmful substances. Special attention is given to substitutions of special fabrics containing PVC and chromed surfaces.

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

Circular Economy – Closed Loop

Flokk is working on solutions to encourage that our products are responsibly taken care of, after its first customer no longer uses it. Flokk's ambition is to be a preferred circular product supplier, enabling our partners and customers to efficiently reuse, refurbish and recover our "recycle-ready" products.

We include circular business model feasibility in our design criteria for new product development, ensuring that future products are ready for future circular business needs as well as optimised within the existing business logic. In addition, we are exploring how to ensure full traceability of our chairs and work towards an ambition of a circular value chain.

In the Netherlands, we have practiced the circular economy for several years and built up a system for taking back used chairs. Our partner Opnieuw has a dedicated disassembly line where returned chairs are dismantled. Parts and components are controlled and cleaned, then reused in "second life" chairs. Defective parts are sent back to suppliers for recycling into new raw material. Our Dutch sales organization has also become a significant supplier of secondhand chairs in the market.

We have explored various further circular business models such as furniture-as-a-service and new buy-back offerings. The true value of these models in terms of improved sustainability remains to be seen, as it rests on the extent to which they stimulate longer service life. This development is followed closely through our running pilot and innovation projects, delivering insights for our long-term business and product development.

Circular Economy

Long-term goals:

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

Measures & Results 2022	Status	Measures 2023
Harvest learnings from ongoing FAAS (furniture-as-a-service) Pilot as well as ongoing circular business in the Dutch and Swedish markets. Sharpen communication on Flokk circular value proposition **Result: The market for FAAS has matured in such a way that our traditional dealer channel has started offering this service to the end customers in addition to outright sale and leasing solutions. Flokk will therefore support its traditional channel and not diverse into a specialized FAAS channel with whom we were driving pilots. The market has however not embraced the FAAS solution to the extent previously anticipated**	✔	We will follow the development in the market and continue the Pilots started in addition to supporting our traditional dealer channel
Package existing service offering to increase customer awareness Harvest learnings from refurbish partners in Sweden and NL to secure preparedness for expansion **Result: The awareness around refurbish is increasing and Flokk has explored a number of ways to support this trend**	✔	Flokk has an indirect business model but is setting up Pilots in Sweden and Norway to support Flokk certified refurbish partners on specific brands

Product Liability & Certifications

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

For these reasons, all Flokk products are tested according to specific international standards, with requirements pertaining to healthy and ergonomic execution, safety, stability, and strength. The standards we meet stipulate guidelines for design, dimensioning, safety impact and material choice, and are subject to continuous evaluation and testing throughout the product's development and use phases before the products reach the market. Flokk's products are therefore 100% assessed for potential improvements regarding health and safety impacts. This support Flokk`s ten-year guarantee on most of our products.

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

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

2022		2021		2020	
Number	PPM*	Number	PPM*	Number	PPM*
1	0.36	1	0.40	1	2.00

Target each year: 0
No major customer injuries in 2022. 1 potential incident with potential for injury of customer is registered

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

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

ENVIRONMENTAL CERTIFICATIONS
The use of certifications is an important communication of our strong environmental commitment and performance to the general public, and in guiding our customers to make the right choices. There is also an increasing demand from larger tenders and projects and customers in general for companies to provide specific certifications in order to qualify.

With more than 500 "green" certificates in Europe alone, these are very difficult waters to navigate. Some certificates relate to business and corporates, and others to products. Some focus solely on the user phases, while others cover the entire life cycle. Some are national, and some are global.

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

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

Flokk has EPDs for 33 families of products

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

Flokk has 22 Nordic Swan Ecolabeled product families

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

Flokk has 28 families of products certified with GREENGUARD Gold

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

Flokk has 43 families of products with Möbelfakta certification

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

Flokk has 5 products that are Cradle to Cradle™ certified, Bronze level

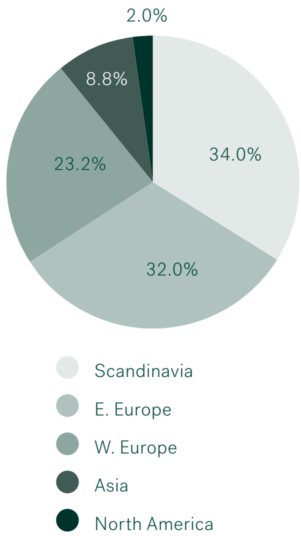
BLUE ANGEL
The Blue Angel (Type I) has been the ecolabel of the German Federal Government for more than 40 years. It is an independent and credible label that sets stringent standards for environmentally friendly products and services. The Blue Angel promotes the concerns of both environmental protection and consumer protection.

Flokk has 7 families of products that are BLUE ANGEL certified

Responsible Supply Chain

At Flokk, we aim to choose suppliers who share our environmental and social values, as the basis for long-term sustainable relationships. When signing contracts with new suppliers they are made aware of our focus in these areas, as they need to sign our Code of Conduct and our Environmental Requirements document. With more than 90% of our products' environmental impact being related to the phases before parts and components even arrive at our factories; the choice of suppliers is crucial to our work towards minimizing environmental and social impacts. Reported data is from 2022 except for 9to5 where we only have data for 2021, still included though.

Percentages of the 2022 annual purchased value (turnover) for direct material used in our significant locations of operation that is spent on local suppliers (European) and Asian suppliers (for purchases exceeding NOK 100 000):



The Direct Material suppliers of Flokk are mainly supplying us with components in the following main categories of materials: Foam, Plastics, Aluminum, Steel, Fabrics & Leather, Wood and Assembly services. Our suppliers are responsible for their individual supply chains of raw materials and other ingoing components. Our Flokk Environmental Requirements and our Code of Conduct for Business Partners also apply for their supply chains.

LOCALISATION
As our main operations for our European production sites are spread across Northern and Western Europe, we regard our European suppliers as local (89.3% of total significant – 9to5 excluded), since they deliver to all our sites in various amounts and categories. For 9to5, the main portion of the suppliers (92%) are delivering from China and North America.

As we continue our strategy of acquiring and integrating other brands into the Flokk Group, new suppliers will come into our supply chain. We are dedicated to moving the contractual relations with these new suppliers towards Flokk's standard terms and conditions as soon as possible as part of the integration process. 9to5 is our next priority.

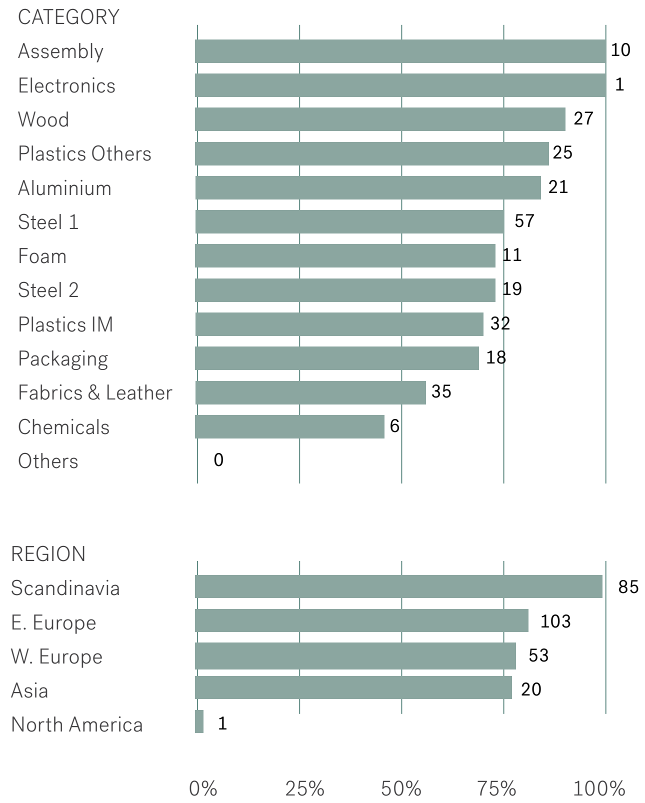
Flokk has a certain number of suppliers in low-cost countries in Eastern Europe and Asia. For the smaller number of suppliers in Asia, we had a particular focus on them during 2021 where we decided to do a re-evaluation of these suppliers with focus on compliance to our Code of Conduct including international regulations concerning human rights and working conditions. Even though Flokk managed through 2021 without major production standstills, the pandemic has demonstrated the vulnerability of remote suppliers & long supply chains. Flokk is now focusing on minimizing exposure to Asian suppliers with defined reshoring projects.

SUPPLIER SELECTION
With a significant growth through acquisitions comes many new suppliers to Flokk. Our strategy is to consolidate the number of suppliers we use with focus on high performing suppliers. Our supplier decision is therefore not based solely on price but based on total performance and Total Cost of Ownership (transport, cost of capital, overhead, etc.).

Since last reporting period, we did a significant compression of our suppliers to reduce complexity and risk in 2022. Compared to 2021 when we moved the supply chain and production of Offecct from Sweden to Poland, the focus in 2022 turned to localise these suppliers closer to our production facility in Turek. The supplier compression will continue in the coming period as well as the relocation of suppliers.

Another significant activity from last reporting year was an increase in signed Code of Conducts. Even when including our new brand 9to5 for this reporting year, the signed Code of Conducts for Direct Material suppliers went from 43% up to 86%.

No. of signed CoCs and % of total APV (APV > 100 000 NOK)



Plastics IM: injection moulded
Steel 1: raw materials, pipe bases, mechanisms
Steel 2: fasteners, springs, wire products

Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to in 2022 (measured in signed CoCs), broken down by type of business partner and region.
*APV - Annual Purchase Value = turnover

All new suppliers to Flokk need to fulfil the minimum requirements we have in our supplier appraisal audit and are screened based on environmental and social criteria. All new Flokk suppliers must sign our Code of Conduct - Business Partners and Flokk Environmental Requirements, stating which substances we do not want to have in our products as for instance PVC and chrome and that child labour/young workers have significant risk for incidents and is not allowed. We generally sign 3-years agreements with our main suppliers, and 83% of our annual purchased value is under contract with a signed code of conduct.

During 2023, we will establish processes for supplier selection and evaluation for 9to5 as well.

SUPPLY CHAIN CONTROL – FOLLOW-UP AND ASSESSMENTS
2022 has been a recovery year after Covid. The first quarter we still experienced issues at the suppliers mainly due to availability of raw material, capacity and logistics related issues. For the following quarters, business slowly came back to normal and all our suppliers' KPIs came back to required levels.

By conducting thorough and strict audit of new suppliers, we prevent the risk for potential environmental and social impacts.

During 2022 we started to assess the Polish suppliers using our supplier appraisal process. The plan is to go through all major suppliers during 2022 and 2023. So far, we have not encountered any red flags during these appraisals.

In 2022, there were no confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.

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

In 2022, we developed a supplier risk assessment tool where we evaluate the suppliers based on country, commercial, environmental and compliance (CoC) risk. We score the suppliers per individual risk and prioritize them from 1-5, where 5 is equal to immediate actions required. In this analysis we can see from the re-assessment we did of our Asian suppliers, that some suppliers do not have collective bargaining for their employees. We understand that we cannot get the same commitment in China for these questions, but we will let them understand what our requirements are.

In our re-evaluations of Asian suppliers done in 2021 and in our re-evaluations of Polish key suppliers that started in 2022, we have not discovered any risks for child labour, compulsory or forced labour. To reduce exposure to Asian suppliers, in 2022 we initiated a project to re-shore volumes from China to Europe. Projects have been identified and we have started to re-shore volumes back to Europe.

When a supplier or sub-supplier is identified with a significant risk, we coordinate mitigation measures to close the deviation. Repeated low performance can put suppliers in the "New Business on Hold" category. No suppliers were categorised accordingly during 2022, giving us the opportunity to work with less significant risks such as low delivery performance. Flokk has zero tolerance for corruption, and we try to ensure that suppliers exercise environmental responsibility, have a shared respect for human rights and offer good working conditions.

Based on our close and constant dialogue with key suppliers, none of them was considered to have negative environmental or social impacts and no measures had to be taken. As no new suppliers were added in 2022, no new suppliers were assessed for environmental or social impacts.

SUPPLIER RE-EVALUATION
The environmental footprint is very important for Flokk, and it starts in our value chains and the suppliers we choose to cooperate with. Suppliers treating their workers in a fair way is equal as important for Flokk and our suppliers need to live up to laws, regulations and our standards and requirements.

As we aim at having long-term cooperation with our suppliers and high performing suppliers, it is important to not only focus on evaluating new suppliers before signing contract but also to re-evaluate our present suppliers over time. To ensure our suppliers being compliant to our terms, conditions and Code of Conduct over time we have updated our process to involve an annual re-evaluation of a systematically agreed population of suppliers, based on non-conformance or region.

As Flokk has many Polish suppliers mainly transferred from the acquisition of Profim, a re-evaluation of top suppliers in Poland started during 2022 and will continue through 2023.

SUPPLY RISK MANAGEMENT TOOL
When growing as an organisation, the complexity increases and the need to find efficient and transparent tools and solutions also grows. As part of a wider effort to digitalise and create deeper integration of our processes, we progressed on our efforts to introduce a Supplier Risk Management Tool during 2023 that will manage data collection, supply chain risks, interactions, cooperation and information sharing more easily. Plan for 2023 is to land last formal decisions and start implementing the tool.

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

Flokk represents a safe and stable working environment. We seek to conduct our business with a high ethical standard to be a respected and trusted business partner for all our stakeholders. We also expect high ethical behaviour from all our employees. We support, are committed to, and follow the principle key United Nations (UN) and International Labour Organisation (ILO) conventions and documents, including the Ten Principles of the UN Global Compact. In relation to our employees, we have gathered the company's principles, values, standards, and rules of ethical behavior in our Code of Conduct which is read and signed by all employees.

We aim to create a safe, respectful and inclusive place of work where all employees can contribute to living our values, achieving sustainable business results and realise their full potential. We expect all our employees to act as Flokk ambassadors and to treat colleagues, business associates, the environment and other stakeholders with respect and courtesy. Our company values express a certain set of expectations as to attitude and behavior and we expect our employees to communicate respectfully, using an inclusive language, towards all colleagues and externals, regardless of title or position level. All mandatory training programs are completed through our digital competence platform Learning@Flokk.

We clearly distance ourselves from corruption and bribery and support free competition and fair trade as well as the freedom of association and collective bargaining. There shall be no forced, bonded or involuntary prison labour in Flokk. All labour must be voluntary without threat of penalty or similar. Employees shall not be required to lodge deposits or identity papers in any form and shall be free to leave Flokk after reasonable notice.

Flokk considers child labour/young workers as high risk of incidents. We intend to contribute to effective abolition of the minimum age for employment as not lower than the age of completion of compulsory schooling as set by national law. In any event not lower than 15 years of age. In 2022, we had no workers categorised as child labour/young workers in any part of the company.

In early 2022, we continued to stay close to and support our employees related to the pandemic. We continued supporting our approach to Remote Work throughout Flokk, however making sure it was well adapted to the business needs of the company, but also meeting the needs and expectations of the workforce as to flexibility. During 2022, we have continued to follow up and focus agreed actions per site and department following the 2021 Engagement@Flokk survey.

As of December 2022, the company had 1 608 employees (including 9to5 Seating). The percentage of women has increased from 40.2% to 40.9%. We are content with this development, but we still have a way to go to reach our target level of 45% by 2025. We continue to measure and follow up organisational KPI's specifically linked to diversity development. We have a clear direction and roadmap to continue our implementation of concrete actions throughout the organisation linked to Diversity, Equity, and Inclusion.

All our employees are directly employed by Flokk. In general, we have no non-guaranteed hours employees, very few temporary employees and part-time workers. However, in November and December, we normally experience seasonal fluctuations and peaks in production, and therefore need to increase our workforce with some temporary employees to meet market demands. These employees stay in the company less than three months. This was not needed in 2022 due to lower market demand than usual. The most common type of non-contractual employees are Business to Business contracts with individuals, such as above-mentioned seasonal production workers and apprentices.

All employee data has been collected from our global personnel HRIS system, People@Flokk, except data from 9to5 Seating which has been provided manually. People@Flokk provides complete employee data sorted by defined categories. We also use People@Flokk to support Flokk's leadership processes, and HR analytics. For all manning reporting, including non-contractual, we use number of head counts (HC) and number of full-time equivalents (FTE) as per end of the reporting period.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

In The Netherlands, all employees fall under a furniture association collective agreement as a basis for the salary adjust process. In Belgium we must adhere to the local inflation when adjusting salaries as per law. In Norway 51.6% and in Sweden 49.9% of our employees are members of a union. All employees are covered by bargaining agreements leading to the initially same percentage adjustment. We have external representation at the production site in Poland, however, there is no applicable collective agreement negotiated. We practice union dialogue and interaction through an internal setup with employee representatives, and we compare market data. In the US and our commercial markets in general, there are working climate committees in place, where employees can raise issues and concerns.

In the countries where we have collective agreements, we ensure that nonunionised employees have the same compensation and benefit set up as the unionised employees.

SALARY

Ratio of the basic salary and remuneration of women to men for each employee category (not including figures for 9to5 Seating and Flokk Poland):

	Female salary in % of men's salary	Male
Office employees	74%	100%
Production employees	98%	100%

DIVERSITY AND EQUAL OPPORTUNITY

Percentage of individuals within the organisation's governance bodies in these diversity categories:

Age	Female	Male
Below 30 years	0%	0%
Between 30-50 years	0%	33%
Over 50 years	11%	56%

Percentage of employees per employee category in these diversity categories:

Age	Female	Male
Below 30 years	43%	57%
Between 30-50 years	40%	60%
Over 50 years	36%	64%

Total number and rate of new employee hires / employee turnover during 2022, by region and age groups

Region/Country	Total employees, end 2022	New employees; Age below 30	New employees; Age 30-50	New employees; Age over 50	Total starters	Turnover rate
Australia (Sydney, Melbourne)	2	1	2	1	4	200.0
Austria	0	0	0	0	0	0.0
Belgium (Brussels)	5	1	0	0	1	20.0
Canada	1	1	0	0	1	100.0
China (Shanghai, Guangzhou)	15	1	8	0	9	60.0
Denmark (Copenhagen)	14	1	1	0	2	14.3
France (Villepinte)	15	4	1	0	5	33.3
Germany (Düsseldorf)	44	3	2	1	6	13.6
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	294	9	21	1	31	10.5
Poland (Turek, Warsaw, The Czech Republic)	797	23	51	3	77	9.7
Singapore (Singapore)	3	0	0	0	0	0.0
Sweden (Göteborg, Nässjö, Stockholm)	173	13	16	4	33	19.1
Switzerland (Opfikon)	22	2	2	2	6	27.3
The Netherlands (Rotterdam)	20	8	1	1	10	50.0
UK (London-Brixton&Clerkenwell)	13	0	0	0	0	0.0
USA (Virginia, Washington DC, Hawthorne)	190	0	0	0	0	0.0
Total	**1 608**	**67**	**105**	**13**	**185**	**13.0**

Number of employees by employment contract, type, region and gender

Region/Country	Permanent employees	Temporary employees	Non-guaranteed hours employees	Full-time employees	Part-time employees
Australia (Sydney, Melbourne)	2	0	0	2	0
Austria	0	0	0	0	0
Belgium (Brussels)	5	0	0	5	0
Canada	1	0	0	1	0
China (Shanghai, Guangzhou)	15	0	0	15	0
Denmark (Copenhagen)	14	0	0	13	1
France (Villepinte)	15	0	0	15	0
Germany (Düsseldorf)	44	0	0	42	2
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	293	1	0	277	17
Poland (Turek, Warsaw, The Czech Republic)	745	52	0	796	1
Singapore (Singapore)	3	0	0	3	0
Sweden (Göteborg, Nässjö, Stockholm)	171	2	0	173	0
Switzerland (Opfikon)	22	0	0	17	5
The Netherlands (Rotterdam)	18	2	0	14	6
UK (London-Brixton&Clerkenwell)	13	0	0	13	0
USA (Virginia, Washington DC, Hawthorne)	190	0	0	177	13
Total women	617	26	0	612	31
Total men	934	31	0	951	14
Total employees	**1 551**	**57**		**1 563**	**45**

Workplace - Health and Safety

The health, safety and working environment (HSE) is an essential aspect of Flokk's management system, based on the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION

Flokk's HSE culture consists of an engaged top management who facilitates an active HSE organization with involvement from employees. All Flokk employees, including contracted workers whose work and/or workplace is controlled by Flokk, in all activities, at all workplaces, are entitled to a safe and appropriate working environment – in which they are just as healthy when they leave work, as when they arrived. The responsibility lies with the employer, focusing primarily on prevention.

Top management facilitates a HSE organisation which is centrally coordinated by an HSE manager and executed by HSE managers and Safety deputies in each production unit.

SYSTEMATISED HSE – HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

For Flokk, systematic HSE work means staying one step ahead, identifying risks, register HSE incidents, secure compliance with legal requirements and implementing actions – always, no matter how well we perform.

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

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

The workers have possibility to shield themselves from work situations they believe could cause injury or ill health by reporting unsafe conditions, as one of several defined HSE incidents. All HSE incidents are reported directly, into Flokk's Total Quality Management System (TQM) or by notifying their direct manager. They can report directly into TQM with a mobile app. Workers can protect themselves against reprisals through Flokk's Whistle Blower Process ensuring employees' right to report unacceptable conditions. Reporting can also be done anonymously in TQM.

Workplace – Health & Safety

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

KPI	Goal 2023	Goal 2022	Results		
			2022	2021	2020
Number of fatalities	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0
Rate of recordable work-related injuries*	0	0	6.2**	6.0**	13.0
Number of recordable work-related injuries	0	0	17	15	8

Measures & Results 2022	Status	Measures 2023
Continue with existing preventive HSE work and prevent future accidents:		
Increase registration of preventive unsafe condition from 56 to 80 **Result 2022: 208**	✔	Continue in 2023, increase target: 220
Adjust and tune HSE e-Learning program for all employees **Result: HSE e-training is part of the Induction Program for all new employees since 2021, however lack of capacity in 2022 to further improve by translating into mother languages**	➡	Continue adjust and tune the HSE e-Learning program for all employees by translating into mother languages (Norwegian, Swedish and Polish) to secure better understanding for production workers. Target: 100% of employees performing HSE e-training

* Recordable work-related injury rate = Recordable work-related injury number x Working hours/1 000 000
Number of hours worked in 2022: 2 749 934 (2021: 2 499 358). Working hours for non-employees are not included, although figures include injuries for both employees and non-employees.

** Almost same level or slightly increase in rate of recordable work-related injuries due to unfortunately 2 more injuries in Flokk.
The types of the 17 work related injuries are as followed: 12 - hit by an object, 1 - fall, 2 - cut by knife/staple, 2 - ergonomic workstation (improperly adjusted workstation, awkward movements). None of these injuries happened to non-employees in 2022.

WORK-RELATED HAZARDS

Identified work-related hazards with potential to cause injury or ill health are: Physical (hit by objects, cut by knife/staple, fall from height) / Ergonomic (improperly adjusted workstation) / Related to work-organization (shift work, excessive workload demands).

None of the identified hazards contributed to high-consequence injuries in 2022.

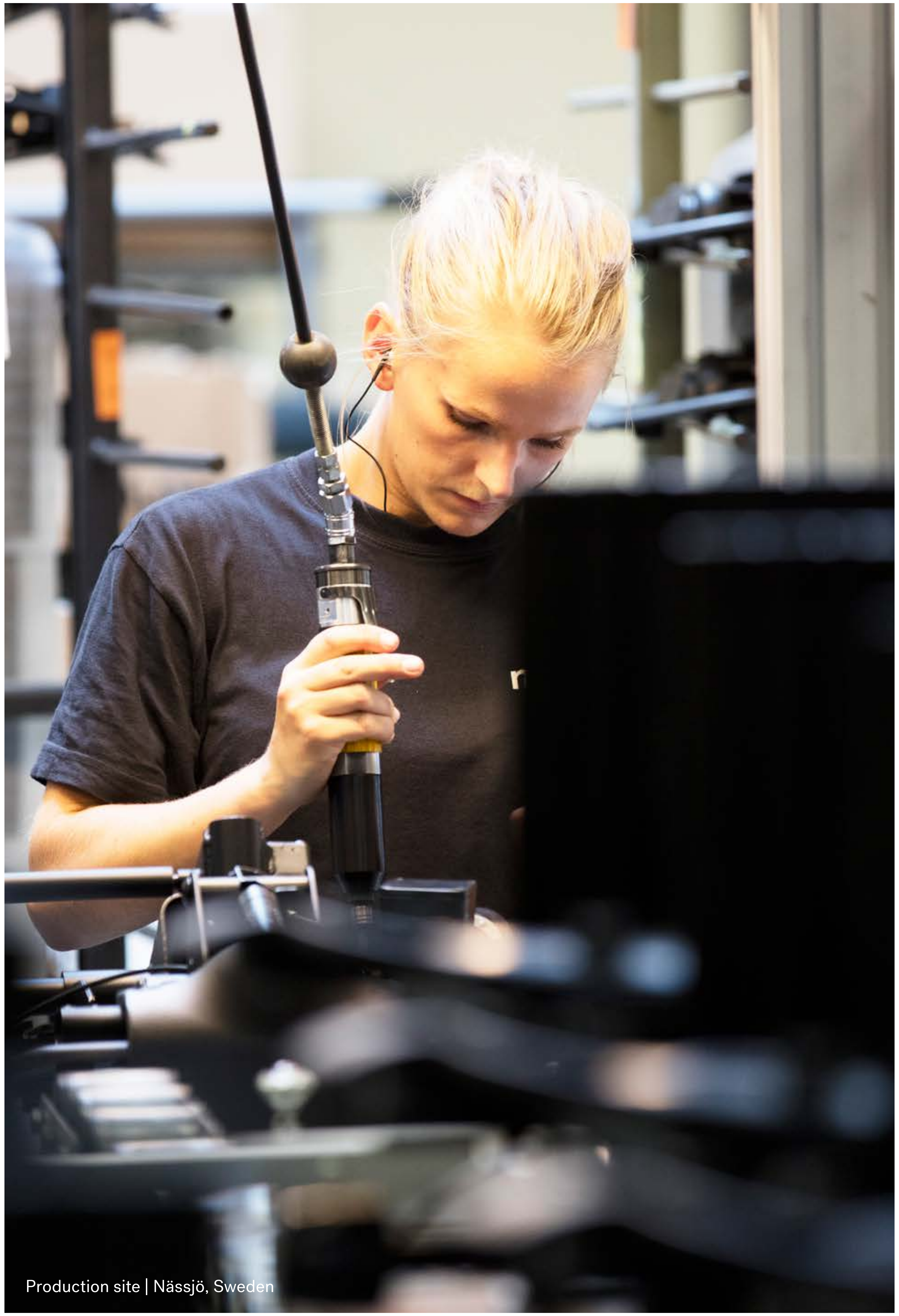
Safety tours, internal audits as spot checks, registration of unsafe conditions are some of the preventive tasks undertaken to eliminate work-related hazards and minimize risks using hierarchy of controls. If an HSE incident occurs, we need to understand why it happened and avoid it happening again. Therefore, all HSE incidents must be registered and analyzed for preventative purposes. In addition, workstations are designed and organised to prevent injuries without compromising effective operations. Avoid heavy lifting, avoid walking/standing at hard flooring by use of soft cover, and remove exposure of chemicals as examples. Job rotations are also introduced for variation of tasks.

WORKER TRAINING AND OCCUPATIONAL HEALTH TRAINING

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

HSE e-training is mandatory for all new employees. It is part of Flokk's induction program, which includes safety rules, HSE incidents registration, work related hazards, alongside sustainability and corporate responsibility issues. All staff in production receive safety instructions and HSE training before they start working. The HSE training is to strengthen performance, and to introduce refreshment training for all employees on a regular basis.

Employees are provided with special training in specific high-risk activities such as Hot Work and Forklift driving. These competences are registered and followed up in a separate competence database in our Total Quality Management System (TQM).


Production site | Nässjö, Sweden

PROMOTION OF WORKERS HEALTH

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

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

PREVENTIVE ACTIVITIES

Injuries and occupational diseases

Safety tours, internal audits as spot checks, registration of unsafe conditions/near misses are some of the preventive tasks undertaken to eliminate injuries and occupational diseases.

All kind of work related to Occupational and health incidents shall be registered and investigated as preventive activities to reach our "0 injuries" target. The target is always "0 injuries" and are registered for all full time/part time and temporary workers, both employees and non- employees.

All staff at Flokk's premises (employees or not) are stimulated to work preventively and to report unsafe conditions as work-related hazards and hazardous situations, also including sensed fear and fear of disease. Workstations are designed and organised to prevent injuries without compromising effective operations. This allows us to do early risk assessment, act and reduce the risk of serious injury. To prevent repetitive strain injuries, employees have opportunity to vary their tasks during job rotation.

Despite our preventive activities, the number of recordable work-related injuries needs to be reduced. Unfortunately, the number is at a higher level in 2022 (17), compared with 2021 (15) and 2020 (8). The rate is also slightly higher in 2022 (6,2) compared with 2021 (6,0). Compared to 2020 (13,0), the figures are halving, and a positive trend, considering the integration of acquired companies into a Flokk HSE culture. The data have been compiled based on the formula: Rate of high-consequence work-related injuries excl fatalities = (Number of high-consequence work-related injury excl fatalities / Number of hours worked) x 1 000 000. Number of working hours is given by working hour registration system related to salary.

The challenge for 2023 is to reduce the number of recordable work-related injuries with increased focus on preventive activities as:

- increase registration of unsafe conditions, and
- securing better HSE understanding for production workers by translate HSE e-learning program to mother languages

Chemicals

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

OCCUPATIONAL HEALTH SERVICES

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

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

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

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

Anti-Bribery & Corruption

In Flokk, we conduct our business with high ethical standards and a view to always being a respected and trusted business partner for all our stakeholders. We adhere to UN's Global Compact and the ILO Conventions as a committed and trustworthy employer. This is essential for our company, for our reputation and for our employees and direct stakeholders. It is embedded in our company Core Values.

Flokk expects all employees to avoid situations that may lead to a conflict between the company's interests and their own personal interests. Bribery or corruption in any form is unacceptable. This includes all forms of bribery, extortion, facilitation money, kickbacks and improper private or professional benefits to customers, also including agents, contractors, government officials, suppliers, or employees of any such party. This is stated in a separate Anti Bribery & Anti-Corruption Policy, Sanction Policy, Anti-Money Laundering Policy and in Flokk's Code of Conduct which is signed by every Flokk employee and by Flokk's business partners. New in 2022 is implementing a screening process protecting Flokk from becoming involved in business activities with a third party who may be subject to trade sanctions. All new customers, dealers or business partners are checked if they are on any of the relevant sanction lists by the responsible department in the Group.

In case of any misconduct, we have a clear whistle blower policy and routines as to how to handle. Intended users of the whistle blower process are involved in the design, review, operation, and improvement of the process.

We track all Code of Conduct digital training for employees in Learning@Flokk to ensure full completion at any time. Signed Code of Conduct for business partners are tracked by the procurement department in House of Control, our internal system for digital storing of contracts with external parties.

Flokk's Total Quality Management System (TQM) is available for all employees and contains all specific policy and procedural documentation such as the Code of Conduct and the Anti-Bribery & Corruption policies. In case of uncertainty about compliance with these policies, all employees can seek guidance in TQM. Guidance can also be sought from line managers or members of Group Management or Site Management.

COMMUNICATION OF THE POLICY

Flokk's guidelines for Anti-Bribery & Corruption are communicated to all employees, Site Management teams and Group Management.

Our anti-corruption measures are specifically targeted towards the units that are most vulnerable (sales and purchasing). Our whistle-blower procedure describes how employees should report any suspected internal corruption or other types of misconduct which they may be aware of, including our direct business partners.

POLICY TRAINING

All employees in Flokk and Group Management have signed our Code of Conduct, which also contains the anti-bribery content. In addition, all employees, except 9to5 and employees in Poland, have undergone digital training through Learning@Flokk.

As part of the onboarding process, all new employees must complete a digital Code of Conduct training program in Learning@Flokk. In addition, digital programs ensure awareness and training around Flokk's Core Competences such as IT & Information Security and HSE.

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

INCIDENTS

In 2022, no incidents of corruption have been registered, there were no confirmed incidents in which employees were dismissed or disciplined for corruption, and there were no public legal cases regarding corruption brought against our company or our employees.

	Number	Percentage
Norway	7	100%
Sweden	1	100%
Germany	1	100%
Total Managers	9	100%

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

Production site | Turek, Poland

GRI-Index

This report has been prepared by Flokk in accordance with the GRI Standards 2021 for the period 2022.

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

The GRI report content has been both contributed to, proofread, formally reviewed and approved by Flokk Group Management. The report has not been externally verified. However, The Governance Group (now Position Green Group) did perform an independent gap analysis of our GRI report 2020 towards GRI Standards 2021 to ensure 'in accordance' for future reports. We will do a new gap analysis of our GRI 2022 report towards GRI Standards 2021 during 2023.

A list of GRI topics and disclosures is provided in the following pages, with references to where the topics are discussed in this report.

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

UN SDGs – Sustainable Development Goals

No 3	Ensure healthy lives and promote well-being for all at all ages
No 5	Achieve gender equality and empower all women and girls
No 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
No 12	Ensure sustainable consumption and production patterns
No 13	Take urgent action to combat climate change and its impacts
No 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
No 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
No 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
No 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

ISO 26000 – Guidance on Social Responsibility

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

Statement of use:	Flokk AS has reported in accordance with the GRI Standards for the period 01. Jan 2022 to 31. Dec 2022
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard:	Household durables - Manufacturing of furniture (not yet available at the time of printing)

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION Requirement omitted	 Reason	 Explanation	UN SDGs No.	ISO 26000
General disclosures								
GRI2: General Disclosures 2021	2-1 Organisational details							
	2-1-a	Legal name	Cover					6.3.10 6.4.1- 6.4.5 6.8.5 7.8
	2-1-b	Nature of ownership and legal form	13-14, 78					
	2-1-c	Location of headquarters	160					
	2-1-d	Countries of operation	5-7, 10-11, 38-39, 140-142, 160-161					
	2-2 Entities included in the organisation's sustainability reporting							
	2-2-a	Entities included in sustainability reporting	7, 47-48, 78, 106					7.5.3 7.6.2
	2-2-b	Entities included in financial vs sustainability reporting	106					
	2-2-c	Consolidating information of multiple entities	106					
	2-3 Reporting period, frequency and contact point							
	2-3-a	Reporting period for / frequency of sustainability reporting	106					7.5.3 7.6.2
	2-3-b	Reporting period for financial reporting	10, 106					
	2-3-c	Publication date of the report	106					
	2-3-d	Contact point for questions	158					
	2-4 Restatements of information							
	2-4-a	Restatements of information made from previous reporting periods, reasons and effects	124-127, 129-130, 132, 134-135					
	2-5 External assurance							
	2-5-a	Policy and practice for seeking external assurance	152					7.5.3 7.6.2
	2-5-b	Information if sustainability reporting has been external assured	152					
	2-6 Activities, value chain and other business relationships							
	2-6-a	Sectors in which organisation is active	23-36, 62					6.3.10 6.4.1- 6.4.5 6.8.1- 6.8.5 7.8
	2-6-b	Value chain	5-7, 10-11, 38-39, 108-110, 140-142					
	2-6-c	Other relevant business relationships	107-109, 112-115, 116-118, 140-142, 144					
	2-6-d	Significant changes in 2-6-a,b,c compared to previous reporting period	5, 10-11, 38-44, 140-142					
	2-7 Employees							
	2-7-a	Total number of employees	6-7, 144-145				8	6.3.10 6.4.1- 6.4.5 6.8.5 7.8
	2-7-b	Total number of various types of employees	38-44, 144-145					
	2-7-c	Methodologies & assumptions to compile data	144-145					
	2-7-d	How to understand data under 2-7-a,b	144-145					
	2-7-e	Significant fluctuations in number of employees	41-42, 144-145					
	2-8 Workers who are not employees							
	2-8-a	Total number of workers who are not employees	144-145				8	6.3.10 6.4.1- 6.4.5 6.8.5 7.8
	2-8-b	Methodologies and assumptions to compile data	144-145					
	2-8-c	Significant fluctuations in number of workers who are not employees	144-145, 150					
	2-9 Governance							
	2-9-a	Governance structure	13-19, 116-117				8	6.2 7.4.3 7.7.5
	2-9-b	Committees of highest governance body responsible for decision making	13-19, 116-117					
	2-9-c	Composition of highest governance body and its committees	13-19, 41-43, 116-117	c.vi. under-represented social groups	Not applicable	No employees in Flokk Holding AS		

GRI STANDARD		DISCLOSURE	LOCATION	OMISSION: Requirement omitted	OMISSION: Reason	OMISSION: Explanation	UN SDGs No.	ISO 26000
GRI2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body							
	2-10-a	Nomination and selection processes	13-19, 116-117					6.2 7.4.3 7.7.5
	2-10-b	Criteria used for nominating and selecting	13-19, 116-117	b.ii. Diversity / iii. Independence	Information unavailable	Must get information from Triton for next years' reporting		
	2-11 Chair of the highest governance body							
	2-11-a	Is chair of highest governance body a senior executive	13					6.2 7.4.3 7.7.5
	2-11-b	If so, explain functions, reasons, conflict mitigation	13	b.	Not applicable	CEO not member of the board		
	2-12 Role of the highest governance body in overseeing the management of impacts							
	2-12-a	Role of highest governance body in setting purpose, values, strategies, policies and sustainable development goals	13-19, 116-117				8	6.2 7.4.3 7.7.5
	2-12-b	Role of highest governance body in overseeing due diligence	13-15, 16-19, 117					
	2-12-c	Role of highest governance body reviewing effectiveness of 2-12-b, frequency	117					
	2-13 Delegation of responsibility for managing impacts							
	2-13-a	How highest governance body delegates responsibility	13-19, 116-117				8	6.2 7.4.3 7.7.5
	2-13-b	Process and frequency to report to highest governance body	14, 116-117					
	2-14 Delegation of responsibility for managing impacts							
	2-14-a	Responsibility & process of highest governance body for reviewing and approving reported information	14, 42, 106, 152				8	6.2 7.4.3 7.7.5
	2-14-b	If highest governance body not responsible, explain reason for this	14, 42, 106, 152	b.	Not Applicable	GM is responsible		
	2-15 Conflicts of interest							
	2-15-a	Processes for highest governance body to prevent and mitigate	13, 150					6.2 7.4.3 7.7.5
	2-15-b	If and how conflicts of interest are disclosed to stakeholders	13, 14, 42, 150					
	2-16 Communication of critical concerns							
	2-16-a	How communicated to highest governance body	120-121					6.2 7.4.3 7.7.5
	2-16-b	What communicated to highest governance body	60, 120-121					
	2-17 Collective knowledge of the highest governance body							
	2-17-a	Knowledge, skills, and experience of highest governance body on sustainable development	43, www.flokk.com/global/about-us/investors/flokk-group				17	6.2 7.4.3 7.7.5
	2-18 Evaluation of the performance of the highest governance body							
	2-18-a	Processes for evaluating performance of highest governance body	13-15				17	6.2 7.4.3 7.7.5
	2-18-b	Independency & frequency of evaluations	15, 152					
	2-18-c	Actions taken based on evaluations	15					
	2-19 Remuneration policies							
	2-19-a	Remuneration policies for highest governance body and senior executive	14-15, 72-73, 79, 82				8	6.2 7.4.3 7.7.5
	2-19-b	How remuneration policies relate to objectives and performance	14-15					
	2-20 Process to determine remuneration							
	2-20-a	Process for designing remuneration policies and for determining remuneration	14-15, 93-95				8	6.2 7.4.3 7.7.5
	2-20-b	Stakeholders' involvement in remuneration	14-15				17	
	2-21 Annual total compensation ratio							
	2-21-a	Ratio of the annual total compensation	71, 82	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-b	Percentage increase in annual total compensation ratio	71, 82	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-c	Understanding data & data compilation	71, 82	Data processing	Information unavailable	Must get info processed from HR for next years' reporting		

GRI STANDARD		DISCLOSURE	LOCATION	OMISSION: Requirement omitted	OMISSION: Reason	OMISSION: Explanation	UN SDGs No.	ISO 26000
GRI2: General Disclosures 2021	2-22 Statement on sustainable development strategy							
	2-22-a	Statement from highest governance body or most senior executive	10-11, 40-43, 105, 112-115				8	4.7 6.2 7.4.2
	2-23 Policy commitments							
	2-23-a	Policy commitments for responsible business conduct	116-117				16	4.4 6.6.3
	2-23-b	Specific policy commitment to respect human right	42, 106, 112-115, 122, 140-142, 144-145, 150					
	2-23-c	Links to the policy commitments	www.flokk.com/global/support/other_flokk_policies					
	2-23-d	Policy commitments level of approval	116					
	2-23-e	Extent to which policy commitments apply to organisation and business relationships	116					
	2-23-f	How policy commitments are communicated	116					
	2-24 Embedding policy commitments							
	2-24-a	Embedding policy commitments for responsible business conduct	116-117				16	
	2-25 Processes to remediate negative impacts							
	2-25-a	Commitments on remediation of negative impacts	116-117, 120-121, 150					6.3.3 6.5.5 7.3.1
	2-25-b	Approach to identify and address grievances	116-117, 150					
	2-25-c	Other processes on remediation of negative impacts	116-117, 120-121, 150					
	2-25-d	Stakeholders' involvement in grievance mechanisms	138, 150					
	2-25-e	Effectiveness of grievance mechanisms and other remediation processes	108-109, 138					
	2-26 Mechanisms for seeking advice and raising concerns							
	2-26-a	Describe the mechanisms for individuals	150					
	2-27 Compliance with laws and regulations							
	3-3	Management of Environmental compliance	10-11, 106, 116-117, 140-142					
	2-27-a	Total number of significant instances of non-compliance with laws and regulations	116					4.6
	2-27-b	Total number and monetary value of fines for instances of non-compliance with laws and regulations that were paid	116					
	2-27-c	Significant instances of non-compliance	116					
	2-27-d	Determination of significant instances of non-compliance	13, 116, 150					
	2-28 Membership associations							
	2-28-a	Industry & membership associations, participation in advocacy organisations	107-109	Advocacy organizations	Not applicable	Flokk is not member of any advocacy organizations		
	2-29 Approach to stakeholder engagement							
	2-29-a	Approach to stakeholder engagement	107-109					5.3
	2-30 Collective bargaining agreements							
	2-30-a	Percentage of total employees covered by collective bargaining agreements	144-145				8	5.3
	2-30-b	Employees not covered by collective bargaining agreements	144-145					

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION Requirement omitted	Reason	Explanation	UN SDGs No.	ISO 26000
Material topics								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	106					
	3-2	List of material topics	106					
Economic Performance (& Climate Risk)								
GRI 3: Material Topics 2021	3-3	Management of material topics	13-15, 116-117, 112-115					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	13, 39-40, 46, 48, 62-63, 70-71, 102	b. Flokk states sales and assets per countries but not results	Confidentiality constraints	The distribution of sales revenues is listed in Note 6 – segment information. Due to highly competitive sensitivity, Flokk is not publishing direct economic value generated and distributed (EVG&D) per country	8	6.8.1-6.8.3 6.8.7 6.8.9
	201-2	Financial implications and other risks and opportunities due to climate change	120-123				13	6.5.5
Procurement Practices								
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117, 140-142					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	140				8, 12	6.6.6 6.8.1-6.8.2 6.8.7
Anti-corruption								
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117, 150					
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	141, 150				16	6.6.1-6.6.3 6.6.6
	205-3	Confirmed incidents of corruption and actions taken	141, 150					
Materials								
GRI 3: Material Topics 2021	3-3	Management of material topics	110-111, 116-117, 128					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	130				12, 15	6.5.4
	301-2	Recycled input materials used	130, 132-133					
Chemicals								
GRI 3: Material Topics 2021	3-3	Management of material topics	110, 116-117, 135, 141, 149					
Energy								
GRI 3: Material Topics 2021	3-3	Management of material topics	110, 116-117, 124					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	124-125, 127				12, 13	6.5.4-6.5.5
	302-3	Energy intensity	124-125, 127					6.5.5
	302-4	Reduction of energy consumption	124-125, 127					
Emissions								
GRI 3: Material Topics 2021	3-3	Management of material topics	110, 116-117, 124					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	124-126				12, 13	6.5.5
	305-2	Energy indirect (Scope 2) GHG emissions	124-126					
	305-3	Other indirect (Scope 3) GHG emissions	124-126					
		GHG emissions intensity	124-126					
	305-5	Reduction of GHG emissions	124-126					

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION Requirement omitted	Reason	Explanation	UN SDGs No.	ISO 26000
Effluents (and Waste)								
GRI 3: Material Topics 2021	3-3	Management of material topics	134-135				12, 14, 15	6.5.3-6.5.4
GRI 306: Effluents and Waste 2016	306-3 (2016)	Significant spills	134-135					
Waste								
GRI 3: Material Topics 2021	3-3	Management of material topics	134-135				12, 14, 15	6.5.3-6.5.4
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	134-135					
	306-2	Management of significant wasterelated impacts	134-135					
	306-3 (2020)	Waste generated	134-135					
		Waste diverted from disposal	134-135					
	306-5	Waste directed to disposal	134-135					
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117, 140-142					
GRI 308: Supplier Environ-mental Assess-ment 2016	308-1	New suppliers that were screened using environmental criteria	140-142				12	6.3.5 6.6.6 7.3.1
	308-2	Negative environmental impacts in the supply chain and actions taken	141					
Employment								
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117, 144-145				8	6.8.1-6.8.3 6.8.7 6.8.9
	401-1	New employee hires and employee turnover	144-145	Gender is missing	Information unavailable	Must get info processed from HR for next years' reporting		
Occupational Health and Safety								
GRI 401: Employment 2016	3-3	Management of material topics	116-117, 146-149				3, 8	6.4.6 6.8.8
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	146					
	403-2	Hazard identification, risk assessment, and incident investigation	146-149					
	403-3	Occupational health services	149					
	403-4	Worker participation, consultation, and communication on occupational health and safety	146-149					
	403-5	Worker training on occupational health and safety	146-149					
	403-6	Promotion of worker health	149					
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	149					
	403-9	Work-related injuries	149					
Diversity and Equal Opportunity								
GRI 3: Material Topics 2021	3-3	Management of material topics	40-43, 116-117, 144-145					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40-43, 144-145				5	
	405-2	Ratio of basic salary and remuneration of women to men	144-145	Significant locations of operation is missing	Information unavailable	Must get info processed from HR for next years' reporting		

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION			UN SDGs No.	ISO 26000
				Requirement omitted	Reason	Explanation		
Freedom of Association and Collective Bargaining								
GRI 3: Material Topics 2021	3-3	Management of material topics	140-142, 144					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	140-142, 144				8	6.3.10 6.4.4
Child Labor								
GRI 3: Material Topics 2021	3-3	Management of material topics	140-142, 144					
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	140-142, 144				8	6.3.10 6.4.4
Forced or Compulsory Labor								
GRI 3: Material Topics 2021	3-3	Management of material topics	140-142, 144					
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	140-142, 144				8	6.3.10 6.4.4
Supplier Social Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117, 140-142					
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	140-142				8, 16	6.3.3-6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1
	414-2	Negative social impacts in the supply chain and actions taken	141-142					
Customer Health and Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	138					
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	138				3	6.7.1-6.7.2 6.7.4-6.7.5 6.8.8

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Both the paper and ink we use is Cradle to Cradle™ certified, made entirely without any harmful chemicals and heavy metals in accordance with the banned list of chemicals.

Cradle to Cradle™ certification is one of the world's most stringent environmental certifications which guarantees that the product is designed to minimise pollution and use as little resources as possible, and to be part of nature's own cycle after use. It also ensures production in as environmentally friendly conditions as possible.

The trees used in this catalogue were sourced from sustainable FSC forestry in Europe. This means that the origin is 100% controlled - and at the same time, no more wood is cut than the forests can reproduce.

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

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