Embracing diversity

Annual Report 2023

Embracing diversity

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Flokk In Short

Net sales NOK
3 826M
(+3% vs LY)

6
global production sites ensuring fast time to market

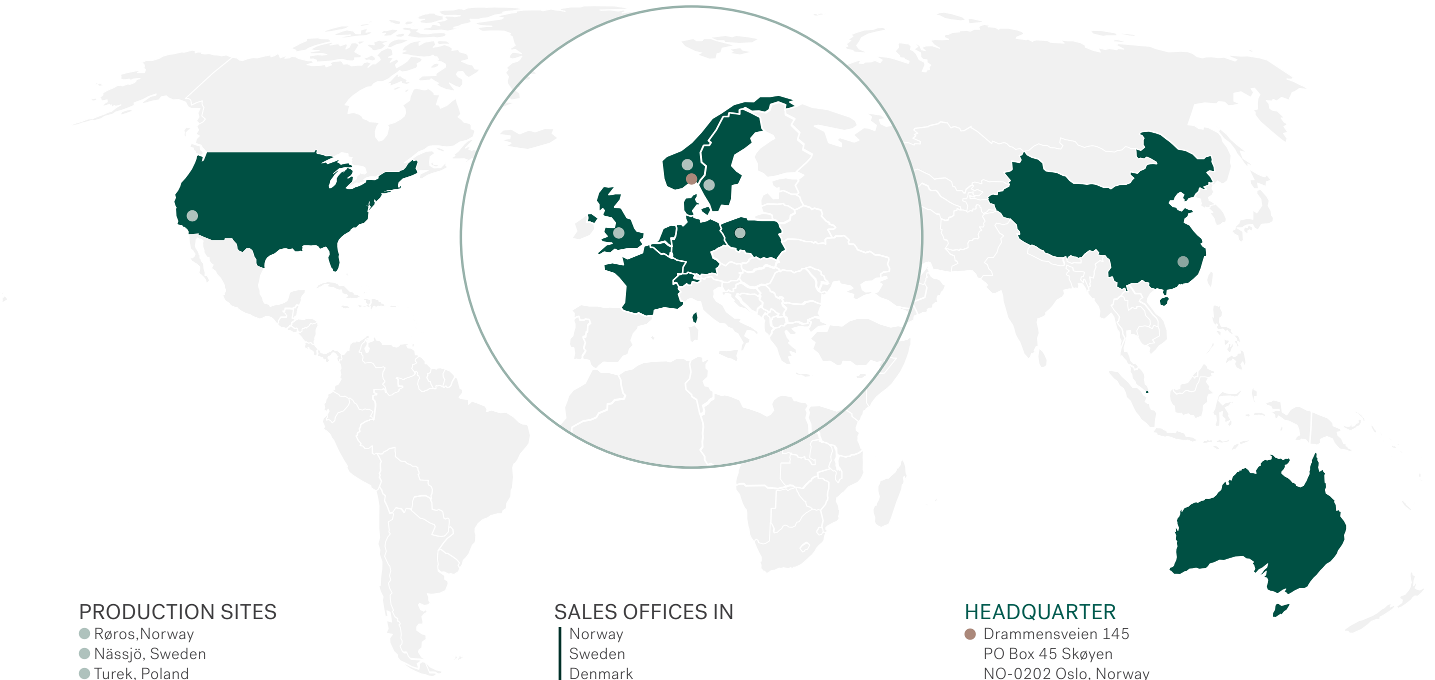
1 708
employees committed to "Inspire great work"

Sales offices in
14
countries catering for our global reach

Adjusted EBITA
17%

10
unique brands in our product portfolio

Strong inhouse value chain;
from the design and manufacturing to the sales and marketing of our aesthetic products



PRODUCTION SITES
- Røros,Norway
- Nässjö, Sweden
- Turek, Poland
- Mirfield, UK
- Hawthorne, CA, USA
- Zhongshan, China

SALES OFFICES IN
Norway
Sweden
Denmark
UK
Germany
Netherlands
Belgium
France
Switzerland
Poland
USA
China
Singapore
Australia

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

CEO's introduction: A stronger, more diversified Flokk

Looking back, I say this with confidence: We were strong going into 2023, and we were even stronger going into 2024. We have laid the groundwork for an even better position in the US market, and we have the most complete product portfolio ever.

DELIVERING ON OUR ACQUISITION STRATEGY

The most significant step we took in 2023 was the acquisition of New Jersey-based Stylex, which was negotiated towards the end of the year and closed early in 2024. Stylex perfectly complements 9to5 Seating, our current US-based brand in terms of product portfolios and geographies.

We will put our weight behind the Stylex and 9to5 brands in the US and also use our platform there to increase the penetration of other Flokk products, for instance our iconic HÅG Capisco.

The growth of 9to5 Seating combined with the acquisition of Stylex means the US now represent about a third of our sales and is our biggest single market by a substantial margin. This creates a balance between Europe and North America and increases our resilience.

Even before Stylex became part of the group, we saw the usefulness of geographical diversification, as our US business benefitted from this market being more vibrant than the European in 2023.

Consolidating a fragmented industry is a cornerstone of Flokk's strategy, and we have developed a solid model for bringing new brands and businesses into the Flokk family. During 2023, we continued to integrate Connection, which was acquired in 2022, realizing synergies and boosting our position in the UK market.

BROADER PORTFOLIO

The acquisitions of companies such as Stylex and Connection not only strengthen our position in specific geographies. They also broaden our product portfolio, covering market segments from lower mid-range to premium and making us a complete seating solutions provider covering everything from task and meeting room chairs to soft seating and social spaces. This enables us

to benefit from trends driving growth in the office seating market, such as hybrid offices and collaborative work.

This broader scope enables us to play an expanded role as we cooperate with our dealers on a multi-brand approach towards architects and designers, being involved early in the process as they develop new office landscapes.

EXCELLENT OPERATIONS

While acquisitions are crucial to driving Flokk's growth, adding more businesses hardly creates value if they are not well-run.

Firstly, we continue to bring innovative products to the marketplace - products that score highly on design, ergonomics and sustainability, based on our deep design thinking, which allows for extreme production efficiency and, thereby, higher margins.

Equally important, our unique operating model enables us to adjust to various market conditions. Key elements are outsourcing of component production, highly efficient assembly and upholstery operations and a hands-on procurement organisation securing cost control, quality and delivery stability.

Looking back on 2023, I would highlight our manufacturing excellence investments in the Turek operation in Poland, building on our principles of mass customization from our sites in Norway and Sweden. The Turek site is now one of the most modern in the industry, with available capacity to incorporate new acquisitions.

All these elements lead to industry-leading profitability and solid results in 2023, even in the face of a challenging European macro situation.

SUSTAINABILITY

Flokk has had sustainability as a compass for 40 years, with a particular emphasis on helping our customers reduce their environmental footprints.

While this is still essential, we have increased the efforts going into the social and governance aspects of sustainability, in particular in the areas of supply chain transparency and control. We are also very much aware of our importance in the communities in which we operate, and we promote equality in all our operations globally, including in businesses we have acquired.

I encourage you to study our sustainability report for further details on this side of Flokk.

LOOKING AHEAD

Looking ahead, I see exciting opportunities for Flokk. We have put in place a great platform on which to continue to develop our family of attractive brands. We also see opportunities for further acquisitions as Flokk takes a leading role in consolidating an industry that is still highly fragmented.

The acquisitions in the US complement our strong position in Europe. Meanwhile, we have developed our factory in China and built a centralized sales organisation in Shanghai, creating a platform for growth in Asia in the years to come.

On the product side, we are preparing for and looking forward to several significant product launches in 2024, further fueling our organic growth.

In short, I'm genuinely proud of the efforts our team put in during 2023 and the results those efforts yielded. This puts Flokk in an excellent position when we look ahead to the coming years.

Lars I. Røiri
Chief Executive Officer

Our History - Key Milestones

Brand est. · Milestone

1872 Giroflex est.
1943 HÅG est.
1975 RBM est.
1976 RH est.
1988 BMA est.
1990 Offecct est.
1992 Profim est.
1994 Malmstolen est.
1997 Connection est.
2004 9to5 est.

2007
Merger of the HÅG, RH and RBM brands into one company, Scandinavian Business Seating.

2014
New owner: Triton

2015
First brand acquisition
The acquisition of Dutch producer BMA Ergonomics marked first brand addition beyond the original three

2016
Nordic expansion
By acquiring Swedish office chair designer and manufacturer Malmstolen, Flokk grew its Nordic production footprint.

2017
Taking lead in Europe
Flokk acquired Swedish furniture manufacturer Offecct and Swiss swivel chair producer Giroflex and complementing Flokk's product portfolio.

2018
Broadening central European footprint
With the acquisition of Polish manufacturer Profim, Flokk shifted its footprint from the Nordics to Central Europe. Profim brought value-based differentiation to Flokk's portfolio.

2019
US market entrance
The purchase of US office seating manufacturer 9to5 Seating marked the first major expansion beyond Europe, thereby creating a strong foothold for Flokk in the US – a key piece in Flokk's international growth strategy.

2022
Product portfolio and UK expansion
Acquisition of UK furniture designer and manufacturer Connection contributed to a broadening of Flokk's product portfolio, with a focus on collaborative furniture (e.g., booths).

2024
Gamechanger US acquisition
Flokk solidifies its global position through the strategic acquisition of Stylex in the US. Capitalizing on the existing US platform and with approx. a third of Flokk Group sales in the US, Flokk is positioned to realize synergies and accelerated growth.

Important events in 2023

INVESTING IN THE TUREK SITE

- We have continued to invest in the Turek operation in Poland, building on our principles of mass customization from our sites in Norway and Sweden. The Turek site now stands as one of the most advanced in the industry, with available capacity to incorporate new acquisitions.

M&A AND INTEGRATION

- A significant milestone in 2023 was the acquisition of Stylex, a New Jersey-based company, which was negotiated towards the end of the year and closed early in 2024.
- Consolidating a fragmented industry is a cornerstone of Flokk's strategy, and we have developed a solid model for bringing new brands and businesses into the Flokk family.
- Our efforts to integrate Connection, acquired in 2022, have continued, realizing synergies, and strengthening our presence in the UK market.

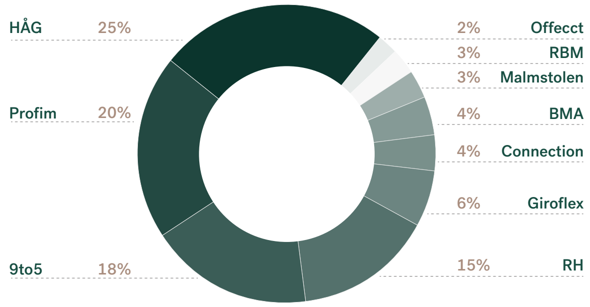
FLOKK NEW PRODUCT LAUNCHES 2023

- Offecct Pauline sofa
- Offecct Sou family extension

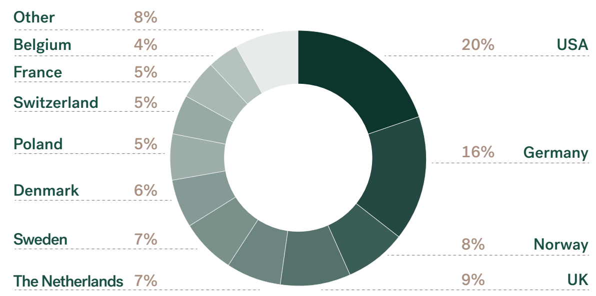
AWARDS TO FLOKK 2023

- Green Good Design HÅG Tion
- Red Dot Award Profim Revo
- Good Design Awards HÅG Sofi
- Good Design Awards 9to5 Tori
- Good Design Awards 9to5 Cavo
- Dezeen Awards longlisted: Profim Revo

Sales per brand



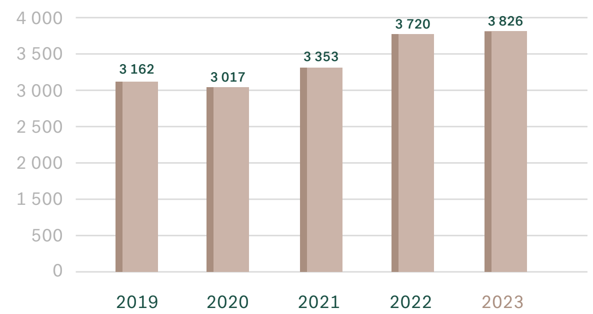
Revenue per country



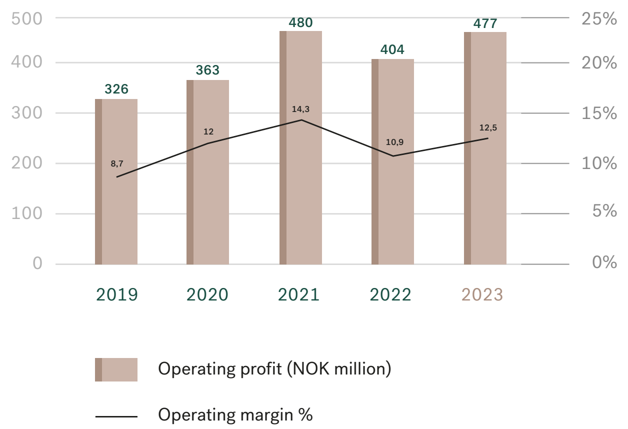
Key figures

		2023	2022	2021	2020	2019
Total operating income	NOK million	3 826	3 720	3 353	3 017	3 162
Sales revenues	NOK million	3 826	3 720	3 260	2 929	3 015
Operating profit	NOK million	477	404	480	363	275
Operating margin	%	12.5	10.9	14.3	12.0	8.7
Profit before tax	NOK million	(35)	77	390	57	157
Profit for the year	NOK million	(83)	4	306	(2)	139
Total assets	NOK million	6 611	6 478	6 090	6 063	5 796
Total interest bearing-liabilities	NOK million	3 942	3 784	3 592	3 909	3 831
Cash and cash equivalents	NOK million	777	599	734	819	497
No. of employees per 31.12.		1 708	1 829	1 816	1 840	2 521
Full time equivalents per 31.12.		1 686	1 796	1 787	1 827	2 505

Operating income (NOK million)



Operating profit and operating margin

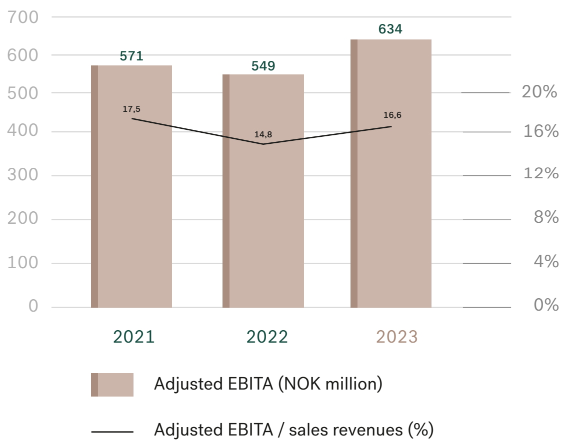


Alternative Performance Measures

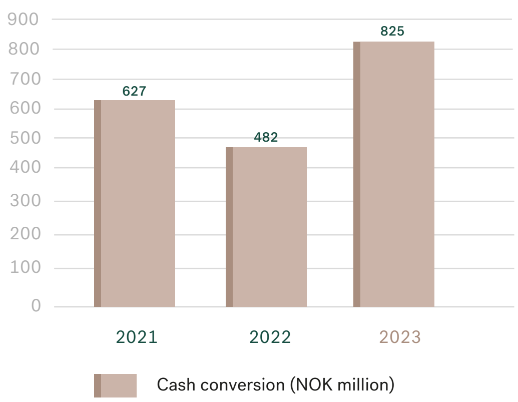
		2023	2022	2021	2020
Opex	NOK million	1 006	986	870	844
Opex/sales revenues	%	26	26	27	29
Contribution margin / sales	%	45	42	44	47
Adjusted EBITDA	NOK million	793	686	796	595
Adjusted EBITA	NOK million	634	549	571	452
Adjusted EBITA / sales revenues	%	16.6	14.8	17.5	15.4
Adjusted EBIT	NOK million	603	525	549	434
Product development and improvement spend / sales revenues	%	2.9	2.8	2.9	2.8
Capital expenditures	NOK million	108	135	113	96
Capital expenditures / sales revenues	%	2.8	3.6	3.5	3.3
Net interest bearing debt	NOK million	3 164	3 185	2 858	3,091
Return on operating capital employed	%	34	29	36	29
Cash conversion	NOK million	825	482	627	439

For definitions, see from page 96.

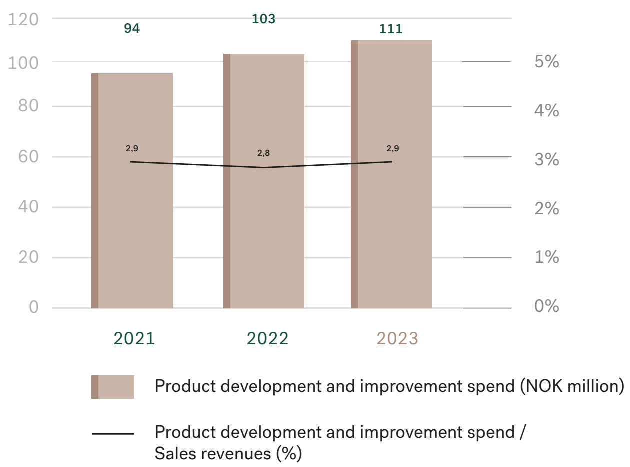
Adjusted EBITA / sales revenues



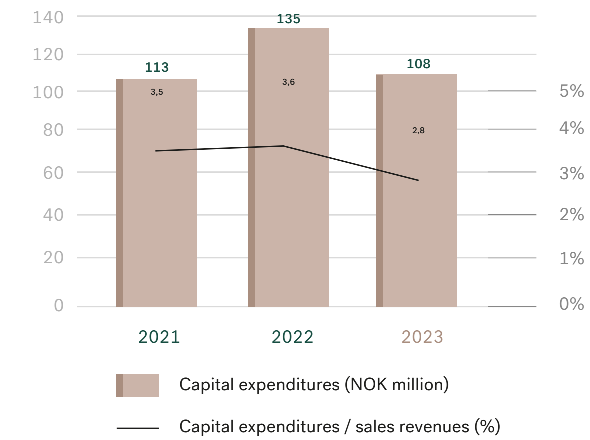
Cash conversion



Product development and improvement spend / sales revenues



Capital expenditures / sales revenues



ESG Metrics

ENVIRONMENT

4 994 Total CO_2e Emissions

Energy use **93%** Renewable share of total purchased electricity*

1 027t Recycled plastic in our products*

1 335 tCO_2e saved by using recycled vs virgin plastics

3% Reduction in Total CO_2e emissions vs LY

21% Lower energy consumption per unit since 2015*

73% Waste to Material Recycling

82% GREENGUARD Gold on EPD products

SOCIAL

98% Completion of Individual Development Talks

41% Female population

95% Response rate of Flokk engagement survey

Zero Fatalities in our operations

32% Female with leadership responsibilitie

No human rights violations detected through HRDD in our value chain

5.96 Total recordable work-related Injury rate

Local community building efforts

GOVERNANCE

Zero Confirmed incidents of corruption

100% of business partners of Flokk's entities in Europe and APAC screened towards sanction lists

3 New mandatory compliance e-Learning courses launched

72% Completion of CoC training for employees

Zero Information security breaches with material impact

86% completion of training on data protection and cyber security

No high-risk items identified through quarterly risk review

97% of the annual purchase value is contracted and with a signed CoC (suppliers)

*GRI scope, see p. 144

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 Investments Advisers. 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 accretive 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, Finance & IT, HR, Sales and marketing, M&A/business development/strategy, Manufacturing & purchasing and Design. 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 31.12.2023 was 22.5%. 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 Triton Investment Advisers.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The current board of Flokk Holding AS has five 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 organisation 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. 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.

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.

The boards of Flokk's other subsidiaries consist of the CEO of Flokk and/or the group CFO and selected members of the Group's Management team.

THE WORK OF THE BOARD OF DIRECTORS

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

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

The board has a dedicated audit committee made up of selected members of the board. This committee prepares business for review before final decisions are made at the board meeting. The committee performs tasks related to financial reporting, the annual accounts, tax compliance, 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 ESG topics are also reviewed by the audit committee.

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 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 a framework for risk and opportunities management. which determines how to identify, handle, and follow up business risks and opportunities in relation to stakeholders. This work is followed up closely through action plans and regular reporting to group management. The board is also 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 profitability development, strategy implementation, integration of acquisitions, organisational development, 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.

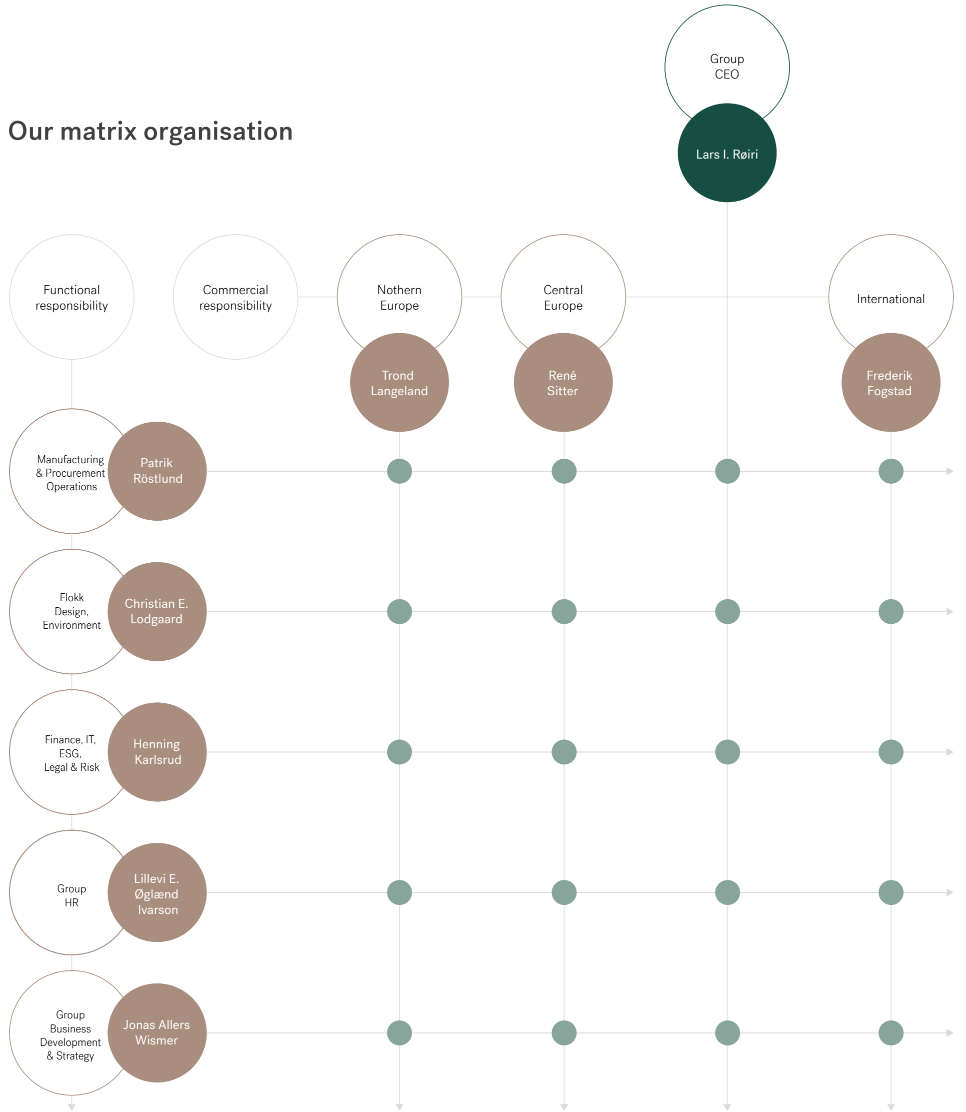
AUDITOR

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.

Flokk management system is founded of ISO 9001 (Quality management), ISO 14001 (Environment management), ISO 50001 (Energy management), ISO 27001 (Information Security) and ISO 45001 (Occupational health and safety management) standards and are revised annually by external certification bodies as KIWA, DQS GmbH, Swedish Certification AB, and BSI. The certificates are distributed between production units as followed:

ISO 9001 – 4 of 6 factories (Røros, Nässjö, Turek, Mirfield)
ISO 14001 – 4 of 6 factories (Røros, Nässjö, Turek, Mirfield)
ISO 50001 – 2 of 6 factories (Røros, Nässjö)
ISO 45001 – 2 of 6 factories (Turek, Mirfield)
ISO 27001 – 2 of 6 factories (Røros, Nässjö)

Our matrix organisation



Offecct Shift Wood Classic & High,
Offecct Shift Wood Ottoman,
Offecct Archipelago, HÅG Tion

Group Management

Lars I. Røiri (b. 1961)
Chief Executive Officer
In 1999, Mr. Røiri joined the Group, then recognised as HÅG. He became CEO in 2001 and is responsible for guiding the Group's overall performance and its strategic direction.
Work experience: Tomra, Saba-Mölnlycke, Jordan, and Coloplast.
Academic background: Master of Science in General Business from the Norwegian Business School (BI)
Board positions: Glamox, Ekornes, and Cappelen

Henning Karlsrud (b. 1974)
Chief Financial Officer
Mr. Karlsrud joined Flokk in 2021, where he bears the responsibility for the Group's finance, tax, treasury, legal, audit, IT, ESG and investor relations.
Work experience: The Boston Consulting Group, Kearney, Handelsbanken Capital Markets, Telenor and Ice Group
Academic background: Master of Science in Business Administration and Finance from the Norwegian School of Economics (NSE) and postgraduate studies at Insead and Singularity University and NSE

Lillevi E. Øglænd Ivarson (b. 1964)
Senior Vice President, Group HR
Ms. Ivarson joined Flokk in 2007, undertaking the responsibility of Human Resources function, internal communication, recruitment strategies and learning initiatives.
Work experience: Norsk Hydro and Yara International
Academic background: University of Linköping in Sweden and Haute Ecole de Commerce Nantes in France

Patrik Röstlund (b. 1970)
Senior Vice President, Manufacturing & Purchasing Operations
Mr. Röstlund's joined the Group in 2010, where his responsibilities encompass an oversight of Flokk's operations, hereunder manufacturing, procurement, supply chain management, logistics, customer service, and quality assurance.
Work experience: Opel, Saab Automobile, and General Motors
Academic background: Bachelor of Science in Business Administration from Uddevalla

Christian Eide Lodgaard (b. 1970)
Senior Vice President, Flokk Design
Mr. Lodgaard's joined Flokk in 2007. He is responsible for product development, environmental and climate initiatives, and holds the oversight of the Group's product and brand strategy.
Work experience: Hydro Aluminium Automotive
Academic background: Master of Science in Mechanical Design Engineering

Frederik Fogstad (b. 1965)
Senior Vice President, International
Mr. Fogstad joined Flokk in 2013, and he is responsible for overseeing sales to all global markets outside of Europe. From April 2023, Mr. Fogstad assumed the position as CEO of 9to5, our operation in the United States.
Work experience: Varier Furniture, Intersport, Kellogg's, Middelfart, and Coca-Cola
Academic background: Bachelor of Science in Management and Finance from the University of Wyoming and MBA from IESE Business School in Barcelona.

René Sitter (b. 1975)
Senior Vice President, Central Europe
Mr. Sitter joined Flokk in 2014. He holds the responsibility for the commercial operations for Flokk's brands across the Central European region.
Work experience: Arthur D. Little and ThyssenKrupp
Academic background: Leipzig Graduate School of Management

Trond Langeland (b. 1966)
Senior Vice President, Northern Europe
Mr. Langeland joined Flokk in 2019. He holds the responsibility for steering the commercial operations of Flokk's brands in Northern Europe. Additionally, the Central Marketing function for the Group falls under his responsibility.
Work experience: Lilleborg, Jordan, Canon, Stanley Security, and Viking Footwear
Academic background: Master of Science in Business and Economics, from the Norwegian School of Management and Executive Programs at IMD in Lausanne, Switzerland

Jonas Allers Wismer (b. 1982)
Senior Vice President, M&A Group Business Development and Strategy
Mr. Wismer joined Flokk in 2017. He is responsible for the Group's execution of mergers and acquisitions, and Group business development and strategy.
Work experience: Schibsted Media Group, Arctic Securities, Norden Corporate Finance, and Deloitte Consulting
Academic background: Master of Science in Applied Economics and Finance from Copenhagen Business School


RH Logic 220 Silver

Flokk – Company & Purpose

Flokk stands proudly as the renowned European leader in design, manufacturing, and distribution of high-quality seating solutions, perfectly tailored for vibrant workplaces. With a rich Scandinavian heritage and a legacy rooted in exceptional craftsmanship our furniture blends ergonomic comfort with sustainability, all while adding aesthetic charm to spaces where people come together to create, collaborate, and connect.

Our diverse portfolio showcases a variety of unique products and brands, all bound together by a shared passion for innovation, functionality, and design. As we create these exceptional pieces, we are ever mindful of our environmental impact, striving to leave a lighter carbon footprint with every step.

Sustainability is at the core of Flokk's ethos. We've embraced this responsibility long before it became a global imperative, integrating it into every facet of our operations and products. Our dedication to a holistic and purposeful approach to sustainability emphasizes our commitment to a better future.

Flokk places great emphasis on fostering a positive workplace culture, and we are dedicated to creating a safe, inclusive, and diverse environment. Our organisation thrives on the diverse perspectives, backgrounds, and experiences that our employees bring to the table.
This richness of diversity is a driving force behind our success, enabling us to innovate and deliver excellence in everything we do.

Flokk's diverse brand offering delivers for every modern workspace need

Truly productive and inspiring workspaces require more than just functional furniture; they demand a tailored and holistic seating solution. A key strength of Flokk is our carefully assembled collection of brands - each with a unique identity, rich heritage, and diverse product offerings – that combined give us the ability to deliver a seating solution for every workspace need.

The strength of this diversity allows Flokk to cover everything from specific ergonomic or personalised needs to adaptable seating for collaborative spaces.

So, what makes each brand stand out?

HÅG – Celebrating movements

HÅG presents a versatile collection of task seating and chairs for meeting rooms, and collaboration spaces. A combination of pioneering functionality, elegant design, and simplicity results in effective designs perfect for dynamic, multiuser environments, as well as the home office.

Established in 1943, HÅG is an iconic Norwegian brand built around the concept that movement can truly make every workday healthier and more productive. Utilising patented HÅG inBalance® technology, when you sit in a HÅG chair, you sit in balance. This provides more natural movement for your whole body without involving any physical or mental effort.

GIROFLEX – Designed to work

Giroflex is one of the original office seating brands, specialising in the design of high-quality task seating, complemented by a range of conference and visitor chairs that exhibit harmonious design features.

Founded in Koblenz, Switzerland in 1872, Giroflex is still today a market leader for synchro motion seating, not only developing one of the world's first designs of its kind, but also leading the way with continuous innovation and evolution in the industry. All Giroflex office chairs are designed with a synchro motion mechanism that powers the chair to follow natural body-movements, personally adjustable for comfort and support.

OFFECCT – Furniture with a mission

Offecct create unique design furniture for the office and public spaces. With a product range that includes a wide range of soft seating, tables, acoustic panels, and accessories, Offecct believes in furniture that inspires people, makes them feel good, and encourages creative meetings.

Since its establishment in 1990, Swedish brand Offecct has collaborated with leading designers and architects worldwide to craft distinctive design furniture for both office and public spaces. The focus is on delivering unique designs that radiate exclusivity and craftsmanship, adding a touch of sophistication to any setting.

RH – Designed for human performance

RH chairs are designed for personal workspaces, with a particular emphasis on designated seating for individual users, including 24/7 environments. All RH chairs are developed with a focus on functionality. As a result, RH chairs are highly sophisticated, offering users greater comfort, support, and movement, featuring easy to understand controls with clear pictograms and intuitive handles and grips. An RH chair offers an elevated level of individual seating comfort, dynamic ergonomics, user friendliness and flexibility to enhance daily performance.

Since its establishment in Bodafors, Sweden, in 1977, RH has been an integral part of the Swedish design tradition, recognised by ergonomists, physiotherapists and other professionals for its unique ergonomic philosophy.

PROFIM – Essential for workspaces

Profim produce task chairs and soft seating for across the workplace, with emphasis on quality, authenticity, and precision design, all at a competitive price. The brand philosophy revolves around the essential elements of ergonomics, technology, and aesthetics for true seating comfort.

Founded in Poland in 1991, Profim furniture is manufactured in the central city of Turek. Renowned for their impressive specialist knowledge, Profim's skilled employees have built expertise since the company's founding.

CONNECTION – Making space that works

Connection is recognised as a specialist in micro architecture furniture, creating defined places through soft separation, partitions, or landscaping of a space.

Launched in Huddersfield, UK in 1997, Connection design and manufactures distinctive products which define space and create a sense of place through offering solutions for visual and acoustic privacy, championing a nomadic product approach, offering agility, modularity & flexibility to a category that is otherwise limited by the permanent nature of architecture.

MALMSTOLEN

The singular aim of Malmstolen is to create world-class healthy seating. They do this by developing office chairs using extensive ergonomic research, creating high quality seating designed to reduce the risk of neck and back pain, whilst boosting productivity and improving posture.

Founded in Sweden in 1994, Malmstolen's USP is their full-contact back support design, which provides comprehensive support from the lumbar region to the shoulders regardless of the sitting angle. The ergonomically S-curved design of the backrest aligns with the body's anatomy, preventing discomfort in your back and neck.

9TO5 SEATING – Designed to be accessible

9to5 Seating specialises in the design and production of ergonomic office seating for an evolving world. Their portfolio includes a wide range of task, executive and guest chairs as well as soft seating and stools.

Launched in 2004, 9to5 Seating is headquartered in California and acts as the main distributor of several products from other Flokk brands in North America, including the iconic HÅG Capisco and HÅG Capisco Puls, and HÅG Tion and HÅG Celi.

BMA

Bio Mechanical Advisory or BMA Ergonomics is a Dutch brand that integrates knowledge and expertise in ergonomics and biomechanics with technology and sustainability. BMA's mission is to enhance office workers' posture and promote a healthier way of working.

Established in 1988 in Zwolle, their portfolio includes the patented Axia movement mechanism, which facilitates seamless transitions between the three primary working postures. The Axia chair, designed for all, offers customisation through a modular system and a bespoke program, aligning with BMA's commitment to a sustainable, circular office chair that encourages healthy sitting behaviour based on scientific knowledge.

RBM

RBM is a Danish brand whose 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. 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.

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.

Selected Interior Project Case Studies, 2023

During 2023 Flokk delivered on many inspiring interior projects around the world. Here we present a small snapshot into those projects which particularly aligned to the strengths of our portfolio and the way we design furniture.

REDD BARNA (SAVE THE CHILDREN)

Location: Oslo, Norway
Sector: International Charitable NGO
Featured brands: HÅG, Profim

Romlaboratoriet, a specialist in sustainable workspaces, oversaw the interior project for Redd Barna's new office. The goal of creating a workspace that reinforced their brand identity, promoted responsible environmental practices, and encouraged activity-based working patterns for their employees. Flokk furniture, designed for the modern workplace was selected for sustainability, comfort, and aesthetics included HAG Capisco, HÅG Tion, and HÅG Celi chairs, incorporating recycled materials and precise carbon footprint measurements. Soft seating options like Profim Chic lounge chairs and Profim Vancouver Oto pouffes were provided for relaxation and unwinding.

HÅG Tion

HÅG Tion, HÅG Celi, Profim Chic Lounge,
Profim Vancouver Oto

HÅG Tion, HÅG Celi

> *"When looking for seating for this project we wanted a comfortable, agile, visually pleasing designs, that required minimal adjustments, but also answered to our strict demands on sustainability. With Flokk we found a collection of seating that met all of our requirements."*
> – Kjersti Hoel Johnson, Managing Partner, Romlaboratoriet

ERSTA HOSPITAL

Location: Stockholm, Sweden
Sector: Healthcare
Featured brands: HÅG, RH

Flokk's high-quality and long-lasting products, and our sustainability profile was crucial in partnering for the development of the new Ersta Hospital in central Stockholm. Designed by renowned Emma Olbers, with support from architectural firm Tengbom, the focus was on utilising natural materials, minimising environmental impact, without compromising the creation of a homelike and soothing atmosphere for patients.
Flokk 's broad range of seating solutions displaying attractive Environmental Product Declaration (EPD) empowered the project team to prioritise design furniture with low carbon emission options and select chairs with a high proportion of recycled content, reducing the hospital's environmental impact. The wide variety of fabrics and colours offered by Flokk facilitated customization and cohesive interior design, while ensuring comfort and support for users.

RH Mereo

HÅG Tion

RH Support

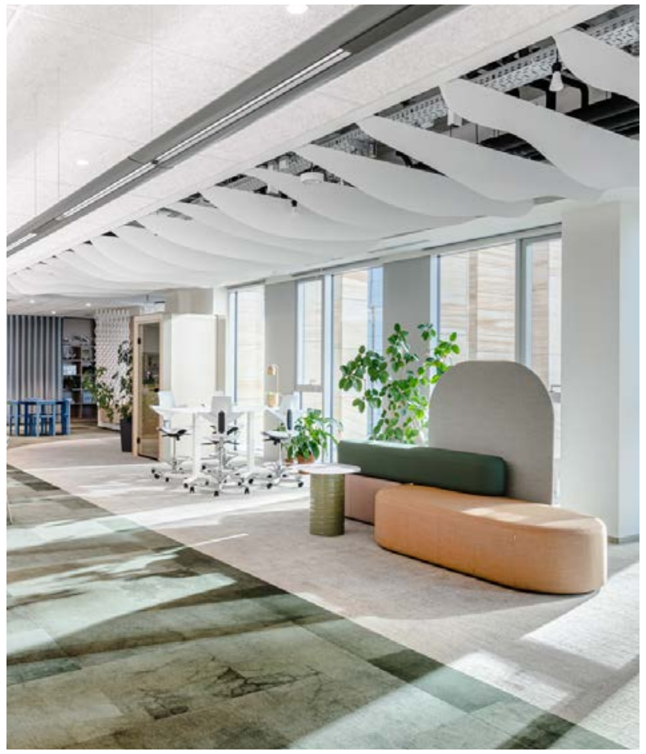
> *"Opting for small, thoughtful material choices aligning with sustainability forms the cornerstone of responsible interior design. Prioritising furniture that is easy to maintain, repair, and recycle empowers a transformative impact on the environment."*
> - Emma Olbers, Emma Olbers Design

ARUP

Location: Warsaw, Poland
Sector: Architecture & Engineering
Featured brands: HÅG, Profim

Working collaboratively with Workplace architects, Arup took an interdisciplinary approach, integrating approach, integrating research on how people scientifically respond to various aspects of their environments, such as shapes, colours, lighting, and spatial distances. The aim was to design a workplace scientifically geared towards enhancing employee wellbeing. Furthermore, they implemented the 6R principles (Rethink, Refuse, Reduce, Reuse, Recycle, Repair) and crafted an office with diverse spaces tailored to promote employee wellbeing and performance.

The project incorporated HÅG Capisco Puls task chairs and Profim Revo soft seating from Flokk's portfolio to align with their objectives of boosting productivity and contributing to a circular economy.


HÅG Capisco Puls, Profim Revo


HÅG Capisco Puls


HÅG Capisco Puls

FORTE DIGITAL

Location: Stockholm, Sweden
Sector: Consulting
Featured brands: HÅG, Offecct, Profim, RBM

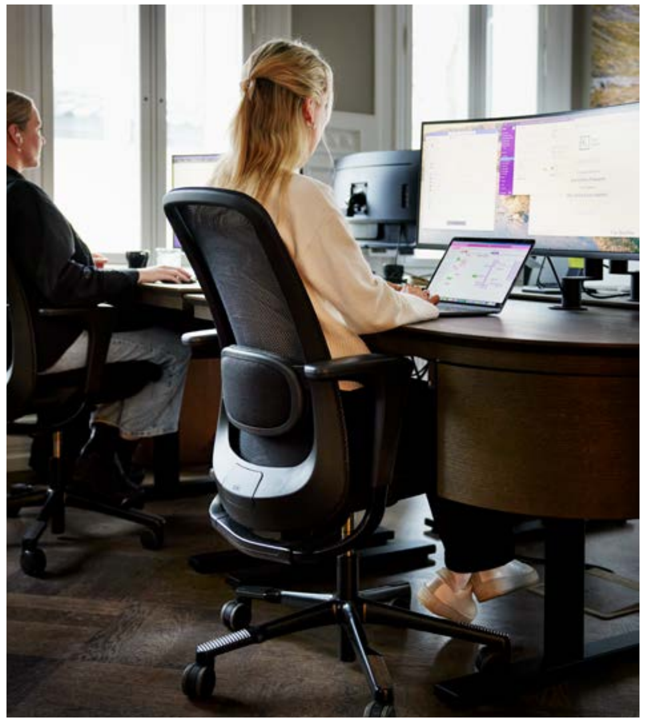
Forte enlisted the help of Flokk to help shape the interiors of their new headquarters. Key to the project was the desire for a sustainable approach to workspace design, using environmentally friendly furniture that was also flexible to deliver a dynamic workspace experience in today's Hybrid working era.

With seven floors of workspace to furnish, Flokk were enlisted early in the process, helping to turn rough sketches into concrete plans, providing advice on layouts, furniture choices and workspace zoning, based on the needs of Forte.

Forte managed the interior design in-house, with Flokk consulting on furniture and workspace planning. Forte narrowed down the selection by visiting Flokk's colour and fabric consultants to explore the full range of products and fabrics available. Meeting the key criteria of comfort, flexibility, and sustainable design, Flokk were able to provide seating for every workspace across each floor, as well as a range of tables and accessories.


HÅG Tribute, Profim Nu


HÅG Sofi Mesh, Offecct Carry On, Offecct Nobis, Profim Softbox


HÅG SoFi Mesh

"We received very good help from Flokk... They took the time to get to know Forte and to understand our needs, including on-site visits to offer different solutions. The collaboration has worked excellently, and our employees are satisfied with the result."
- Celin Lund HR Manager, Forte Digital

giroflex 40

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Board of Directors' Report 2023

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

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

GOING CONCERN

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

STRUCTURAL CHANGES

In April 2023, Flokk acquired the 4.55% non-controlling interest in 9to5 Seating LLC and Flokk Furniture (Zhongshan) Co., Ltd (former Zhongshan Habitat Furniture Co., Ltd) for a cash consideration. Following the transaction there are no non-controlling interest in the Group.

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

UK-based Connection Seating Ltd. was acquired in 2022. To further optimise the UK organisation and Flokk's approach to customers and the footprint in the market, the business, and assets in Flokk Ltd was transferred to Connection Ltd effective from 16 May 2023. Following the asset transfer Connection Ltd was renamed to Flokk Ltd under the same company number shortly thereafter. The name change took place to ensure one Flokk in the UK organisations and in the UK market.

Flokk has acquired the company Stylex Inc., a US manufacturer of seating solutions. The acquisition is based on the Group's long-term acquisition strategy and will further strengthen the Groups position in the US market. The transaction was closed 1 February 2024.

MARKETS

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

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

THE GROUP'S RESULTS

INCOME STATEMENT

In 2023, the Flokk Group had total operating income of NOK 3 826.2 million compared to NOK 3 719.5 million last year, an increase of 2.9%. The operating profit for the period was NOK 477.4 million compared to NOK 403.8 million in 2022. The operating margin in 2023 was 12.5%. Net financial expenses amounted to NOK 512.9 million compared to NOK 326.7 million in 2022. 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 2023 than previous year. Profit before tax amounted to NOK -35.4 million, compared to NOK 77.2 million in 2022. Profit for the year amounted to NOK -83.4 million compared to NOK 3.7 million in 2022. Profit after tax is affected by a non-recognition of tax assets for a portion of the interest cost in Flokk Holding AS. Income tax expenses increased with NOK 43.4 million following the adjustment.

FINANCIAL POSITION

Total investments in the Group amounted to NOK 108.0 million covering purchase of property, plant, and equipment of NOK 93.1 million and capitalised development costs of NOK 14.5 million. Flokk acquired the 4.55% non-controlling interest in 9to5 Seating LLC and Flokk Furniture (Zhongshan) Co., Ltd (Former Zhongshan Habitat Furniture Co., Ltd) for a cash consideration. The consideration amounted to NOK 59.0 million.

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

Total cash flow for the Group derived from operating activities amounted to NOK 404.2 million. The difference in relation to the operating profit is mainly due to depreciation, taxes paid, unrealised exchange rate differences and changes in working capital.

The Group's total assets at the end of the year were NOK 6 611.4 million, an increase of NOK 133.9 million from the end of 2022. The equity ratio was 22.5%, compared to 21.9% end of 2022. The Group's current liabilities at the end of the year was 21.5% of its total liabilities, compared to 17.9% the year before. The total debt ratio was 77.5% vs 78.1% % in 2022.

At the end of 2023, the net interest-bearing liabilities amounted to NOK 3 164.3 million, a decrease of 0.7% compared to the end of the previous year. Bank covenants are calculated at the end of every quarter, and the Group met the requirements at the end of 2023. An extension of the financing until 2027 was completed in January 2023.

At the end of 2023, the Group had a total credit line of NOK 4 308.6 million, consisting of long-term loans of NOK 3 941.6 million and an unused overdraft limit of NOK 367.0 million. Available funds in the form of unused credit facilities and cash equivalents amounted to NOK 1 144.3 million.

FINANCIAL RISK

Approximately 90% of the Group's sales are invoiced in currencies other than Norwegian krone, and the financial is therefore exposed to exchange rate fluctuations, especially with respect to EUR, USD, DKK, CHF, GBP, PLN, and SEK. The Group's statement of financial position is exposed to exchange rate fluctuations in EUR and USD, as loans in EUR and USD exceed receivables in these currencies. This exposure is not hedged.

Credit risk associated with counterparties being unable to meet their financial obligations is regarded as acceptable. Sales are to dealers and importers with whom the Group has been working with over time. Historically, losses from receivables have been limited and amounted to NOK 0.9 million in 2023. Gross trade receivables end of 2023 amounted to NOK 460.7 million.

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

RESEARCH AND DEVELOPMENT

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

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

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

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

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

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

MANUFACTURING AND PROCUREMENT OPERATIONS (MPO)

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

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

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

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

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

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

During the summer, Flokk will establish a fully owned production facility in Mexico, focusing on cutting, sewing and upholstery work for the US market. This enables Flokk to increase the capacity for the 9to5 production in USA, at the same time reducing the direct labour cost. As the next step we will investigate further expansion for potential subassembly and final assembly. A major initiative will be made in consolidating the entire supply base, focusing on the global footprint and supplier management. The overall ambition is to lower the material spend, reduce transportation lead times, and minimize warehouse value.

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

WORKING ENVIRONMENT, EQUAL OPPORTUNITIES, AND DISCRIMINATION

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

The Group has high continuous focus on social responsibility. All employees and suppliers undertake to comply with the company's strict ethical guidelines, based on The Ten Principles of the UN Global Compact, which includes human rights, working conditions, bribery, corruption, and animal welfare. The company is a member of and reports to Ethical Trade Norway, an important contribution to ensure compliance with the Transparency Act. The company creates long-term value for owners and society by engaging in efficient commercial activities based on the principle of sustainable development. The company seeks to be a positive contributor to society for its employees, partners, and subcontractors.

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

The collaboration between Flokk and the trade unions is based on mutual trust, open and transparent dialogue, and close and frequent collaboration. At Flokk's productions, the Group has established a close dialogue with an internal union with representatives from various parts of the value chain. Flokk's Corporate Council continues to be an important bi-annual meeting place between employee representatives and members of Flokk's Group Management team. In October 2023 the Engagement@Flokk survey, which is run every second year, took place with a participation rate in the excess of 95%. A new theme related to Diversity, Equity, and Inclusion (DEI) was introduced. A high score of 8 out of 10 clearly demonstrated that Flokk are successful in its approach to this topic, however, constant focus is vital.

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

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

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

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

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

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

EXTERNAL ENVIRONMENT

The Group continuously strives to position itself internationally in the top tier within the area of ESG. The Group has succeeded in being a leader in the industry in terms of development of sustainable products, through a structured focus on climate, resources, and health. Flokk's sustainability strategy is for the company to distinguish itself from others on the market through ambitious long-term targeted activities. The Group imposes strict environmental requirements for new product solutions, use of chemicals and choice of sustainable materials throughout the value chain, both internally and from its joint venture partners.

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

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

Climate - with the long-term target of 50% reduction in carbon emissions per unit by 2030, the Group is dedicated to contributing to the EU's objective of cutting greenhouse gas emissions by 55% by 2030. 92.9% of the electricity used is renewable. The CO_2e emissions per unit has increased 9.0% since 2015, mainly due to investing in gas powered powder coating process in Poland and a 15% lower number of produced units since 2022. The Group complies with the EU's EED (Energy Efficiency Directive) through ISO 50001:2018 certification and through energy audits according to EN 16247.

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

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

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

SUSTAINABILITY REPORTING

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

CHANGES IN BOARD OF DIRECTORS

Andrzej Bartos left the board of directors following the exit of Innova's ownership after Flokk was transferred to a new fund, Triton IV Continuation Fund, on 3 May 2023.

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 2023. Its operating expenses amounting to NOK 7.1 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 -323.1 million, compared to NOK 97.5 million in 2022. Profit for the year amounted to NOK -295.4 million compared to NOK -116.4 million the previous year. At year end, Flokk Holding AS had total assets of NOK 6,423.1 million.

Profim LightUp, Softbox
RBM Noor, Eminent

ALLOCATION OF PROFIT OF THE YEAR

The board proposes that the annual profit of the year of NOK -293.5 million in Flokk Holding AS be allocated as follows:

Transferred to other equity	NOK -293.5 million

FUTURE PROSPECTS

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

Oslo, 21 March 2024

Mikael Aro
Chair of the Board

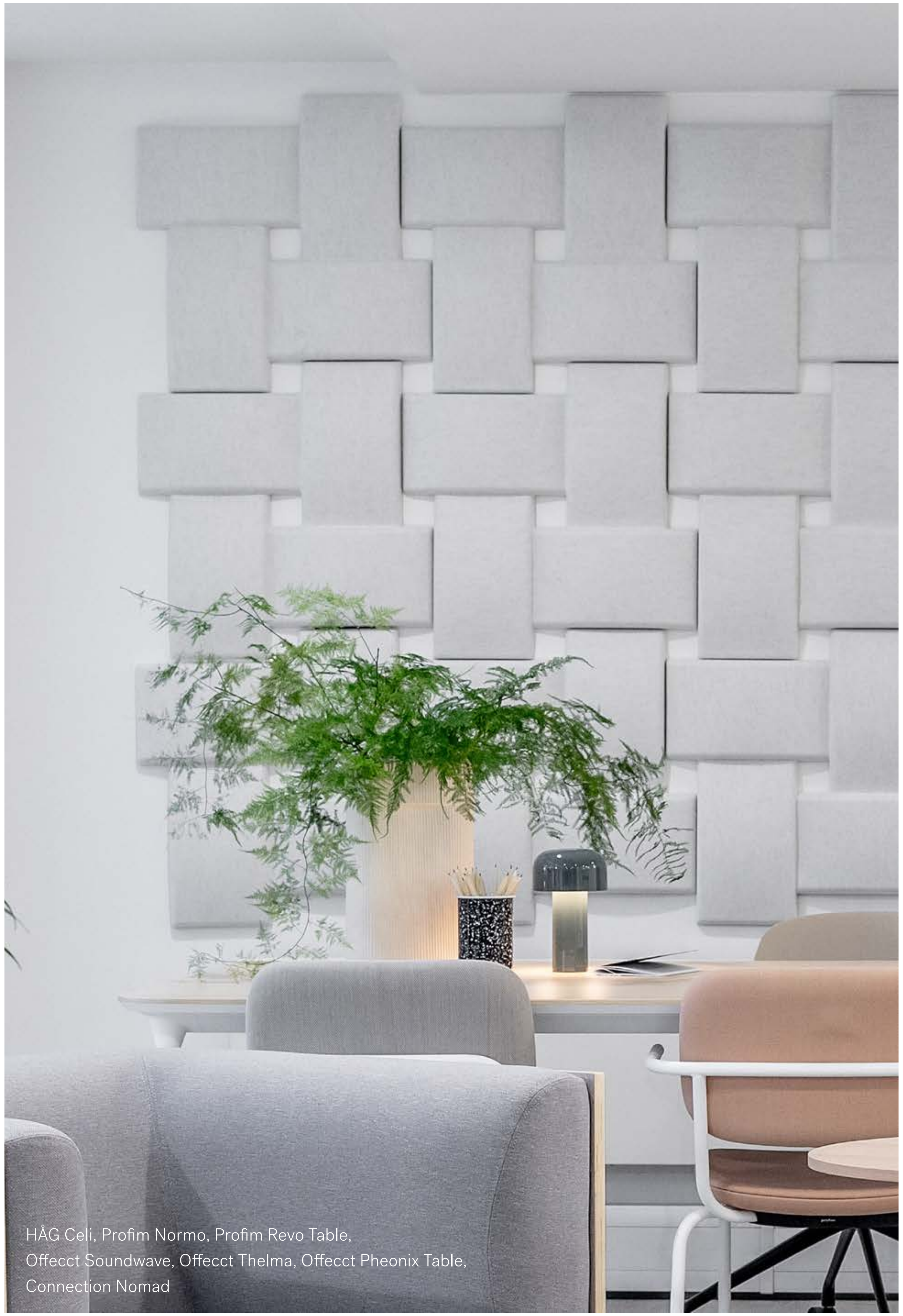
Thomas Hofvenstam
Board Member

Pernille Bonser
Board Member

Joachim Espen
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO



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Consolidated Income Statement

1 January - 31 December

NOK (thousands)	Notes	2023	2022
Sales revenues	6	3 826 189	3 719 507
Total operating income		**3 826 189**	**3 719 507**
Cost of materials		1 428 063	1 511 126
Inventory movements, in-house production	15	42 129	(873)
Personnel expenses	10	953 500	893 284
Depreciation, amortization and impairment	7, 12, 22	232 632	170 250
Other operating expenses	10,13	692 421	741 891
Operating expenses		**3 348 746**	**3 315 679**
Operating profit		**477 443**	**403 829**
Financial income	17	1 734 971	1 256 795
Financial expenses	17	(2 247 834)	(1 583 461)
Net financial income (expense)		**(512 863)**	**(326 665)**
Profit before tax		**(35 420)**	**77 163**
Taxes	14	47 975	73 418
Profit for the year		**(83 395)**	**3 745**
Profit for the year attributable to:			
Equity holders of the parent		(83 395)	2 118
Non-controlling interests			1 627
Information concerning:			
Earnings per share	20	(2 780)	71
Diluted earnings per share	20	(2 780)	71

Consolidated Statement Of Comprehensive Income

1 January - 31 December

NOK (thousands)	Notes	2023	2022
Profit for the year		**(83 395)**	**3 745**
Exchange differences on translation of foreign operations		211 781	47 563
Items that may be reclassified subsequently to income statement		**211 781**	**47 563**
Remeasurement of defined benefit pension plans, net of taxes	11	(3 479)	4 629
Items that will not be reclassified to income statement		**(3 479)**	**4 629**
Other comprehensive income, net of taxes		**208 302**	**52 192**
Total comprehensive income		**124 907**	**55 937**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	19	124 907	54 165
Non-controlling interests			1 772

Consolidated Statement Of Financial Position

31 December

NOK (thousands)	Notes	2023	2022
Assets			
Deferred tax assets	4, 14	227 338	182 427
Goodwill	4, 7	3 493 552	3 365 784
Other intangible assets	4, 7	332 464	329 034
Right-of-use assets	22	268 760	282 583
Property, plant and equipment	12	614 889	584 492
Other long term receivables	10	7 535	27 010
Total non-current assets		**4 944 537**	**4 771 330**
Inventories	15	390 252	511 385
Trade receivables	16	451 653	484 505
Other short-term receivables	16	47 634	111 071
Cash and cash equivalents	9	777 324	599 231
Total current assets		**1 666 863**	**1 706 193**
Total assets		**6 611 400**	**6 477 522**
Equity and Liabilities			
Share capital	19	90	90
Share premium		755 720	755 720
Total paid in capital		**755 810**	**755 810**
Retained earnings		730 862	618 323
Non-controlling interests	3		46 610
Total other equity		**730 862**	**664 933**
Total equity		**1 486 672**	**1 420 743**
Pension obligations	4, 11	12 067	7 264
Deferred tax liabilities	14	240 222	207 349
Warranty provisions	23	2 308	3 549
Long-term interest-bearing loans	8, 9	3 561 491	3 711 039
Lease liabilities	22	207 101	222 276
Other long-term liabilities		33	294
Total non-current liabilities		**4 023 223**	**4 151 771**
Short-term interest-bearing loans	8, 9	339 636	48 353
Lease liabilities	22	77 631	70 036
Trade payables		295 831	352 971
Taxes payables	14	58 393	93 126
Accrued liabilities		82 802	84 119
Warranty provisions	23	8 396	9 208
Other short-term liabilities	24	238 818	247 195
Total current liabilities		**1 101 506**	**905 008**
Total liabilities		**5 124 728**	**5 056 780**
Total equity and liabilities		**6 611 400**	**6 477 522**

Oslo, 21 March 2024

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Chair of the Board

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Board Member

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Board Member

Joachim Espen
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Kristine Landmark
Board Member

Lars I. Røiri
CEO

Consolidated Statement Of Cash Flows

1 January - 31 December

NOK (thousands)	Notes	2023	2022
Operating activities			
Profit before tax *)	7,12,22	(35 420)	77 163
Depreciation, amortization and impairment		232 632	170 250
Unrealised exchange rate differences		128 136	56 813
Accrued interest loans		4 985	14 039
Capitalised borrowing costs		(15 522)	16 514
Other		766	89
Taxes paid	14	(98 470)	(76 566)
Cash flow from operating activities before change in working capital		**217 106**	**258 302**
Cash flow from change in working capital:			
Change in inventories		154 124	5 789
Change in current receivables		150 401	1 769
Change in payables		(83 518)	(4 565)
Change in current liabilities		(33 950)	(39 590)
Cash flow from operating activities		**404 163**	**221 705**
Investing activities			
Acquisition of business, net of cash acquired	3	(58 977)	(60 163)
Purchase of intangible assets		(13 294)	(24 035)
Purchase of property, plant and equipment	12	(93 111)	(185 943)
Sale of shares in subsidiary			454
Sale of intangible assets			3 022
Sale of tangible assets		921	2 939
Sale of financial assets			115
Cash flow from investing activities		**(164 461)**	**(263 611)**
Financing activities			
Short or longterm borrowing		16 719	(9 016)
Down payment of interest-bearing loans	9	(61 143)	(54 758)
Payment of principal portion of lease liabilities (IFRS 16)		(71 385)	(62 706)
Group contributions paid		(2 240)	(1 100)
Cash flow from financing activities		**(118 050)**	**(127 580)**
Cash flow for the year		**121 653**	**(169 486)**
Cash and cash equivalents at the beginning of the period		599 231	733 911
Exchange rate differences in cash and cash equivalents		56 439	34 806
Cash and cash equivalents at the end of the period		**777 324**	**599 231**
Cash and cash equivalents booked as bank deposit		777 324	599 231
*) Includes			
Interest income received		33 503	4 207
Interest expenses paid		367 721	157 651
Interest portion of lease liabilities (IFRS 16)		8 758	8 457

Consolidated Statement Of Changes In Equity

For the years ended 31 December 2022 and 2023

NOK (thousands)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total other equity	Total equity
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**
Equity 01.01.23	**90**	**755 720**	**(27 827)**	**646 149**	**46 610**	**664 932**	**1 420 742**
Profit for the year				(83 395)		(83 395)	(83 395)
Other comprehensive income			211 781	(3 479)		208 302	208 302
Acquisition of non controlling interest				(12 367)	(46 610)	(58 977)	(58 977)
Equity 31.12.23	**90**	**755 720**	**183 954**	**546 908**	**0**	**730 862**	**1 486 672**

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 Triton IV Continuation Fund SCSp.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 21 Mars 2024.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, which are measured at fair value. See note 8 for a specification of financial instruments. All figures are stated in NOK thousands, unless otherwise is specifically stated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Flokk Holding 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 2023

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

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

CLASSIFICATION

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

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

OPERATING SEGMENTS

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

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), that are expected to benefit from the synergies of the combination, irrespective of whether other assets of liabilities of the Group are assigned to those units or groups of units. A CGU is the smallest identifiable group of assets that generate incoming cash flows, and which is essentially independent of incoming cash flows from other assets or groups of assets. The Group has assigned goodwill to three CGUs that each have an independent value chain (See note 7). Each of these units represents part of the Group's activities that can be separated and operate as a separate business separate from the Group's other businesses.

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

The Group's goodwill is linked to the acquisitions done in the period 2014-2023. A specification of goodwill is shown in note 7.

RESEARCH AND DEVELOPMENT COSTS (INTERNAL DEVELOPMENT)

Expenses related to research activities are recognised 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 recognised in the consolidated statement of financial position at cost less any accumulated depreciations and accumulated impairment losses.
The asset is tested for impairment annually before the development is complete. Depreciation of the asset begins when development is complete, and the asset is available for use. It is depreciated linearly over the period of expected future benefit.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

Financial assets are classified into three categories in accordance with IFRS 9 Financial instruments:
- Financial assets at fair value through profit or loss
- Financial assets measured at amortized cost
- Derivatives designated as hedging instruments at fair value through other comprehensive income

Financial assets at fair value through profit or loss include equity instruments and derivatives with a positive value and is initially recognised at fair value, and the transaction cost is recognised in the consolidated income statement when incurred. Gains or losses relating to financial assets measured at fair value through profit or loss are recognised 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 recognised 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 recognised 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 recognised 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 recognised in other comprehensive income, while the ineffective position is recognised directly in the consolidated income statement.

TRADE RECEIVABLES AND PROVISIONS

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

INVENTORIES

Inventories, including semi-fabricated products, is recognised at the lowest of cost price and net realisable value. Net realisable value refers to the net amount that is expected to be realized from the sale of inventory in the ordinary course of business. Costs are established using the FIFO method. The processed inventories include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories are written down in its entirety.
Inventories are assessed for obsolescence. Obsolescence arises when the inventories contain faulty components or components for products which are no longer for sale, and thus do not represent any value to the Group. Provisions for obsolescence are reversed in those instances when the components are nonetheless able to be used in production.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term highly liquid deposits to meet short-term commitments, with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Flokk has established a group account system (cash pool system) of which Flokk Holding AS is the group account holder. The bank can settle each withdrawal and the available balance against each other such that the net balance represents the outstanding balance between the bank and Flokk Holding AS. The Group recognises the net balance of the accounts included in the group account system.

CASH FLOW STATEMENT

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

INTEREST-BEARING LOANS

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

PROVISIONS FOR OBLIGATIONS

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

EQUITY

Share capital

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

EXCHANGE RATE DIFFERENCES

Foreign currency transactions are translated at the exchange rate on the transaction date. Monetary items (debt or receivable) in foreign currency are translated into functional currency using the exchange rate on the statement of financial position date. Non-monetary items measured at historical rates expressed in foreign currency are translated into functional currency using the exchange rate at the time of the transaction. Non-monetary items that are measured at fair value expressed in foreign currency are translated at the exchange rate determined at the time of measurement. Exchange rate fluctuations are recognised 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 recognised 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 recognised independently of when the differences will be reversed. The deferred tax and deferred tax assets are recognised at nominal value Tax payable and deferred tax are recognised in other comprehensive income to the extent that these relate to matters that are recognised in other comprehensive income.

LEASES

Identifying a lease

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

Recognition of leases and exemptions

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

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

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

Lease liabilities

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

The lease payments included in the measurement comprise of:

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

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

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

Right-of-use assets

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

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

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

WARRANTY PROVISIONS

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

PENSIONS

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

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

The effect of accrued pension benefits is divided over the remaining average accrual period. In the case of contribution plans, payments have been made to the insurance company. Once the contribution has been paid there are not further liabilities. Payments linked to the contribution plans are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised based on the agreed price less any discounts.

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

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

GOVERNMENT GRANTS

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

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

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

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

The amendments clarify:

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

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

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

NOTE 3 – BUSINESS COMBINATIONS

On 2 April 2023 Flokk acquired the 4,55% non-controlling interest in 9to5 Seating LLC and Flokk Furniture (Zhongshan) Co., Ltd (Former Zhongshan Habitat Furniture Co., Ltd). A cash consideration of NOK 59,977 thousand was paid to the non-controlling shareholder. The carrying value of the net assets of the acquired minority (excluding goodwill on the original acquisition) was NOK 46,610 thousand. Following is a schedule of additional interest acquired.

NOK (thousands)	
Cash consideration paid	58 977
Carrying value of the additional interest	(46 610)
Difference recognised in retained earnings	**(12 367)**

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 was combined in one company in mid-2023. The combined business was named Flokk Limited and holds a broader portfolio of products that will create more market value than the total of the two businesses separated.

Cash flows from Flokk Limited 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.

Analysis of cash flow on acquisition

NOK (thousands)	
Cash holding in Flokk Limited	23 143
Cash payment	(81 473)
Net cash flow	**(58 330)**

Flokk Limited 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 Flokk Limited was acquired as of 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 gain of NOK 512 thousand related to the sale. Ring 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 3,494 million (NOK 3,366 million). Further details and assumptions used are disclosed in note 7.

DEFERRED TAX ASSETS

Deferred tax assets are recognised 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 recognised, 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 227 million (NOK 182 million).

NET PENSION OBLIGATIONS

Defined benefit plans are calculated based on a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, future salary adjustment, etc. could have substantial impacts on the estimated pension obligation. Similarly, changes in the selected assumptions for the return on pension assets could affect the amount of the pension assets. Significant variability in particularly the level of interest rates can have a material effect on the estimated pension obligation and expenses. The carrying value of net pension obligations is NOK 12 million (NOK 7 million).

NOTE 5 – MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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

OBJECTIVES AND STRATEGY

The overall objective of the Group's capital management is to be an attractive borrower through sound liquidity planning so that the Group at all times will be offered cost-effective funding at favorable conditions when comparing with similar borrowers and securities. The Group shall keep, and is keeping, good relations with at least two alternative main financing banks.

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

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

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

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

NOTE 6 – SEGMENT INFORMATION

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

The Group is a niche supplier that develops, manufactures, and sells seating for working environments. A large proportion of these products consist of multifunctional work chairs with casters. The customer structure in the regions consists of a very large number of dealers in all the main markets.

Outside the main markets, importers buy directly and sell on to dealers and end-customers. The size of the customers varies significantly, with no customer representing 10% or more of the Group's turnover.

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

NORTHERN EUROPE
Norway, Sweden, Denmark, Belgium, The Netherlands and 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 31.12.2023	Northern Europe	Central Europe	International	Other	Unallocated	Consolidated
Sales revenues	1 253 036	1 684 347	890 048	(1 242)		3 826 189
Total operating income	**1 253 036**	**1 684 347**	**890 048**	**(1 242)**		**3 826 189**
Operating costs					3 348 746	3 348 746
Operating profit						**477 443**

Per 31.12.2022	Northern Europe	Central Europe	International	Other	Unallocated	Consolidated
Sales revenues	1 270 776	1 539 448	905 572	3 711		3 719 507
Total operating income	**1 270 776**	**1 539 448**	**905 572**	**3 711**		**3 719 507**
Operating costs					3 315 679	3 315 679
Operating profit						**403 829**

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 recognised 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 recognised 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)	2023	2022
Sum of regions and unallocated	**477 443**	**403 829**
Financial income	1 734 971	1 256 795
Financial expenses	(2 247 834)	(1 583 461)
Income tax expense	(47 975)	(73 418)
Profit for the year	**(83 395)**	**3 745**

GEOGRAPHIC INFORMATION

NOK (thousands)	2023	2022
Revenues from external customers		
Germany	594 562	564 918
USA	753 104	709 099
Norway	313 276	365 647
Sweden	276 680	291 849
Other countries	310 771	333 406
The Netherlands	278 776	246 791
Denmark	219 139	243 094
Poland	234 668	194 988
Switzerland	180 284	179 543
Belgium	162 626	117 830
United Kingdom	325 555	317 836
France	176 748	154 507
Total sales revenues	**3 826 189**	**3 719 507**

NOK (thousands)	2023	2022
Distribution of revenue per brand		
HÅG	960 840	1 016 165
RH	553 553	501 628
RBM	114 663	130 212
BMA	154 570	185 559
Giroflex	231 631	255 034
Malmstolen	126 639	105 211
Offecct	56 864	68 669
Profim	780 923	678 364
9to5 Seating	685 032	627 632
Connection	162 715	151 487
Total revenue from the brands	3 827 431	3 719 960
Other revenue	(1 242)	(452)
Total	**3 826 189**	**3 719 507**
Fixed assets		
Poland	394 370	348 655
Norway	191 670	199 433
Sweden	89 697	99 748
USA	22 211	32 246
China	16 122	19 188
Switzerland	22 885	28 496
Germany	22 259	13 759
Belgium	8 123	9 267
Denmark	4 310	6 484
UK	91 647	86 424
The Netherlands	3 938	6 742
Czech Republic	1 384	2 572
France	12 162	12 259
Australia	1 046	1 803
Singapore	1 825	0
Total	**883 649**	**867 075**

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

NOTE 7 – INTANGIBLE ASSETS

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

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

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

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

NOK (thousands)	Goodwill	Internal development	Other intangible assets	Total
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)	
Fiscal Year 2023				
Carrying amount 01.01.2023	3 365 784	89 330	239 703	3 694 818
Investments		14 532	352	14 885
Translation differences	127 768	8 370	25 742	161 881
Sold/Disposed		(8 266)	(19 951)	(28 217)
Reclassifications		19 788	16 653	36 441
Depreciation/amortization		(22 584)	(31 218)	(53 802)
Carrying amount 31.12.2023	**3 493 552**	**101 171**	**231 281**	**3 826 006**
Per 31.12.2023				
Initial cost	3 493 552	175 996	(116 163)	
Accumulated depreciation /write-downs		(74 825)	347 444	
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 2023, the Group had 21 R&D projects ongoing of which 12 will be launched during 2024.

The Group receives government grants for research and development.

NOK (thousands)	2023	2022
Skattefunn (tax deduction of R&D)	6 343	
Training grant	554	462
Grant from EU		75
Sum	**6 897**	**537**
Research and development recognised in the consolidated income statement	89 571	73 100

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	16 738
Offecct AB	2017	57 315
Flokk Sp. Z.o.o.	2018	620 937
Connection Seating Ltd.	2022	53 489
Flokk		**2 423 773**
Malmstolen	**2017**	**51 065**
9to5	**2019**	**1 018 713**
Total goodwill		**3 493 552**

The group has accumulated goodwill of NOK 3 493 552 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 multiple acquisitions from 2014 to 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 was fully integrated into the Flokk matrix organisation. The manufacturing site in Mirfield is supporting all 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 the most sensitive:

Revenues

Revenue development is based on the budget for 2024, and management's revenue forecast for the growth in the period 2025-2027, backed by the company's strategic plan for the latter years. Revenue estimates both in budgets and forecast which have a material effect on figures in the consolidated income statement and statement of cash flows, have considered that the group is coming out from a period of recession and is expecting an increase in revenues for 2024. For the period 2025 to 2027 the management expect a growth above normal. The growth is a combination of volume and price growth, relatively equally distributed. Budgets and strategic plans are approved by the Board of Directors on annual basis. The management has during 2023 continued to execute several cost saving initiatives throughout the group, also a significantly reduction in number of employees. These cost saving initiatives is expected to increase operating profit significantly in the next 2-3 years. The long-term growth has been fixed at two per cent, reflecting the long-term rate of inflation plus a very conservative growth rate.

Gross margins

The Group expects sound gross margins in the years ahead. There are continuous improvement projects in procurement and logistics, as well as production optimization and margin optimization projects of current products. The Group has, over the past years, shown that these projects have had an effect, and it is expected that this will also apply in the future. Raw material and freight cost is more stable than during the post pandemic period in 2021 and 2022, but still affected by the situation in Ukraine. Management will continue to initiate measurements to compensate for the majority of these effects through a combination of improvement projects and price increases.

Weighted average cost of capital (WACC)

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

The Group has applied the following assumptions for estimating WACC:

- The long term risk-free interest rate is equivalent to the interest rate on 10 year government bonds as this corresponds with the time horizon on the relevant cash flows.
- The risk premium is 4% based on market research undertaken by the Norwegian Society of Financial Analysts and the recommendation from its members.
- Beta is 1.2 due to the cyclical nature of the industry
- Corporate Spread is 3.0%, where 1.25% reflects the current uncertainty in the borrowing market plus the NIBOR/STIBOR spread against a long-term risk-free interest rate.

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

Norway	8.33%
United States	9.60%
Sweden	6.78%

IMPAIRMENT TESTS OF GOODWILL

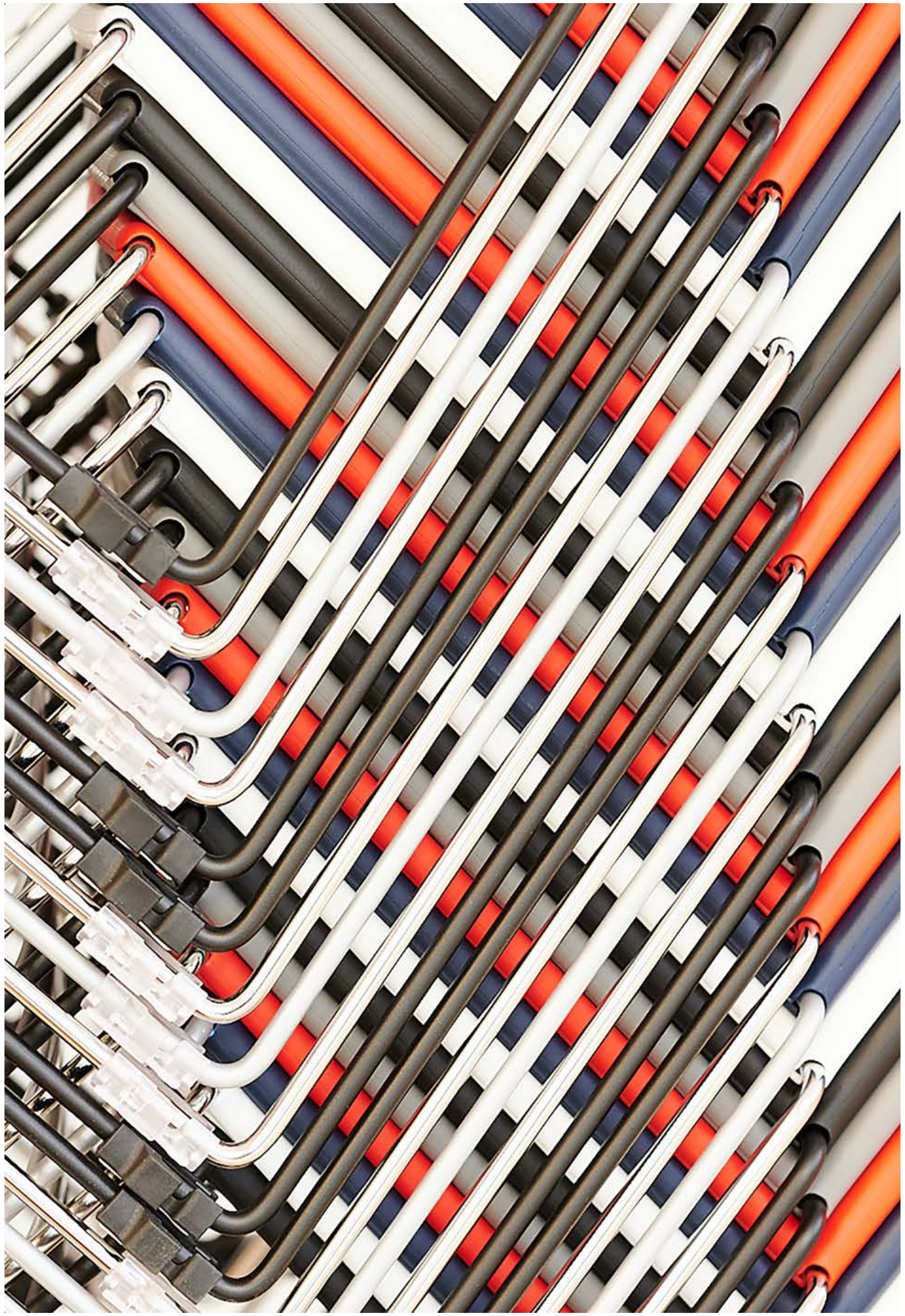
As a result of the impairment test performed in 2023, no impairment has been recognised. It is the managements opinion that the assumptions used in the tests are the best estimate for long term market development combined with the development of the Group.

SENSITIVITY

Sensitivity calculations were conducted for the CGUs with different parameters, weighted average cost of capital (WACC) added 2%, long-term growth equal to zero and the cash flows are also extrapolated using operating profit, adjusted for amortization and extraordinary cost at 2023 level. For each test, the other variables are unchanged. Calculated headroom reflects the difference between value in use and net assets including goodwill.

The tests show that the conclusions, with reasonable changes to the assumptions, do not change in relation to the fact that the group can justify its recognised goodwill. 9to5 goodwill is sensitive for growth. With no profit growth, the carrying value of Goodwill will be less than the value in use.

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



NOTE 8 – FINANCIAL INSTRUMENTS AND 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 2023 and other variables remained constant, it would have resulted in a higher or lower operating profit of NOK 38 262 thousand (NOK 37 195 thousand). If rebates on gross sales were 1% lower or higher in 2023 and other variables remained constant, it would have resulted in an increase or reduction in the operating profit of NOK 74 884 thousand (NOK 69 558 thousand). This is based on the managements estimates for reasonably possibly for change.

Foreign currency risk

NOK 3 530 million (NOK 3 370 million) of the Group's sales revenues are denominated in foreign currency. The Group has an even flow of revenues, and its sales are not generally based on a few large individual orders generating a large share of the sales. The Group invoices the customer in the customer's own currency. This means that a large share of the company's financial risk is attached to changes in exchange rates, especially in SEK, DKK, GBP, EUR, PLN, and USD. The Group has foreign currency risk connected to future cash flow in foreign currency. To limit the effect of fluctuating exchange rates, the company uses foreign currency derivatives. Normally, between 50-70% of expected net foreign currency exposure is secured through use of derivatives, but no derivates have been entered into as per end of 2023. The forward contracts are with a large, well-known recognised finance institution in Norway and any credit risk is therefore considered minimal. These contracts are treated as ordinary derivatives where the unrealised gains and losses are recognised in the in the consolidated income statement as currency gains/losses and are recorded at fair value. The Group has investments in subsidiaries in foreign currency where the net investments are exposed for currency risks by conversion. The Group has trade receivables, trade payables and external loans in foreign currency that are exposed for currency risk by conversion to the functional currency NOK. Some fluctuations in exchange rate are treated as ordinary course of business, but a change in foreign currency rates vs. NOK above 5% will be monitored closely by the management.

Interest rate risk

The Group's interest rate risk is primarily connected to long-term liabilities. As the net interest-bearing liabilities per 31 December 2023 was 48% (49% in 2022) 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 2023, the Group's floating-rate loans have been in NOK, EUR, and USD. With net interest-bearing liabilities of NOK 3 164 305 thousand (3 185 140 thousand), the level of interest rates significantly affects the financial expenses.

Effects of increase/reduction in interest:

If the interest was 1% weaker/stronger as per 31 December 2023 and all other variables were unchanged, this would have resulted in higher/lower profit before taxes of NOK 40 606 thousand (NOK 36 775 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)	2023	2022
Gross trade receivables (note 16)	460 725	492 706
Other receivables	47 634	111 071
Cash and cash equivalents	777 324	599 231
Total	**1 285 683**	**1 203 008**

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)	31.12.2023	Total maturity	2024	2025	2026	2027	2028 and later
Interest-bearing liabilities							
Bank loans	3 941 629	3 941 629	354 225	137 696	157 367	3 292 341	
Interest on bank loans		947 565	344 246	274 030	264 453	64 836	
Lease liabilities*)	284 732	284 732	77 631	61 032	39 402	23 759	82 908
Sum of interest-bearing liabilities	**4 226 361**	**5 173 926**	**776 102**	**472 758**	**461 222**	**3 380 936**	**82 908**
Non-interest-bearing liabilities							
Trade payables	451 653	451 653	451 653				
Other short term liabilities and provisions	335 257	335 257	335 257				
Other long term liabilities	33	33	17	17			
Sum of non interest-bearing liabilities	**786 943**	**786 943**	**786 927**	**17**			
Total	**5 013 304**	**5 960 869**	**1 563 029**	**472 775**	**461 222**	**3 380 936**	**82 908**

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	292 388	77 752	66 141	47 159	38 340	62 996
Sum of interest-bearing liabilities	**4 076 759**	**5 216 964**	**429 683**	**678 030**	**435 575**	**436 196**	**3 237 480**
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**	**5 910 751**	**1 123 235**	**678 089**	**435 634**	**436 255**	**3 237 538**

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

USE OF FAIR VALUE

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

The Group does not practice hedge accounting. Financial derivatives are recognised at fair value. Fair value is based on statements from credit institutions. As of 31 December 2023, the fair value of forward currency exchange contracts amounted to NOK 0 (NOK 0). Value change recognised for 2023 was 0 (NOK 0).

FAIR VALUE HIERARCHY

NOK (thousands)	Category	Fair value	Book value	Fair value	Fair value level *
2023					
Non-current assets					
Shares in other companies	B	111	111	111	3
Total		**111**	**111**	**111**	
Current assets					
Trade receivables	A		451 653	451 653	
Cash and cash equivalents			777 324	777 324	
Total			**1 228 977**	**1 228 977**	
Long-term liabilities					
Long-term interest-bearing loans	A		3 587 346	3 587 346	
Total			**3 587 346**	**3 587 346**	
Short-term liabilities					
Short-term interest-bearing loans	A		354 283	354 283	
Trade payable	A		295 831	295 831	
Total			**650 114**	**650 114**	
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**	

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

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

NOTE 9 – LOANS, MORTGAGES AND GUARANTEES

NOK (thousands)	2023	2022
Long-term interest bearing loans		
Bank loans	3 587 346	3 721 371
Borrowing costs	(25 854)	(10 332)
Total	**3 561 492**	**3 711 039**
Short-term interest bearing loans		
Bank loans	354 283	63 000
Borrowing costs	(14 647)	(14 647)
Total	**339 636**	**48 353**
Maturity dates down payment, interests and borrowing costs		
Within 1 year	354 225	337 284
From 2 to 5 years	3 585 545	4 560 261
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
EUR	2 922 530	2 733 588
USD	1 017 240	985 730
Total long-term	**3 939 770**	**3 782 318**
GBP	1 751	1 896
CZK	108	157
Total	**3 941 629**	**3 784 371**
Changes interest-bearing liabilities		
Per 01.01.	3 784 371	3 592 221
Down payments	(64 143)	(54 758)
Short or longterm borrowings	16 719	(9 016)
Car financing		(36)
Purchase for hire loan		1 896
Exchange differences on translation of loans in foreign currency	204 682	254 064
Per 31.12.	**3 941 629**	**3 784 371**

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

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

The loan interests are floating and have in 2023 been tied for six months at a time. The average interest rates in 2023 before margin was for the NOK-loan 3.77%, the EUR-loan 3.31% and USD-loan 5.50%. The interest rates correspond to the sum of relevant IBOR, and an interest margin based on the key figure NIBD/EBITDA, EBITDA/Total Net Finance Charges, and an investment limit. The margin is set every quarter according to an incremental scale in relation to key performance indicators (covenants) achieved.

At the end of 2023, the Group had a total credit facility of NOK 4 308 629 thousand (NOK 4 151 371 thousand), consisting of bank debt of NOK 3 941 629 thousand (NOK 3 784 371 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 guarantee framework. Available funds in the form of unused credit facilities of NOK 367 000 thousand and cash at bank per 31 December 2023 of NOK 777 324, amounted to NOK 1 144 324 thousand, which constitutes about 29.9% of the sales revenues (NOK 966 231 thousand in 2022). The Group is currently experiencing sound profitability. The external borrowing carried out in the Group is based on the Group continuing to be profitable and solid. One goal is therefore to maintain the Group's profitability, and measures are continuously implemented to adapt cost levels to the changing income picture.

Besides the Group's strategy for future growth and profitability, the management specifically follows up the specific requirements stipulated in the agreement with the Group's main banker. Those parts of the business that particularly influence the development of these requirements (covenants) are subject to special follow up. In case of a decline in demand for Flokk's products, the Group has processes and contingency plans for rapid changes the activity levels, investments, and general expenses to secure covenant levels. Forecasts are reviewed frequently. The bank covenants are the ratios NIBD/EBITDA, EBITDA/Total Net Finance Charges, and an investment limit. Bank covenants are calculated at the end of every quarter but monitored monthly. The company fulfilled the covenants in the loan agreement as of 31 January 2024.

NOTE 10 – PERSONNEL EXPENSES AND AUDITOR'S FEES

NOK (thousands)	1.1-31.12.2023	1.1-31.12.2022
Personnel expenses		
Salaries	776 567	729 319
Social security contributions	95 448	98 996
Pension expenses, see note 11	60 489	37 118
Other benefits	20 996	27 852
Total personnel expenses	**953 500**	**893 284**
Average number of full-time equivalent employees	1 701	1 842
Loan to employees		
One employee was given a loan of USD 1 582.5 thousand interest free in 2019. The loan was repaid on 02 April 2023. The amount is presented as other long term receivable in the statement of financial position in 2022. No other loans have been provided to employees in the Group as of 31 December 2023		15 599
Audit fee - NOK (thousands) excl. VAT		
Audit fee	8 058	7 739
Other assurance fees	54	184
Tax services fees	1 124	1 092
Other fees	395	15 036
Total	**9 631**	**24 050**

NOTE 11 – PENSIONS

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

On 01.12.2012, the pension agreements of all Norwegian employees were changed from a defined benefit plan to a defined contribution plan. As of 01.12.2012, employees with partial disability still have a defined-benefit scheme, the main elements of which are 60% of final pay and a 30-year earning period. The scheme also covers survivors and full disability pension. As of 31.12.2023, the defined benefit plan covered no active and 15 retired members. The Group has not provided any guarantees to employees should National Insurance benefits change. The defined benefit plan has been funded by the accumulation of funds with an insurance company. The fund invests in shares, bonds, the capital market, real estate, and hedge funds. Future return is estimated based on historical return on these investments. The future return is uncertain and is dependent of interest level, development on the stock exchange and administration of the risks. The pension liability has been calculated using a straight-line pension-earning basis. Unrealised gains and losses resulting from changes in actuarial assumptions are distributed over the estimated remaining average pension-earning period.

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

The Group's employees in Switzerland have a pension scheme that falls under the provisions for defined benefit pension in accordance with IAS 19. The scheme includes all employees of Flokk AG. Pension funds are managed by a 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.
As of 31.12.2023, this scheme had 17 active and none retired members.

For the Group's companies in other countries, defined contribution pension plans for all employees are established. Provisions have been made for the group's share of under-coverage of the old occupational pension scheme.

ASSUMPTIONS USED TO DETERMINE DEFINED BENEFIT OBLIGATIONS AS OF 31 DECEMBER

	2023		2022	
NOK (thousands)	**CH**	**NO**	**CH**	**NO**
Discount rate	1.50%	3.10%	2.30%	3.00%
Future salary increase	2.00%	3.50%	2.00%	3.50%
Future increase in G-multiplier	1.50%	3.25%	1.50%	3.25%
Future pension increases	0.00%	1.80%	0.00%	1.50%
Return on plan assets	1.25%	3.10%	2.00%	3.00%

Parameters such as salary growth, increase in the basic amount (G) and inflation are determined in accordance with recommendations in the different countries. The mortality estimate is based on tables for the different countries that are as up to date as possible. In Norway, the K2013 life table is used. In Switzerland, the BVG2020 GT is used. The actuarial gains and losses are recognised in other comprehensive income and are essentially related to changes in economic assumptions. Return on pension funds are expected to be on same level in 2023. Future returns are uncertain and dependent on interest rates, stock market fluctuations and risk management. Contributions to the pension scheme for 2024 are calculated to NOK 2 054 thousand.

COMPONENTS OF NET PENSION COST

NOK (thousands)	2023 Covered	2023 Not covered	2022 Covered	2022 Not covered
Pension costs defined-contribution plan	58 957		38 381	
Pension costs defined benefit plan	1 532		(1 263)	
Net pension costs	**60 489**		**37 118**	
Changes in gross pension obligation				
Pension obligations 1 January	43 152		46 801	
Interest expenses on pension obligations	1 215		261	
Net change in social security expenses	1 727		2 518	
Contribution by plan participants	1 392		1 276	
Benefits paid during the year	(4 415)		(3 214)	
Other	4 682		4 105	
Actuarial gains/losses	3 613		(8 596)	
Pension obligations 31 December	**51 367**		**43 152**	
Changes in gross pension fund assets				
Pension plan assets (fair value) 1 January	35 888		35 274	
Return on pension plan asset	993		204	
Premium payments	3 556		3 335	
Benefits paid during the year	(4 415)		(3 214)	
Other	3 995		2 996	
Actuarial gains/losses	(717)		(2 707)	
Pension plan assets (fair value) 31 December	**39 300**		**35 888**	
Net pension plan assets/(-obligations)	**(12 067)**		**(7 264)**	

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

NOK (thousands)	2023
Cash	5%
Equity instruments	14%
Debt instruments	25%
Real estate	47%
Other	9%
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 2022					
Carrying amount 01.01.22	154 135	64 926	118 634	131 003	468 698
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	8 231	1 674	1 140	800	11 845
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)	(526 557)		(930 709)
Carrying amount 31.12.22	**256 678**	**82 844**	**130 768**	**114 062**	**584 352**
Fiscal year 2023					
Carrying amount 01.01.22	256 678	82 844	130 768	114 062	584 352
Investments	6 304	604	20 040	66 162	93 111
Disposals	(1 095)	(308)	(5 355)		(6 758)
Transferred assets under construction		23 081	18 003	(56 371)	(15 288)
Reclassifications		400		(21 379)	(20 979)
Recognised as an expense	(22)	242	(3 449)	(4 780)	(8 010)
Depreciation	(15 735)	(18 839)	(36 584)		(71 159)
Translation differences	34 866	9 393	10 285	5 076	59 621
Carrying amount 31.12.23	**280 996**	**97 417**	**133 707**	**102 770**	**614 889**
Per 31.12.2023					
Initial cost	461 385	368 660	714 440	102 770	1 647 256
Accumulated depreciation /write-downs	(180 389)	(271 244)	(580 734)		(1 032 366)
Carrying amount 31.12.23	**280 996**	**97 417**	**133 707**	**102 770**	**614 889**
Useful life	10-25 years	6-8 years	3-10 years		

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

NOTE 13 – OTHER OPERATING EXPENSES

NOK (thousands)	1.1-31.12.2023	1.1-31.12.2022
Premises expenses	82 700	74 210
Marketing expenses	60 317	59 048
Travelling expenses	21 268	18 601
Fees	19 175	71 341
Business acquisition expenses		6 863
Sales comission	20 881	96 292
External freight expenses	229 197	247 084
Royalty	35 137	32 379
Car expenses	15 566	14 206
IT-expenses	69 215	56 661
Other operating expenses	138 966	65 206
Total other operating expenses	**692 421**	**741 891**
The Group has received government grants related to the Covid-19 pandemic.		
Covid 19-support		674

Received government grants are recognised 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)	2023	2022
Taxes payable on this years result, Norway	4 815	1 273
Taxes payable on this years result, abroad	58 155	53 370
Changes in deferred tax and deferred tax benefit, Norway	(28 431)	19 435
Changes in deferred tax and deferred tax benefit, abroad and Group	11 798	599
Taxes previous years	1 638	(1 259)
Income tax expense reported in the income statement	**47 975**	**73 418**

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

Profit before tax	(35 420)	77 163
Norwegian tax rate (22%)	(7 792)	16 976
Change of assessment previous years [2]	6 734	30 355
Permanent differences	5 193	4 742
Effect of change in tax rate [1]		1 481
Deferred tax not recognised	44 064	18 327
Other: differences in tax rates, currency etc.	(223)	1 537
Income tax expense	**47 975**	**73 418**
Effective tax rate	**-135%**	**95%**

[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 31 DECEMBER

NOK (thousands)	2023		2022	
Deferred tax on temporary differences:	**Temporary Difference**	**Deferred tax recognised in the income statement**	**Temporary Difference**	**Deferred tax recognised in the income statement**
Property, plant and equipment	(560,331)	(8,772)	(550,830)	3,466
Intangible assets	(366,234)	22,111	(281,611)	18,096
Current assets	6,544	(274)	4,409	400
Liabilities and other differences	600,471	(25,596)	473,616	(22,587)
Tax loss carried forward	596,296	(47,521)	386,103	1,087
Pension obligations not covered	10,405	(645)	6,015	(24,186)
Not recognised in the statement of financial position	(396,125)	44,064	(198,897)	43,757
Total	**(108,974)**	**(16,634)**	**(161,194)**	**20,034**

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

	2023	2022
Deferred tax asset	227,338	182,427
Deferred tax	(240,222)	(207,349)
Net deferred tax	**(12,884)**	**(24,922)**

Deferred tax assets are mainly linked to temporary differences in non-current assets, intangible assets and tax losses carried forward. NOK 2,299 thousand of tax losses carried forward is due in 2024.Deferred tax assets on tax losses carried forward are only capitalized to the extent that it is probable that there will be sufficient future taxable profit for the tax asset to be used. If it is unlikely that future profits will be sufficient to absorb the tax-reducing temporary differences, deferred tax assets are not recognised. For the Group, all tax-reducing temporary differences have been recognised. 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 derecognised 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.

In 2023 an amount of NOK 43 390 thousand in deferred tax for non-deductible interest in 2023 was not capitalized, hence included in income tax expenses in the consolidated income statement.

NOK (thousands)	2023	2022
Reconciliation of deferred tax		
Opening net balance as of 01.01.	(24 922)	(6 027)
Deferred tax acquired in business combinations		(1 299)
Tax expense during the period recognised in consolidated income statement	16 633	(20 034)
Tax expense during the period recognised in OCI	591	(1 294)
Other: differences in tax rates, currency etc.	(5 186)	3 732
Closing net balance 31.12.	**(12 884)**	**(24 922)**
Reconciliation of taxes payable for the year ended 31.12.		
Current income tax charge	62 970	54 643
Taxes payable acquired in business combinations		209
Tax payment, not settled	57 362	80 535
Prepaid income tax	(61 797)	(44 559)
Other changes	(143)	2 298
Closing balance 31.12.	**58 393**	**93 126**

NOTE 15 – INVENTORIES

The Group's total inventories include the following:

NOK (thousands)	2023	2022
Raw materials	298 552	377 555
Work in progress	30 364	38 552
Finished products	61 337	95 278
Total inventories	**390 252**	**511 385**
Inventory movements, in house production	(42 129)	(873)
Provision for obsolete inventories	7 790	8 605

An assessment of realisable value was carried out after deducting selling costs. This resulted in a total write down in inventories as at 31 December 2023 of NOK 5 821 thousand (NOK 20 179 thousand in 2022.)

NOTE 16 – TRADE RECEIVABLES AND OTHER RECEIVABLES

NOK (thousands)	2023	2022
Carrying amount	460 725	492 706
Provisions for bad debt	9 072	8 201
Total trade receivables	**451 653**	**484 505**
Prepaid expenses	(1 725)	27 567
Deposits	3 664	3 477
Other receivables	45 694	80 028
Total other receivables per 31.12	**47 634**	**111 071**
Total receivables per 31.12	**499 287**	**595 576**
Change in provision for bad debt:		
Provision per 01.01.	8 201	6 372
Change in provision during the year	870	1 829
Provision per 31.12.	**9 072**	**8 201**
Realized losses	920	1 383

BREAKDOWN OF TRADE RECEIVABLES BY DUE DATE:

NOK (thousands)	2023	2022
Trade receivables not due	356 402	383 521
Overdue receivables 1-30 days	70 023	67 083
Overdue receivables 31-60 days	10 986	14 394
Overdue receivables over 60 days	14 242	19 508

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)	1.1-31.12.2023	1.1-31.12.2022
Financial income		
Interest income	33 503	4 207
Foreign exchange gain derivatives	69 451	64 949
Other foreign exchange gain [1]	1 632 019	1 187 145
Other financial income	(2)	494
Total	**1 734 971**	**1 256 795**
Financial expenses		
Interest expenses	372 706	173 998
Interest expense on lease liabilities	8 758	6 150
Foreign exchange loss derivatives	61 353	63 505
Other foreign exchange loss [1]	1 770 727	1 315 450
Other financial expenses	34 291	24 359
Total	**2 247 834**	**1 583 461**
Net financial income/(expenses)	**(512 863)**	**(326 665)**

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 Holding Limited	UK	100%	100%
Flokk Limited	UK	100%	100%
Flokk Sarl	France	100%	100%
Flokk AG	Switzerland	100%	100%
Flokk NV	Belgium	100%	100%
Flokk Sp. Z o.o.	Poland	100%	100%
Flokk Česko s.r.o.	Czech Republic	100%	100%
Flokk Austria GmbH	Austria	100%	100%
Flokk Asia Pte Ltd	Singapore	100%	100%
Flokk Asia Pte Ltd, Hong Kong Branch	Hong Kong	100%	100%
Habitat Ltd	Hong Kong	100%	100%
Flokk Trading (Shanghai) Co., Ltd	China	100%	100%
Flokk Furniture (Zhongshan) Co., Ltd	China	100%	100%
Flokk Australia Pty Ltd	Australia	100%	100%
Flokk USA, Inc.	USA	100%	100%
Flokk USA Holding LLC	USA	100%	100%
9to5 Seating LLC	USA	100%	100%
Flokk Furniture Inc.	Canada	100%	100%

NOTE 19 – SHARE CAPITAL

As of 31 December 2023, Flokk Holding 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 2023:

Shareholder	Share capital	No. of shares
Flokk Holding II AS	NOK 90 000	30
No. of outstanding shares per 31.12.22		30
No. of outstanding shares per 31.12.23		30

Flokk Holding IV AS owns 100% of the shares in Flokk Holding AS, through its fully owned subsidiaries Flokk Holding III AS and Flokk Holding II AS.

Triton Fund is shareholder in Flokk Holding IV AS through their ownership in the company Spinnaker Bidco 2 S.à.r.l.

Management and Board of Directors are shareholders in Spinnaker Bidco 2 S.à.r.l. through their ownership in the companies Spinnaker Norway MipCo AS, Spinnaker Norway Mipco 2 AS and Spinnaker MipCo 3 S.à.r.l.

Overview of shareholders in Flokk Holding IV AS as per 31 December 2023:

Shareholder	No. of shares
Spinnaker Bidco 2 S.à.r.l.	1 000

NOTE 20 – EARNINGS PER SHARE

NOK (thousands)	2023	2022
Earnings per share	(2 780)	71
Diluted earnings per share	(2 780)	71
Profit for the year attributable to equity holders of the parent	(83 395)	2 118
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 2022	**254 558**	**3 438**	**24 587**	**282 583**
Additions	21 192	47	15 419	36 658
Depreciation for the year	(60 749)	(2 063)	(13 884)	(76 695)
Adjustments	12 575	170	1 173	13 917
Translation differences	9 556	161	2 579	12 297
Carrying amount of right-of-use assets 31 December 2023	**237 132**	**1 753**	**29 874**	**268 760**
Lower of lease term or useful life	0-72 years	0-5 years	0-5 years	
Depreciation method	Linear	Linear	Linear	

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

Lease liabilities	**2023**	**2022**
Maturity analysis contractual undiscounted cash flows		
Less than 1 year	74 392	77 752
1-2 years	53 427	66 141
2-3 years	43 140	47 159
3-4 years	29 153	38 340
4-5 years	24 497	21 751
More than 5 years	105 554	106 129
Total undiscounted lease liabilities at 31.12.	**330 164**	**357 272**
Discounting effect	(45 432)	(64 884)
Lease liabilities at 31.12	**284 732**	**292 388**
Summary of the lease liabilities		
Total lease liabilities at 01.01.	292 388	226 167
New lease liabilities recognised in the year	50 562	122 147
Cash payments for the principal portion of the lease liability	(80 144)	(71 084)
Interest expense on lease liabilities	8 758	8 450
Currency translation differences	13 167	6 707
Total lease liabilities at 31.12.	**284 732**	**292 388**
Current lease liabilities	77 631	70 036
Non-current lease liabilities	207 101	222 276
Total cash outflows for leases	**80 144**	**71 171**
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	21	204
Total lease expenses included in other operating expenses	**21**	**204**

PRACTICAL EXPEDIENTS APPLIED

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

VARIABLE LEASE PAYMENTS

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

EXTENSION OPTIONS

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

PURCHASE OPTIONS

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

NOTE 23 – WARRANTY PROVISIONS

NOK (thousands)	**2023**	**2022**
Balance 01.01.	12,758	10,632
Provisions arising during the year	1,843	14,861
Provisions used	(5,021)	(12,995)
Translation difference	1,124	260
Balance 31.12.	**10,704**	**12,758**

The Group has a provision of NOK 10 704 thousand for warranty claims per 31 December 2023 for chairs sold in the past five years. The warranty costs are estimated to be paid out over the next five years. Approximately 40% of the amount is expected to be paid out within one year.

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

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

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

NOTE 24 – OTHER SHORT-TERM LIABILITIES

NOK (thousands)	**2023**	**2022**
Accrued salary expenses	87,444	86,646
Other accrued expenses	151,374	160,549
Total other short-term liabilities	**238,818**	**247,195**

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

NOK (thousands)	CEO	Other members of Group Management[1)]	Board
2023			
Board of Directors fee			1 858
Salaries	6 631	21 646	
Bonuses	629	2 164	
Other benefits	250	1 458	
Pension expenses	222	1 644	

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

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).

The CEO has an agreement for full pay for up to 24 months in the event of termination of employment by the company. There is no agreement for any remuneration in the event of the chair of the board leaving the position.
In accordance with the current bonus scheme for the executive management, the Group has accrued an amount of NOK 9 739 thousand in the consolidated income statement as of 31.12.23. The bonus will be due for payment in 2024. There are no option programs or agreements of share-based payment in the company.

Shares owned by management and board members in the parent company Flokk Holding II AS through the company Spinnaker Norway MipCo AS per 31.12.23:	Ordinary shares	Preference shares
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	200 000	5 000
Tunset AS (Lillevi Ivarson)	80 000	2 000
Patrik Röstlund	40 000	1 000
René Sitter	40 000	1 000
Christian Lodgaard	24 000	600
Frederik Fogstad	8 000	200

Shares owned by management and board members through the company Spinnaker Norway MipCo 2 AS per 31.12.23:	Ordinary shares	Preference shares
Board		
Aromi Invest Oy (Esko Mikael Aro)	127 500	2 250
Pernille Stafford	17 000	300
Kristine Landmark	7 095	558
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	70 213	1 500
Patrik Röstlund	70 213	1 347
Aiguille AS (Henning Karlsrud)	80 203	1 728
Frederik Fogstad	108 375	1 912
Zoute Invest GmbH (Rene Sitter)	83 139	1 791
Trolan AS (Trond Langeland)	65 871	3 227
Christian Lodgaard	42 500	750
Jonas Allers Wismer	21 250	375

Shares owned by management and board members in Flokk through the company Spinnaker MipCo 3 SARL per 31.12.23:	Ordinary shares	Preference shares
Group Management		
Røiri Invest AS (Lars Ivar Røiri)	43 570	
Aiguille AS (Henning Karlsrud)	25 690	
Patrik Röstlund	20 550	
Zoute Invest GmbH (Rene Sitter)	20 550	
Erlandsvei Stasjon AS (Christian Lodgaard)	15 410	
Badubas AS (Frederik Fogstad)	10 280	
Tunset AS (Lillevi Ivarson)	7 710	
Mikoli AS (Jonas Allers Wismer)	7 710	

NOTE 26 – EVENTS AFTER THE REPORTING DATE

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

On 3 January the Group signed an agreement to purchase 100% of the shares and voting rights in Stylex Inc, a US based manufacturer of office furniture. The transaction was carried out on 31 January. Stylex is a manufacturer of collaboration furniture located in Delanco, NJ. The acquisition significantly increases Flokk's presence in the US with manufacturing capacity on east and west coast, and brings distribution synergies into the US operation. The agreed purchase price represents an enterprise value of NOK 283 million. The preliminary calculated value of transferred net assets was NOK 128 million.
Net cash impact of the transaction was payment of NOK 275 million. Excess value of NOK 195 million was allocated to Goodwill awaiting final PPA outlining fair market value per category of assets and liability. Management business case supports preliminary allocation to goodwill. Transaction cost amounted to NOK 16 million and will be recognised in the consolidated income statement for 2024.

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

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

Flokk Holding AS – Income Statement

1 January - 31 December

NOK (thousands)	Notes	2023	2022
Personnel expenses	2	1 858	1 824
Other operating expenses	2, 3	5 205	24 286
Total operating expenses		**7 063**	**26 110**
Operating profit		**(7 063)**	**(26 110)**
Financial income	4	1 496 598	1 127 511
Financial expense	4	1 810 182	1 198 866
Net financial income/(expense)		**(313 584)**	**(71 355)**
Profit before tax		**(320 647)**	**(97 465)**
Taxes	5	(27 133)	18 943
Profit for the year		**(293 514)**	**(116 408)**
Information concerning:			
Transferred to other equity		(293 514)	(116 408)
Total distribution		(293 514)	(116 408)

Flokk Holding AS – Balance Sheet

31 December

NOK (thousands)	Notes	2023	2022
Assets			
Deferred tax benefit	5	23 225	
Shares in subsidiaries	6	3 380 657	3 380 657
Loan to subsidiaries	7	2 373 250	2 226 321
Total non-current assets		**5 777 132**	**5 606 978**
Group receivables	7	400 137	246 081
Cashpool receivables	7	17 376	17 376
Other receivables		41 042	25 071
Total receivables		**458 555**	**288 527**
Cash and cash equivalents		187 394	263 137
Total current assets		**645 949**	**551 664**
Total assets		**6 423 081**	**6 158 642**
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	691 075	984 589
Total equity		**1 446 885**	**1 740 399**
Long-term interest-bearing loans	9	3 585 545	3 719 318
Deferred tax	5		3 927
Total long-term liabilities		**3 585 545**	**3 723 245**
Short-term interest-bearing loans	9	354 225	63 000
Trade payable	10		2 272
Value added taxes		8	161
Cashpool liabilities	7,10	982 082	578 438
Group payable	7,10	2 167	2 122
Other short-term liabilities	10	52 169	49 006
Total current liabilities		**1 390 652**	**694 998**
Total liabilities		**4 976 196**	**4 418 243**
Total equity and liabilities		**6 423 081**	**6 158 642**

Oslo, 21 March 2024

Mikael Aro
Chair of the Board

Thomas Hofvenstam
Board Member

Pernille Bonser
Board Member

Joachim Espen
Board Member

Kristine Landmark
Board Member

Lars I. Røiri
CEO

Flokk Holding AS – Cash Flow Statement

1 January - 31 December

NOK (thousands)	2023	2022
Profit before tax	(320 647)	(97 465)
Group contribution	(51 910)	(151 248)
Change in cashpool receivables	(0)	13 911
Change in cashpool liabilities	403 645	(6 241)
Change in receivables	(253 413)	(46 034)
Change in payables	(2 658)	2 199
Change in other provisions	103 018	135 037
Paid taxes		(36 689)
Cash flow from operating activities	**(121 966)**	**(186 531)**
Loan to subsidiary	(42 026)	(80 347)
Down payment of interest-bearing loans	(63 000)	(50 000)
Group contribution received	151 248	199 634
Cash flow from financing activities	**46 222**	**69 287**
Cash flow for the year	(75 744)	(117 244)
Cash and cash equivalents at 01.01	263 137	380 381
Cash and cash equivalents and cashpool deposit at 31.12	**187 394**	**263 137**
Specification:		
Bank deposits at 31.12	1 715	150
Cash pool deposits at 31.12	185 679	262 987

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 ultimate parent company is Triton IV Continuation Fund SCSp, 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)	2023	2022
Fees auditor	1 210	1 391
Fees consultancy	6	(149)
Financial and legal consultancy	3 531	21 802
Provision directors' fee	1 858	1 824
Other operating expenses	459	1 243
Total operating expenses	**7 063**	**26 110**

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)	2023	2022
Audit fee	920	369
Audit related consultancy services	55	1 022
Tax consultancy fee		13 170

Directors' fee

NOK (thousands)	2023	2022
Directors' fee paid out	1 858	1 824

NOTE 4 – AGGREGATED FINANCIAL INCOME/EXPENSE

NOK (thousands)	2023	2022
Financial income		
Interest income	170 941	85 542
Foreign exchange gain	1 273 748	881 124
Group contribution	51 910	151 248
Other financial income		9 596
Total	**1 496 598**	**1 127 511**
Financial expense		
Interest expense	368 169	168 925
Foreign exchange loss	1 409 648	1 008 020
Other financial expenses	32 365	21 921
Total	**1 810 182**	**1 198 866**

NOTE 5 – TAXES

NOK (thousands)	2023	2022
Change deferred tax	27 152	20 229
Change previous years	(19)	(1 286)
Income tax expense	**27 133**	**18 943**
Profit before tax	(320 647)	(97 465)
Permanent differences		112
Received dividend		(9 596)
Tax loss carried forward	138 942	7 129
Change temporary differences	(15 522)	16 514
Interest deduction carried forward	197 228	83 306
Basis for taxes payable	0	0
22% taxes payable	**0**	**0**
Profit before tax	(320 647)	(97 465)
22% taxes	(70 542)	(21 442)
Taxes due to:		
Permanent differences		25
Received dividend		(2 111)
Change previous years	19	(1 286)
Change in tax rate		
Change in interest deductibility	43 390	43 757
Income tax expense reported in the income statement	**(27 133)**	**18 943**
Specification of the basis of deferred taxes		
Temporary differences included in the provision for deferred taxes:		
Borrowing costs	(40 502)	(24 979)
Tax loss carried forward	146 071	7 129
Total temporary differences	**105 569**	**(17 850)**
Net deferred tax	**23 225**	**(3 927)**
Deferred tax and deferred tax benefit are booked as net value in the balance sheet statement.		
Deferred tax benefit		
Deferred tax	23 225	(3 927)
Total	**23 225**	**(3 927)**
Group contribution received	51 910	151 248

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	37 746	36 626
Flokk AS	Oslo	2016	100%	100%	2 438 417	1 257 899	(70 859)
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)	2023	2022	2023	2022	2023	2022	2023	2022
	Flokk AS		Flokk Holding GmbH		Flokk Sarl		Flokk Limited	
Loan to subsidiaries	288 473	275 163	121 712	113 843			90 309	84 471
Accrued interest loan	12 096	6 444					3 754	2 058
Group receivables			5 075	2 634				
Cashpool receivables		6 424			3 862			
Group contribution	45 323	144 583						
Total	**345 892**	**432 615**	**126 787**	**116 477**	**3 862**		**94 063**	**86 529**
	Flokk Holding ApS		Flokk USA Holding LLC		Malmstolen AS		Sundveien AS	
Loan to subsidiaries	112 544	105 500	1 230 818	1 153 331				
Accrued interest loan	4 678	2 433		24 334				
Group receivables			300 086	46 248				
Cashpool receivables	13 514	10 952						
Group contribution					859	1 343	5 727	5 322
Total	**130 736**	**118 885**	**1 530 904**	**1 223 913**	**859**	**1 343**	**5 727**	**5 322**
	Trispin Acquico AB		Flokk Holding III AS		Flokk Holding IV AS		Total	
Loan to subsidiaries	529 394	494 014					2 373 250	2 226 321
Accrued interest loan	21 948	10 680					42 475	45 950
Group receivables			276		315		305 752	48 882
Cashpool receivables							17 376	17 376
Group contribution							51 910	151 248
Total	**551 342**	**504 694**	**276**		**315**		**2 790 763**	**2 489 778**

LIABILITIES

NOK (thousands)	2023	2022	2023	2022	2023	2022	2023	2022
	Flokk AS		Flokk BV		Flokk GmbH		Flokk Holding GmbH	
Group payable	2 167	2 122						
Cashpool liabilites	254 282		67 090	15 630	76 107	65 323	80 437	63 681
Total	**256 449**	**2 122**	**67 090**	**15 630**	**76 107**	**65 323**	**80 437**	**63 681**
	Flokk NV		Flokk AB		Flokk Sarl		Flokk Limited	
Group payable								
Cashpool liabilites	80 149	53 001	138 341	59 265		4 670	38 348	61 195
Total	**80 149**	**53 001**	**138 341**	**59 265**		**4 670**	**38 348**	**61 195**
	Flokk Holding Limited		Flokk A/S		Malmstolen AB			
Group payable								
Cashpool liabilites	245		59 845	87 931	62 075	49 246		
Total	**245**		**59 845**	**87 931**	**62 075**	**49 246**		
	Malmstolen AS		Flokk SP. Z.o.o.		Sundveien AS			
Group payable								
Cashpool liabilites	4 916	2 737	20 835	17 214	14 796	14 974		
Total	**4 916**	**2 737**	**20 835**	**17 214**	**14 796**	**14 974**		
	Fastighet AB Stolhuset		Trispin Acquico AB		Total			
Group payable					2 167	2 122		
Cashpool liabilites	15 810	11 760	68 806	71 812	982 082	578 438		
Total	**15 810**	**11 760**	**68 806**	**71 812**	**984 249**	**580 560**		

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 31.12.22	**90**	**755 720**	**984 589**	**1 740 399**
Profit for the year			(293 514)	(293 514)
Equity per 31.12.23	**90**	**755 720**	**691 075**	**1 446 885**

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)	2023	2022
Long-term liabilities with maturity later than 1 year		
Bank loan	3 585 545	3 719 318
Total	**3 585 545**	**3 719 318**
Loans secured by mortgage	3 939 770	3 782 318
Assets mortgaged		
Shares	3 380 657	3 380 657

Per 31 December 2023, the loan is drawn in EUR and USD. The NOK loan was repaid in September 2023. An amendment and restatement bank agreement 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 2023 was for the NOK-loan 3.77%, the EUR-loan 3.31% and USD-loan 5.50% 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 per 31.12.2023.

At the end of 2023, the company had a total credit line of NOK 4 306.8 million, consisting of bank loan of NOK 3 939.8 million and an unused bank overdraft limit of NOK 367.0 million.

NOTE 10 – CURRENT LIABILITIES

NOK (thousands)	2023	2022
Short-term interest-bearing loans	354 225	63 000
Group payable	2 167	2 122
Cashpool liabilities	982 082	578 438
Trade payable		2 272
Value added taxes	8	161
Other short-term liabilities	52 169	49 006
Total current liabilities	**1 390 652**	**694 998**

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 26 in the consolidated financial statements.

The annual financial statements were approved by the Board of Flokk Holding AS on the 21 March 2024.

EY
Building a better working world

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Medlemmer av Den norske Revisorforening

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 2023 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

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

Basis for opinion

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- 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, 25 March 2024
ERNST & YOUNG AS

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 SALES 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)	2023	2022	Change	Change YoY
Revenue growth	3 826 189	3 719 507	106 682	3%
Impact of using exchange rates for 2023		386 981	(386 981)	
M&A		33 177	(33 177)	
Organic revenue growth	**3 826 189**	**4 139 665**	**(313 476)**	**(8%)**

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%**

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)	2023	2022	Change	Change YoY
Operating profit	477 443	403 829	73 615	18%
Amortization and impairment	51 183	24 133	27 050	112%
EBITA	**528 626**	**427 962**	**100 665**	**24%**
Impact of using exhange rates for 2023		31 863	(31 863)	
M&A		3 298	(3 298)	
Organic EBITA growth	**528 626**	**463 122**	**65 504**	**14%**

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%)**

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)	2023	2022
Sales revenues	**3 826 189**	**3 719 507**
Cost of goods sold	(1 470 192)	(1 510 253)
Salary production workers	(278 487)	(263 702)
Sales freight	(213 677)	(246 302)
Other variable cost	(147 736)	(139 669)
Contribution margin	**1 716 097**	**1 559 581**
Contribution margin/Sales revenues	**44.9%**	**41.9%**

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)	2023	2022
Sales revenues	**3 826 189**	**3 719 507**
Other operating cost	692 421	741 891
Reclassifications		
Fixed personnel expenses	675 013	629 582
Sales freight	(213 677)	(246 302)
Other	(147 736)	(139 669)
OPEX	**1 006 021**	**985 503**
OPEX/Sales revenues	**26.3%**	**26.5%**

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)	2023	2022
Sales revenues	**3 826 189**	**3 719 507**
Operating profit	477 443	403 829
Amortization and Depreciation	232 632	170 250
EBITDA	**710 076**	**574 078**
Items affecting comparability:		
Merger and acquisition cost	9 973	8 991
Integration activities	32 559	48 301
Strategic review of Flokk	1 125	43 601
Other	39 256	10 659
Adjusted EBITDA	**792 987**	**685 630**
Depreciations	(181 449)	(146 117)
Items affecting comparability:		
Integration activities	22 152	9 967
Adjusted EBITA	**633 690**	**549 481**
Adjusted EBIT/Sales revenues	**16.6%**	**14.8%**
Integration activities	(51 183)	(24 133)
Items affecting comparability:		
Amortization and impairment	20 466	
Adjusted EBIT	**602 973**	**525 348**
Adjusted EBIT/Sales revenues	**15.8%**	**14.1%**

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 recognised 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)	2023	2022
Sales revenues	**3 826 189**	**3 719 507**
Recognised as an expense	96 031	86 857
Recognised as an asset	15 216	16 312
Product development and improvement spend	**111 247**	**103 169**
Product development and improvement spend / Sales revenues	**2.9%**	**2.8%**

The group have evaluated its definition of R&D spend and have changed the comparable 2022 figures

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)	2023	2022
Sales revenues	**3 826 189**	**3 719 507**
Tangible assets	93 111	185 943
Development	14 532	12 339
Other intangibles	352	11 696
Rebuild plant in Turek	0	(74 568)
Capital expenditures	**107 995**	**135 410**
Capital expenditures / Sales revenues	**2.8%**	**3.6%**

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)	2023	2022
Cash and cash equivalents	**777 324**	**599 231**
Unused credit facilities	367 000	367 000
Available cash and cash equivalents	**1 144 324**	**966 231**

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)	2023	2022
Adjusted EBITA last 12 months, ex impairment in intangible assets recognised in business combinations	**633 690**	**549 481**
Total assets	6 611 400	6 477 522
Current liabilities	(1 101 506)	(905 008)
Interest-bearing current liabilities	431 914	133 036
Goodwill	(3 493 552)	(3 365 784)
Intangible PPA assets from acquisitions	(135)	(1 523)
Excess cash and cash equivalents	(586 014)	(413 256)
Total operating capital employed	**1 862 109**	**1 924 987**
Return on operating capital employed	**34.0%**	**28.5%**

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)	2023	2022
Adjusted EBITDA	**792 987**	**685 630**
Cash and cash equivalents	(777 324)	(599 231)
Interest bearing loans	3 941 629	3 784 371
Net Debt	**3 164 306**	**3 185 140**
Net Debt/Adjusted EBITDA	**4.0**	**4.6**

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)	2023	2022
Adjusted EBITDA	792 987	685 630
Capex	(107 995)	(135 410)
Depreciations right-of-use	(76 431)	(67 816)
Cash Conversion	**608 561**	**482 404**

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)	2023	2022
Norway	4 815	1 273
Sweden	7 678	3 763
Denmark	7 729	10 734
The Netherlands	14 219	11 420
Belgium	8 522	3 488
Germany	64	15 437
Austria	1 828	641
United Kingdom	15	2 560
France	829	1 340
HongKong	393	1 000
Switzerland	11 549	2 890
China	215	99
United States of America	400	
Poland	4 714	
Total taxes payables	**62 970**	**54 643**


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Corporate Sustainability Report 2023

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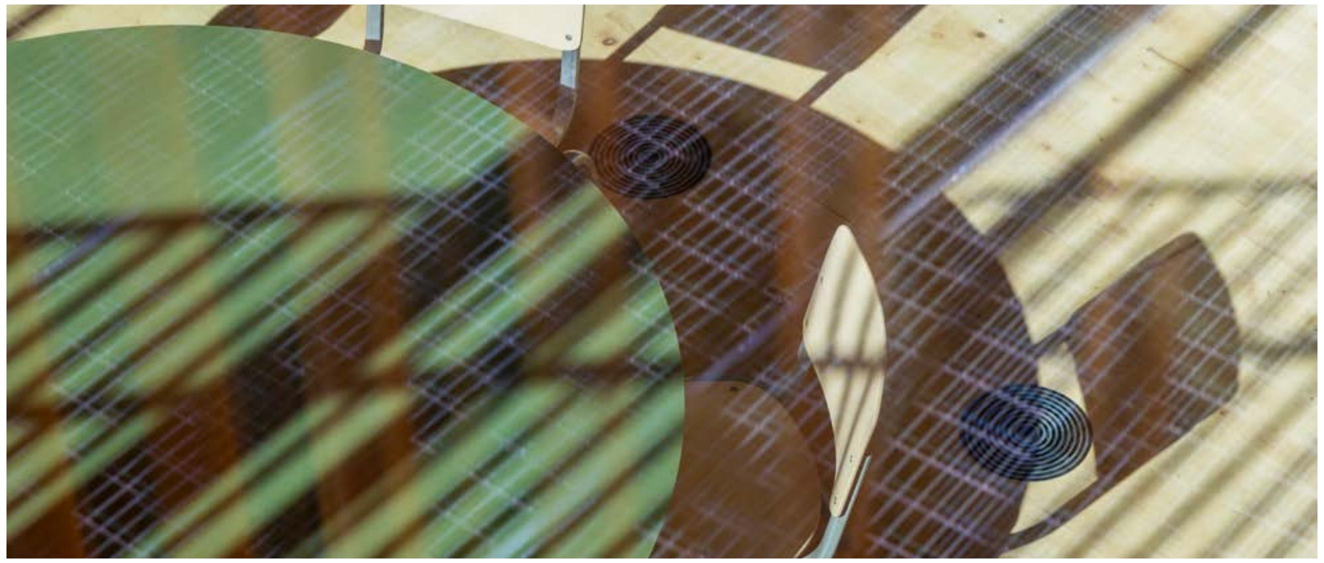


Sustainability – An Integral Part Of Our Company

In the face of global challenges, it is our responsibility as a leading company to incorporate environmentally and socially conscious initiatives that go beyond mere compliance. Flokk is more than a provider of exceptional seating solutions; we are advocates for positive change through our value chain.

In the year 2023, we have continued to weave the principles of environmental, social, and economic viability into the fabric of our operations. Our commitment remains steadfast, driving us to develop seating solutions that not only meet the highest standards of quality, comfort, and performance but also contribute significantly to reducing carbon footprints for our customers.

Our Principles for Sustainable Design guide us in minimizing our environmental impact and contributing to the circular economy as we develop new products. In the past year, Flokk's GRI scope production sites successfully crafted over one million new products. We acknowledge the significant demand for raw materials in our industry, and we are conscious of the profound impact our choices make on resource efficiency, waste generation, and product chemical content. We consistently strive to minimize our climate impact by actively working on improvements within the framework of ISO 50001 and ISO 14001. In addition, we have set clear ambitions and environmental target for the Group.

In 2023, our carbon emissions per unit increased by 14% since 2022, even with a high share of 93% renewable electricity. This is due, among other things, to a 15% reduction in produced units combined with increased gas consumption in Poland. We see a positive trend with the revised long-term target to reach an average of 40% recycled materials in the products that make up 80% of turnover by 2030.

Our commitment to sustainability is not just about the environment; it extends to our people. Flokk is recognised for fostering an inclusive, sound, and safe working environment for all employees. Upholding high ethical standards, our behavioural policies guide our expectations towards all employees. We understand that knowledge is a catalyst for responsible and informed decision-making. Consequentially, building a positive culture and our process related to policy training assure that each individual within our organisation is equipped to uphold our shared values and contribute to the holistic success of Flokk. During 2023, we have had a special attention on training our employees in Code of Conduct, Diversity, Equity and Inclusion in addition to policies related to Sanctions, Anti-Money Laundry and Anti-Bribery and Anti-Corruption.

We understand that our decisions and actions extend beyond our immediate operations, influencing communities, ecosystems, and industries. As a result, we are committed to ensuring that every facet of our supply chain aligns with our focus on sustainability, integrity, and social responsibility. When engaging with suppliers, we select those who share our environmental and social values. During 2023, control over our supply chain remained a high focus, especially in the wake of the challenges posed by the pandemic. Recognizing the vulnerabilities associated with remote suppliers and lengthy supply chains, we initiated strategic reshoring projects in 2022 with continued efforts during 2023 to minimize risk related to having suppliers in far-away markets.

Lars I. Røiri
Chief Executive Officer

Sustainability Strategy

We have stayed true to our dedication to sustainability, viewing it as an inherent responsibility and a cornerstone of our business approach. Our engagement in sustainability predates its widespread adoption, reflecting our commitment to a holistic and purposeful strategy that includes every facet of our operation. We strive to create a lasting impact that extends beyond furniture, fostering a healthier, more sustainable future for all our stakeholders.

Our core corporate values are:

HUMAN-CENTRED
SUSTAINABLE
INNOVATIVE

Sustainability isn't just an obligation—it's an accelerator for growth. Consequentially, we have aligned our actions with our values and our sustainability strategy. Our sustainability strategy captures the facets of our value chain, spanning from product conception to end-of-life considerations. As a vast majority of our value chain is managed in-house, we maintain exceptional control, enabling us to directly influence and adapt the process as needed.

Sustainability implemented in all aspects of our value chain

Designing sustainable products

During this phase, we are guided by our Principles for Sustainable Design; selecting recycled materials whenever possible, designing for durability and a long lifespan, and ensuring that the materials we use are recyclable at end of life.

Ethical sourcing and responsible supply chain

When engaging with suppliers, we select those who share our environmental and social values. We hold ourselves to the highest standards and expect the same from our partners.

End of life recyclability

When we develop new products, we take steps to ensure they are well-prepared to meet the demands of future circular business needs. This includes, for example, making materials easy to sort for recycling through clearly marked parts, ultimately promoting the closed-loop recycling of materials.

Lowering the environmental impact from our manufacturing process

Our products are manufactured and assembled at our production facilities. We have a systematic approach to health and safety, resource efficiency, and environmental and climate considerations that is incorporated at our sites.

Refurbishment of our used products

Our products are designed with a focus on long lifespan and simple disassembly, allowing for refurbishment and the replacement of worn or damaged parts. This ensures they can be easily and effectively revived for extended use.

Effective transportation

Our products are transported by a selected group of external partners. We ensure that our partners have efficient transportation methods that result in reduced emissions. Within Flokk, we are also dedicated to transitioning our internal vehicle fleet to electric vehicles.

Sustainability training of all Flokk employees

We educate our employees and empower them to be good ambassadors for our company. We recognize that knowledge is a critical driver of responsible and well-informed decision-making.

FLOKK SUSTAINABILITY STRATEGY AND GOALS ARE CENTRED AROUND THE THREE PILLARS OF ESG; ENVIRONMENT, SOCIAL AND GOVERNANCE

At Flokk, we are committed to a future where business success and environmental- and social responsibility coexist harmoniously as we view sustainability as a driving force for our growth. We have implemented a comprehensive ESG framework to assess and enhance our performance in key areas. It serves as a strategic tool to systematically evaluate and manage our impact on the environment, society, and governance structures.

At the heart of Flokk's ESG strategy are our Key Performance Indicators (KPIs) that provide a quantifiable and measurable means to track progress and success in achieving our sustainability goals. These KPIs span a wide range of criteria, reflecting Flokk's dedication to creating long-term value for our stakeholders while minimizing negative externalities. By aligning our business practices with these KPIs, we aim not only to meet regulatory requirements but also to drive positive change and contribute to a more sustainable and equitable future.

In our strategic priorities, we focus on the following five areas:

1. Environmental protection
2. Contribute to a circular economy
3. Responsible supply chain and ethical sourcing
4. Care for people and communities
5. Corporate and sustainability governance

	Focus area	Measured through	Results 2020	Results 2021	Results 2022	Results 2023	Status	Target 2030
ENVIRONMENT	ENVIRONMENTAL PROTECTION							
	Greenhouse gas emissions	CO_2e emissions per unit [kgCO_2e/unit]	3.56	3.27	4.09	4.65		2.14 (50% vs 2015)
	Renewable energy	Share of renewable electricity [%]	92.0%	86.0%	91.2%	92.9%		100% by 2030
	Waste management	Total waste material recycled ratio [%]	71.3%	70.1%	70.0%	72.5%		85% by 2030
	Chemicals	Share of EPD products with GREENGUARD Gold [%]	84.6%	45.2%	n.a.	82.4%		100% by 2030
		Share of Standard Non-specialised fabrics certified/ compliant with EU Ecolabel [%]	50%*	42%*	42%*	69.0%		100% by 2030
			*) share of Standard fabrics					
	CONTRIBUTE TO A CIRCULAR ECONOMY							
	Designing sustainable products	Share of recycled materials in main products (from 2024: main products sold by 80% revenue)	n.a.	n.a.	n.a.	28.4%*		40% by 2030
			*) coverage: 30% of products from Røros, Nässjö, Turek with EPD					
	Recycled & recyclable materials, including packaging	Amount of recycled plastics used in our products [tonnes]	770	1 328	1 262	1 027**		1500 by 2025
			**) coverage: 84% of plastic articles from Røros, Nässjö, Turek					
SOCIAL	RESPONSIBLE SUPPLY CHAIN AND ETHICAL SOURCING							
	Promoting decent working conditions in our supply chain	Signed CoC for Business Partners [% of APV]	67%	43%	86%	97%		95%
	No human right violations in our supply chain	Number of detected violations through supplier appraisal and HRDD process	0	0	0	0		0
	CARE FOR PEOPLE & COMMUNITIES							
	Creating a great place to work and thrive	Working environment score from Engagement @Flokk	n.a.	6.8	n.a.	7.2		8.0
	Safe and healthy workplace	# of fatalities	0	0	0	0		0
		# of high consequence injuries	0	0	0	0		0
	One diverse, equitable and inclusive Flokk	Working environment score from Engagement @Flokk	n.a.	n.a.	n.a.	8.0		8.0
GOVERNANCE	CORPORATE GOVERNANCE							
	Responsible business partner	Reported incidents of corruption (#)	0	0	0	0		0
	Risk assessment	# of material risk items reported to BoD	n.a.	n.a.	0	0		0
	Cybersecurity	Information security breaches with material impact (#)	0	0	0	0		0

Sustainability Goals 2030

Our commitment to sustainability is at the core of our identity, shaping our purpose, actions, and aspirations. As we navigate an era defined by environmental challenges and global responsibilities, our Sustainability Goals serve as a beacon towards a more sustainable and prosperous world.

Flokk's Sustainability Goals encompass a comprehensive vision that extends across our entire value chain. From the inception of our products to their end-of-life considerations, we are dedicated to minimising our environmental impact, promoting social responsibility, and driving positive change for our stakeholders. This journey is marked by accountability, transparency, and a commitment to compliance with international standards and regulations. We actively monitor and report on our progress through our internal sustainability management systems, holding ourselves to the highest standards, such as the OECD guidelines for multinational corporations and the UN's Global Compact.

As we set our sights on the horizon, our strategic goals and targets remain firmly focused on 2030, ensuring our alignment with global sustainability initiatives, including the EU European Green Deal, the UN Sustainable Development Group, the EU Taxonomy, the Transparency Act, and the UN Convention on Climate Change. These goals build upon our experiences and insights gained from working on long-term sustainability objectives since 2010.

ENVIRONMENT

Our environmental targets towards 2030 are as a minimum in line with the 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 plus (+).

In 2023, we assessed the status and performance of our 2030 environmental targets that we set in 2019 against the increased scope we now face due to the growth of our organisation. We have carefully revised them to be more realistic to achieve, yet ambitious. We have adjusted either target figures or years to take into account all recent and upcoming acquisitions.

Our targets reflect the current scope. Changes in scope due to acquisitions or otherwise can lead to changes in our long-term goals. Any additions to the current scope will be measured on the same baseline as the rest of Flokk. Flokk is indirectly responsible for impacts from Scope 3, as these can be affected by unforeseen circumstances such as geopolitical and/or financial instability.

CLIMATE TARGETS – GHG (CO_2e) EMISSIONS AND ENERGY

= Reduce CO_2e emissions per produced unit by 50% by 2030 vs 2015 [kgCO_2e/unit] - (Scope 1,2,3)*
= Reduce CO_2e emissions per revenue by 50% by 2030 vs 2015 [tCO_2e/MNOK] - (Scope 1,2,3)
+ 100% renewable electricity at our premises by 2030 - (Scope 2)

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
- Reduce air and road travel
- Improve our packaging design, logistics and goods transportation
- Continue and identify new energy efficiency efforts at all sites
- Purchase renewable electricity certificates at all sites, or invest in on-site renewable generation
- Lower the impact from our Supply chain

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

RESOURCES & CIRCULAR ECONOMY – MATERIALS AND WASTE

+ Increase share of recycled materials in main products to an average of 40% by 2030 (80% revenue)
+ 30% recycled & recyclable plastic packaging by 2030 (by 2025 for markets with compliance)
= 100% FSC® Certified Wood / All Factories FSC® Chain of Custody Certified by 2030
+ 85% of our waste will be material recycled 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 into 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

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 products with EPD must be certified with GREENGUARD Gold by 2030
+ 90% of main suppliers must sign Flokk's Environmental Requirements by 2025
= 100% of all Standard Non-specialised fabrics must be certified/compliant with EU Ecolabel by 2030

Flokk's contribution to:

- UN Sustainable Development Goal 3

Selection of decided measures to reach our long-term goals:

- Update our purchasing criteria to mirror EU Ecolabel and roll-out to suppliers
- Increase our chemical control at suppliers
- Improve follow up of our supply chain

Sustainability Goals 2030

CARE FOR PEOPLE & COMMUNITIES

Guided by our vision "Inspire Great Work", Flokk foster a culture of diversity and inclusion, where individuals from different backgrounds and perspectives are welcomed and valued. We are committed to providing opportunities for personal growth without bias, empowering each individual to reach their full potential.

We acknowledge that our decisions and actions reach far beyond our immediate operations, affecting communities, ecosystems, and industries. Rooted in our core sustainability strategy, we strive to be a responsible and social contributor by safeguarding people's rights, health, and well-being throughout our value chain.

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, Flokk Furniture, Connection and 9to5 Seating by 2025
- 100% of all suppliers of direct material to Røros, Nässjö, Turek, 9to5 Seating, Connection and Flokk 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
- Facilitate sharing of best practices and experiences from Flokk entities in local communities, and promote 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
- Conduct risk review of all our production sites in accordance with our HSE policy
- Secure and maintain focus on employee's 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 an 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 co-partner leave of 10 business days post-partum
- A female population of 45%, and female leaders representing 40% of all leaders of Office employees by 2025
- Close possible 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 KPI's, and communicate actions to improve address the findings
- Establishment of Flokk DEI task-force corporate agenda

CORPORATE AND SUSTAINABILITY GOVERNANCE

At Flokk, we prioritize ethical and responsible business practices across all areas and functions of the Group. We proactively integrate sustainability into our operations and openly report our progress in our annual sustainability report.

We are committed to upholding human rights for our employees and in our supply chain in alignment with ILO and UN Global Compact principles. We operate by a strong code of ethics and values, rejecting corruption and human rights violations. Our well-established human rights policy and ethical guidelines, detailed in our Code of Conduct for Employees and Business Partners, mandate adherence to human rights and sustainable business practices. These principles are integral to all our agreements.

For us, governance isn't just a protocol; it's the cornerstone of our decision-making and responsibility. Our governance approach reflects our dedication to ethical, value-driven operations that build trust and positively impact the world.

ESG GOVERNANCE MODEL

- Review ESG initiatives and report progress to Flokk Group Management
- Ensure ESG continues to be a separate agenda point at all Group Board meetings
- Yearly review of Group policies with approval from Board of Directors
- Ensure 100% completion on employee policy training program on key policies (Code of Conduct for Employees, HSE policy, Anti Bribery and Corruption, Anti-Money Laundry, Delegation of Authority, Information Security, Sanction policy, Diversity, Equity and Inclusion policy)
- Improve data quality and accessibility for sustainability reporting
- Ensure compliance with relevant reporting initiatives and frameworks
- 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 monitor and 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 good 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:
- Continue lifting both our internal & external communication
- Continue lifting the competence on sustainability new ways; sharing forums, e-Learning System

Environmental Protection

Flokk has 40 years of history with a structured focus on the environment, which enables us to pave the way for the development of sustainable furniture. 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. Key to our environmental aspirations is to:
Reduce climate impacts from our operations

THE ENVIRONMENT – BACKGROUND

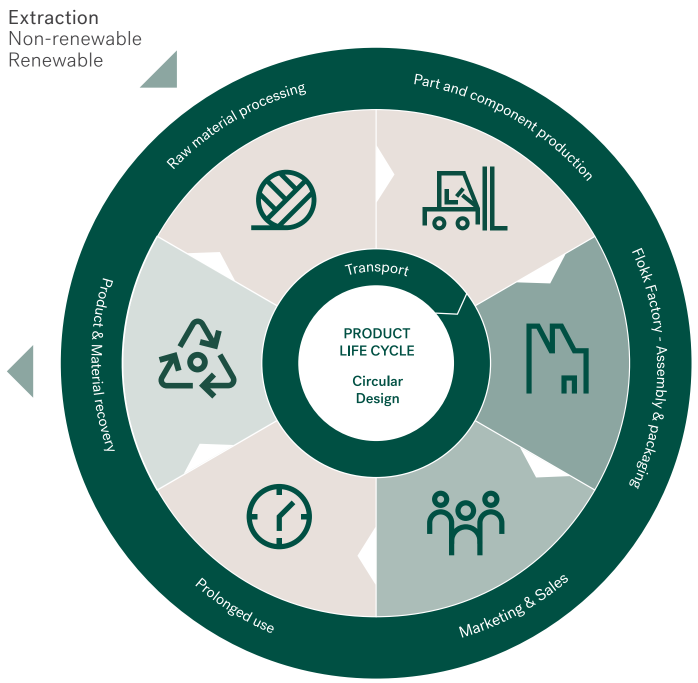
In 1993, we established our three environmental focus areas – Climate, Resources and Health. Flokk has several milestones as sustainability pioneers; we were among the first office chair manufacturers in Europe to be ISO 14001 certified and to declare products with EPDs - Environmental Product Declarations. We are constantly raising the bar when it comes to our environmental ambitions. As the market leaders for office seating in Europe, we now see the opportunity to use the power of size to scale our ongoing efforts to further 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.



Climate
Reduced carbon footprint and energy consumption

Resources
Reduced use of materials and minimised waste

Health
Reduced chemical use and no hazardous substances

REDUCING THE CLIMATE IMPACT FROM OUR OPERATIONS

ENVIRONMENT AND ENERGY MANAGEMENT SYSTEMS
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, and the production unit in UK is FISP certified (Furniture Industry Sustainability Programme). Flokk complies with EU's EED – Energy Efficiency Directive.

Flokk's Environmental & Energy Policy, signed by our CEO, states our commitment to work continuously to minimise our environmental impact. Every year, Flokk defines significant environmental and energy aspects for the Group's ISO scope through annual reviews of operational factors that can potentially affect the external environment. Annual goals support the long-term environmental goals and are aligned with the respective ISO sites. The process is carried out in close cooperation with local managers and employees, with quarterly status followed up by Flokk Group Management

The environmental and energy goals for 2023 were based on aspect analyses of the factories at Røros, Nässjö, Turek and Mirfield, as well as the head office in Oslo.

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CLIMATE – GHG (CO_2E) EMISSIONS AND ENERGY

Flokk's pursuit of improving energy efficiency and reducing our carbon footprint in 2023 was characterised by continuing to gather a more intensive overview of our GHG emissions, by refining data quality for the past years and retrospectively adding data for 2022, due to the acquisitions of 9to5 (Hawthorne) and Connection (Mirfield).

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 increase the quality and coverage of our data, making our performance claims more reliable and transparent as our footprint expands.

The retrospective addition of data for 2022 for our Mirfield factory affected most of our KPIs and previously reported 2022 climate results. For instance, there was a notable increase in waste emissions at Mirfield in 2022, due to large volumes of landfilled waste associated with moving from old to new factory.

The addition of data for Mirfield and new implemented gas-powered processes at Turek in 2023 had similar negative impact on our KPIs and 2023 results against the goals. Due to a 15% reduction in produced units vs 2022, our intensity metrics per unit still continue to deteriorate. A positive trend is still visible in our intensity metrics per revenue and our share of renewable electricity in our premises. Our share of renewable energy decreased slightly by 2.6%. Our share of fossil fuels for heating and processes increased by 18.6%, which indicates a need for follow-up of identified measures. The interim goals for 2024 are adjusted accordingly and with regard to the revised long-term targets.

Total tCO_2e	Units produced	kg CO_2e/unit	tCO_2e/MNOK revenue	kWh/unit	MWh/MNOK revenue
4 994	1 072 920	4.7	1.3	19.4	5.4
- 3% since 2022 + 153% since 2015	- 15% since 2022 + 132% since 2015	+ 14% since 2022 + 9% since 2015	- 6% since 2022 - 22% since 2015	+ 23% since 2022 - 21% since 2015	+ 2% since 2022 - 44% 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 CO_2, CH_4, N_2O, SF_6, HFCs and PFCs. The sources of the emission factors for 2023 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.

Climate – GHG (CO_2e) Emissions and Energy

Long-term goals:
- Reduce CO_2e emissions per unit and per revenue by 50% by 2030 (vs 2015)
- 100% renewable electricity at our premises by 2030

Measures / KPIs:
- Reduce Energy consumption per unit and per revenue by 40% by 2030 (vs 2015)
- 50% renewable energy by 2030
- 20% fossil fuels for heating & processes by 2025

KPI	Goal 2024	Goal 2023	Results 2023	Results 2022	Results 2021
CO_2e emissions per unit [kgCO_2e/unit] - (Scope 1,2,3) | 2.14 by 2030	4.29	3.97	4.65 (+13.7%)	4.09 (+25.0%)	3.27
CO_2e emissions per revenue [tCO_2e/MNOK] - (Scope 1,2,3) | 0.84 by 2030	1.24	1.32	1.30 (-6.2%)	1.38 (-0.7%)	1.39
Energy consumption per unit [kWh/unit] - (Scope 1,2) | 40% by 2030	18.71	15.68	19.37 (+22.6%)	15.80 (+14.3%)	13.83
Energy consumption per revenue [MWh/MNOK] - (Scope 1,2) | 40% by 2030	5.18	5.0	5.43 (+1.7%)	5.34 (-9.3%)	5.89
Share of renewable electricity (Scope 2) | 100% by 2030	94%	96%	92.9% (+1.8%)	91.2% (+6.1%)	86.0%
Share of renewable energy vs total consumption - (Scope 1,2) | 50% by 2030	46%	51%	45.3% (-2.6%)	46.5% (-3.0%)	47.9%
Share of Fossil fuels for heating and processes [MWh] - (Scope 1) | 20% by 2025	24.4%	22.8%	28.7% (+18.6%)	24.2% (+29.5%)	18.7%

Measures & Results 2023	Status	Measures 2024
Set up local energy team / define energy management responsibilities at Turek **Result: No team appointed yet, however clear responsibilities on site**	➡	Investigate further need for energy team / integrate ISO 50001 at Turek
Integrate Energy management system effective personnel training into elearning platform **Result - Training course integrated, completion rate 100%**	✔	
Search for energy saving potentials, savings in heating/ventilation systems incl heat recovery **Result - Turek: Reduce external sources consumption (solar panels) / smart control with BMS (Building Management System) / reduce compressed air consumption / heat recovery in old building** **Result - Røros: Sectioning of measurement electric consumption done (powder coating, air compressors, water cleansing) / upgrade of fluorescent lighting to LED / store excessive heat in hot water tanks** **Result - Nässjö: Roof insulation / capture excess heat from compressed air / change to LEDs** **Result - Hawthorne: Expand solar power + ensure efficiency** **Result - Mirfield: Perform external Energy Audit**	➡ ✔	Create added value business cases on prioritised energy saving potentials. Continue search for energy saving potentials
Measuring with focus on data processing and installation of energy meters where possible **Result - Røros: Increased metering + data collection/processing (e.g. Power BI)** **Result - Turek: Potential if introducing smart control with BMS (Building Management System)** **Result - Mirfield: Identify potential through external Energy Audit**	➡ ✔	Continue / implement measuring with focus on data processing at all factories and installation of energy meters where possible
Investigate installation of solar panels + business case study **Result - Røros: Already installed** **Result - Turek: Investigation ongoing** **Result - Hawthorne: Already installed**	➡ ✔	Continue investigate installation of solar panels + business case study Investigate expansion & ensure efficiency on current installations

21% LOWER ENERGY CONSUMPTION PER UNIT vs 2015

While units produced have increased by 153% since 2015, the energy consumed per produced unit is now only 21% lower since 2015 (36% lower in 2022). We see an increase of 23% since 2022, mainly a result of 15% fewer produced units compared to 2022 and the implementation of new gas-powered processes at Turek.

GHG (CO_2E) EMISSIONS

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

	2015	2021	2022	2023
Scope 1 - Direct emissions	**796**	**1 616**	**1 886**	**2 067**
Fuel for heating and processes (Burning oil, Natural gas, LNG)	264	850	1 102	1 376
Fuel for sales and service travels	532	766	784	691
Scope 2 - Indirect emissions	**187**	**530**	**412**	**363**
District heating	25	121	119	138
Electricity	162	409	293	224
Scope 3 - Other indirect emissions*	**990**	**2 400**	**2 851**	**2 565**
Cat. 5: Waste generated in operations	9	125	177	110
Cat. 6: Business travel	265	130	304	266
Cat. 9: Downstream transportation and distribution	716	2 145	2 370	2 189
Total [tCO_2e]	**1 973**	**4 547**	**5 149**	**4 994**
Change from year to year			13%	-3.0%

* 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 does not yet report this 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 2023, our Scope 2 location-based emissions amounted to 2 809 tCO_2e (district heating: 280 tCO_2e, electricity: 2 529 tCO_2e).
• The lower market-based district heating emissions (-51%) are due to knowledge on emissions factors of the respective providers. The difference in electricity (-91%) shows the significance of our 100% renewable electricity target.

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, 2023: 5.0 tCO_2e.

3.0% LOWER TOTAL CARBON EMISSIONS

Although we had significant increase in fuel for heating and processes (+25% vs 2022), our total emissions reduced by 3%. This is due to less emissions from activities associated with lower sales and produced units (-15% vs 2022), such as less sales and service travels (-12% vs 2022), less waste generated (-15% vs 2022) and less outbound transportation (-8% vs 2022).

10% INCREASE IN SCOPE 1 CO_2e EMISSIONS

Scope 1 emissions have increased steadily since 2015, due to the acquisitions of Mirfield and Turek relying on gas-powered heating and processes. Fuel for heating and processes increased by 25% since 2022.

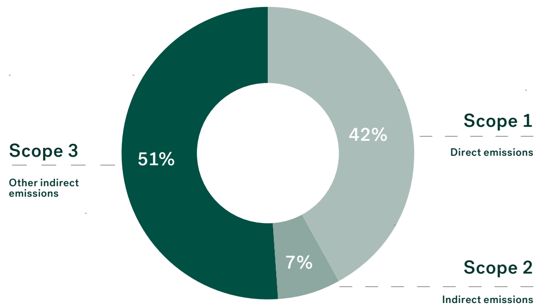
12% DECREASE IN SCOPE 2 CO_2e EMISSIONS

Although the emissions of our district heating usage increased by 17% vs 2022, our Scope 2 emissions reduced by 12%. This is due to 24% reduction on our electricity emissions vs 2022, as a result from both less production activity plus purchasing green electricity in Mirfield.

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 decreased by 10%, due to less indirect operations from lower sales, as described earlier.
• Including more Scope 3 categories will increase our carbon footprint. Cat. 5 (waste generated in operations) adds 110 tCO_2e to our 2023 emissions, 2% of the total. We are continuously working on our waste management (as described in separate waste chapter).
• In 2023, our emissions from business travels decreased by 12%, and are now at the same level as 2015. There is still no clear trend following the lifting of last year's travel restrictions, so Flokk can still use efforts to reduce emissions.

Flokk's GHG emissions in 2023, market-based



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 9 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	2021	2022	2023 [MWh]	2023 [MJ]
Fossil fuel sources:	**3 500**	**6 652**	**7 953**	**8 771**	**31 576 515**
• Burning oil	333	772	0	0	0
• Natural gas	1 046	248	383	281	1 009 872
• LNG	0	2 566	4 423	5 688	20 478 355
• Propane	0	38	51	47	169 664
• Diesel	2 083	2 662	2 322	1 746	6 287 013
• Petrol	38	365	774	1 009	3 631 610
Renewable fuel sources:	**0**	**91**	**21**	**20**	**71 755**
• Biodiesel	0	91	21	20	71 755
District heating	**1 237**	**1 851**	**1 762**	**1 803**	**6 490 901**
Electricity:	**6 628**	**10 612**	**10 144**	**10 193**	**36 694 076**
• Electricity (Grid)	6 628	10 446	10 015	10 042	36 152 420
• Electricity (On-site production)	0	189	146	170	612 081
• Electricity (To grid)	0	-23	-17	-20	-70 425
Total energy consumption [MWh]	**11 366**	**19 205**	**19 880**	**20 787**	**74 833 247**
Change from year to year			3.5%	4.6%	

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

83% INCREASE IN ENERGY CONSUMPTION SINCE 2015

• This is due to our recent acquisitions and increased coverage for our sales offices and their activities world-wide (Flokk other), as seen in the graph below. Our well-established factories Røros and Nässjö both have a slight decrease in consumption vs 2022.
• Through efficiency gains we achieved a 21% reduction of our energy consumption per unit vs 2015, although we added Mirfield consumption and our number of produced units fell 15% vs 2022.
• 45% of all the energy used by Flokk comes from renewable sources. We aim to have 50% of all energy consumed coming from renewable sources by 2030.

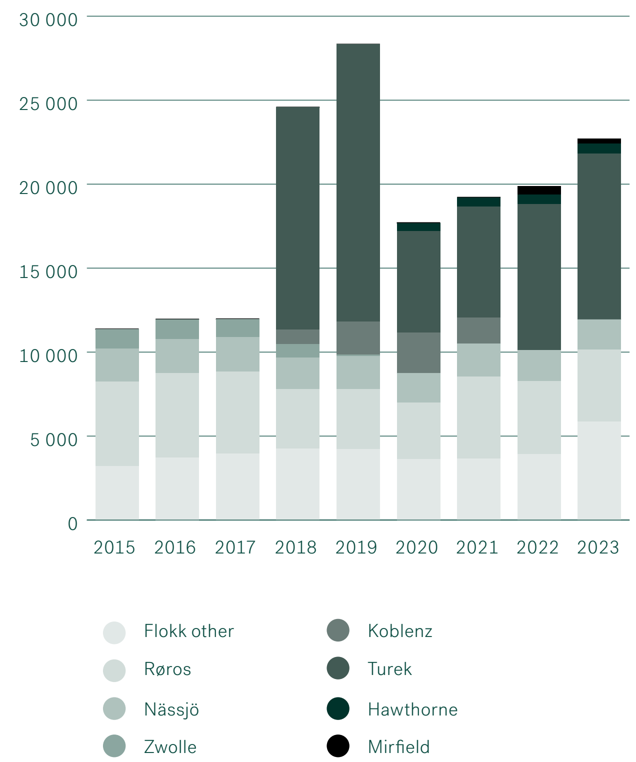
151% INCREASE IN FOSSIL FUELS SINCE 2015

• The use of fossil fuels has increased significantly both due to adding Mirfield gas-powered heating and due to high LNG consumption at Turek, which has increased further following new investment in gas-powered power coating process.
• Flokk aims towards a share of 20% fossil fuels for heating and processes by 2030 (28.7% in 2023).
• Flokk is in a transition towards a green car fleet. In 2023, we reached approximately 15% electric cars and 15% plug-in hybrid cars. This explains the 25% reduction in Diesel and the 30% increase in Petrol vs 2022. Electricity consumed for charging cars increased with 118% vs 2022.

54% INCREASE IN ELECTRICITY CONSUMPTION SINCE 2015

• Electricity makes up 49% of our total energy use and we see a constant consumption over the last three years, even after adding the latest acquisitions. This can be explained by the extensive use of gas as an energy source at those premises.
• Electricity accounts for only 4% of our total greenhouse gas emissions, thanks to 93% renewable electricity. The long-term goal is to reach 100% renewable electricity in our premises by 2030.

Flokk's energy consumption, subdivided [MWh]



Contributing to a Circular Economy

In 2023, Flokk's GRI scope production sites successfully crafted over one million new products, each with an estimated average weight ranging from 15 to 20 kg. Acknowledging the substantial demand for raw materials and components in our operations, particularly within an industry traditionally reliant on chemicals, paints, glues, textiles, foam, and plastics, we recognize the profound impact our choices make on resource efficiency, waste generation, and product chemical content.

Aligned with our sustainability practices and guided by our Principles for Sustainable Design, we strive to contribute to the circular economy by:

- Developing sustainable products - designed for longevity and durability that can be easily repaired, reused, and recycled
- Incorporating recycled materials into our product designs and packaging
- Minimizing waste from our operations

DEVELOPING SUSTAINABLE PRODUCTS

OUR PRINCIPLES FOR SUSTAINABLE 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.

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 and durable designs
   - High quality
   - Easy replacement of worn-out or broken parts
   - Reduce the need to replace our chairs
5. Design for disassembly
   - No glues, staples or non-accessible screws
   - Simple dismantling
   - Easy to sort materials for recycling with marked parts

3(III) FOCUS AREAS

I. Climate
Reduced carbon footprint and energy consumption

II. Resources
Reduced use of materials and minimised waste

III Health
Reduced chemical use andno hazardous substances

THE SUSTAINABLE OFFICE

Re-imagine your workspaces with sustainable seating solutions.

In 2023, we introduced "The Sustainable Office," a cutting-edge workspace concept showcasing a comprehensive seating solution by Flokk, incorporating many of our most environmentally friendly designs. It serves as inspiration for businesses aiming to transform their offices while prioritizing environmentally conscious decisions.

Reducing an organisation's carbon footprint demands a thorough evaluation and monitoring of carbon emissions.. Flokk is well equipped at assisting organisations in address the environmental impact of office furniture. "The Sustainable Office" showcases a diverse range of products tailored to meet every workspace requirement. These seating solutions are organized into 10 thoughtfully designed work zones, each serving a distinct purpose.

All our products come with an Environmental Product Declaration (EPD), offering an accurate, third-party verified report on carbon footprint, energy consumption, and the proportion of recycled materials used. This empowers our customers to make environmentally responsible choices with confidence.

Case study of the sustainable office

Let's review the remarkable impact our HÅG Capisco chair has for our customers!

By incorporating 50% recycled materials, we've effectively reduced carbon emissions from 91kg CO_2e to 33kg CO_2e. This remarkable reduction of 58kg, compared to the use of traditional virgin materials, highlights our commitment to sustainability while ensuring uncompromised quality, comfort, and performance.

To put it in perspective, this emission reduction is equivalent to the CO_2e emissions generated by an average car consuming 25 litres of petrol fuel.

Let's envision the scale of these savings when outfitting an entire office with chairs crafted from recycled materials. The potential environmental benefits are truly astounding!

DESIGNED FOR SAFETY, LONGEVITY AND DURABILITY
We take pride in crafting furniture that exceeds industry standards, designed for longevity and durability for our customers. In our dedication to ensuring customer satisfaction, our products shall not only be safe but also in impeccable condition. With our advanced technical expertise, coupled with a commitment to honesty and responsibility, our goal is to provide customers with a sense of safety and comfort every time they choose a Flokk product.

To uphold these standards, all Flokk products undergo rigorous testing according to specific international standards, encompassing criteria related to health, ergonomics, safety, stability, and strength. These standards dictate guidelines for design, dimensions, safety impact, and material selection, undergoing continuous evaluation and testing throughout the product's development and usage phases before reaching the market. This comprehensive approach ensures that Flokk's products are thoroughly assessed for potential enhancements in terms of health and safety impacts, aligning with our ten-year guarantee on the majority of our products.

Flokk defines a "Risk/Safety Claim" as a situation where a customer sustains an injury while using our product. While such cases are rare, each instance is closely monitored through our rigorous management case handling system.

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

2023		2022		2021	
Number	PPM*	Number	PPM*	Number	PPM*
1	0.37	1	0.36	1	0.40

Target each year: 0
No major customer injuries in 2023. 1 minor incident of 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 – ECO LABEL RANGE
The use of certifications is an important communication of our strong environmental commitment and performance to the 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 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.

As we acquire companies and brands, we also inherit their locally used ecolabels, resulting in now too many different labels that are resource-intensive and expensive to maintain. In 2023, Flokk made a strategic choice to consolidate the range of environmental certificates, deciding on a more effective global range that will apply to all Flokk brands in all markets: EU Ecolabel, EPD and GREENGUARD Gold. In 2024, we will continue the transition to EU Ecolabel.

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 (ISO 14025 - 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, such as carbon footprint, energy consumption and share of recycled materials. In 2023, a new standard +A2 was introduced for furniture, declaring larger part of the life cycle; cradle-to-cradle, than the old +A1 standard; cradle-to-gate. Flokk is in full transition to +A2.

Flokk has EPDs for 51 families of products in total;
25 of them with the new +A2 standard

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.

Flokk has 1 product family with the Nordic Swan Ecolabel

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 42 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 54 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 1 product family that is 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 10 families of products that are BLUE ANGEL certified

DESIGNED FOR CLOSED LOOP

Our products are designed to accommodate the coming surge in demand for refurbished, repaired, and reused products, driven by global shifts in consumption patterns, regulatory mandates, and economic forces. We are dedicated to guiding our customers in making sustainable choices, thus reducing their carbon footprint, by offering circular solutions that deliver both economic and environmental benefits.

Our products are crafted for longevity, ease of disassembly, and recyclability, aimed at reducing total cost of ownership (TCO) and environmental impact.

We design our products to exceed the highest customer expectations in comfort, quality, and aesthetics, while minimizing their carbon footprint

Continuously advancing towards heightened circularity, our Sustainable Design Principles (5-III) position us to lead this transformative journey, elevating our business model to greater levels of circularity. These principles have empowered Flokk to enhance the worth of pre-owned products, restoring them to near-new conditions by providing spare parts, tools and expertise to our trusted partners.

Collaborating with a network of skilled local service providers who employ our original spare parts and expert craftsmanship, we are committed to extending the lifespan of our products and fostering deeper customer engagement.

HEADING: INCORPORATING RECYCLED & RENEWABLE MATERIALS IN OUR PRODUCT DESIGNS AND PACKAGING

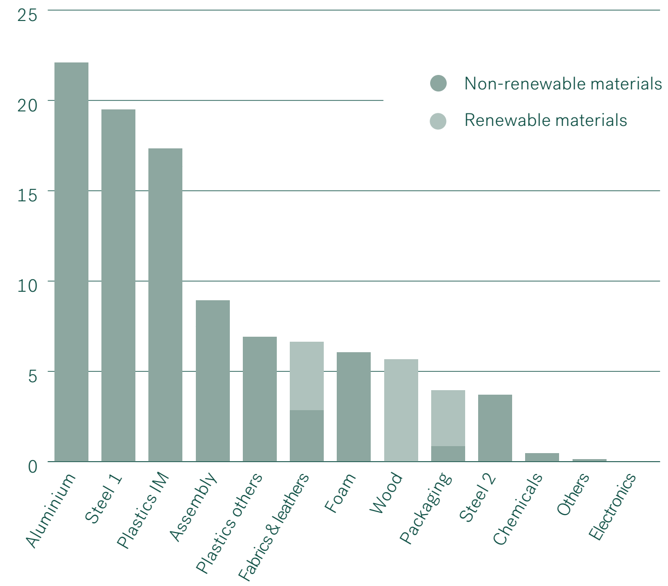
Flokk strives to create products with a closed life cycle, meaning that materials used in our products can be recycled or reused at the end of their lifespan. This reduces the overall demand for new resources and minimizes waste. We design products with resource efficiency in mind. This includes using recycled & renewable materials whenever possible.

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.

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. 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, although colour sorted recycled plastic is getting more available. In any case we must ensure that the materials we use are recyclable.

12.3% of our annual purchased value (turnover) for Direct Material is allocated to renewable materials including wool, leather, cardboard and wood (2022: 12.0%).

Distribution of Flokk's 2023 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	RBM Noor 6075SB	RH Logic 220 9112	Giroflex G64 64-3078	RProfim Violle 150F	RMA Ana 4340 (Graphite)	HÅG Tion 2160	HÅG Capisco Puls 8010 (black/brown*)	Profim Normo 500H	HÅG Celi 9100
50%	53%	55%	52%	55%	57%	73%	57%	53%	82%
2010	2013	2016	2017	2019	2020	2021	2021	2022	2022

Share of recycled materials [%].
Packaging excluded
* Recycled snowplough marker

Share of recycled materials

Flokk has a wide range of products with a high share of recycled materials. Here is our top ten products launched across our brands since 2010. Most are in the range 50-57%, but we have even two products with 73% (HÅG Tion) and 82% (HÅG Celi). We will continue improve on both new launches and our portfolio, as Flokk in total now has an average recycled material share of about 30%, aiming for 40% by 2030. Our products' material composition, as well as the share of recycled materials, are declared in EPDs – Environmental Product Declarations.

PLASTICS

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

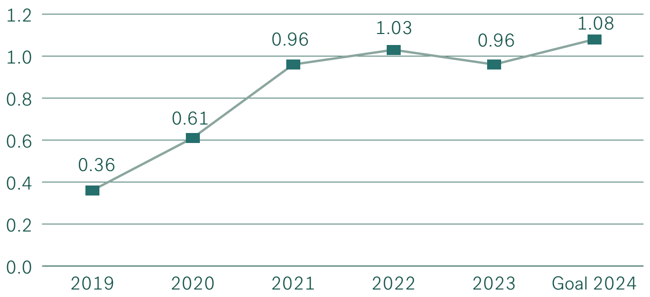
1 335 tCO_2e

saved in 2023 by using recycled instead of virgin plastic

In 2023, we had a 19% reduction in the amount of recycled plastics used in products sold (2023: 1 027t vs 2022: 1 262t) and thus did not reach the target of 1 365 tonnes. This is due to fewer units sold and variations in product mix versus recycled content. The main effort in 2023 has also been to secure our ever-increasing recycled content in new products, with consequently lower momentum on the migration of recycled plastics to the existing portfolio.

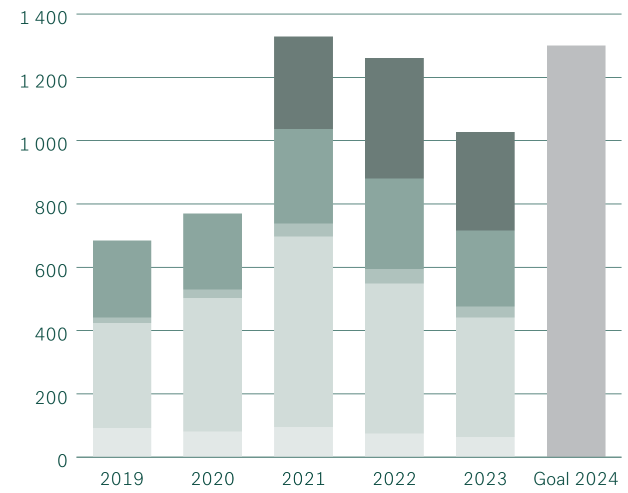
We have a high share of virgin Polyamide (PA) in our portfolio which we intend to investigate for possible recycled PA migration. We see this as an important opportunity in our quest to increase our share of recycled plastics.

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



For the average quantity of recycled plastics used per produced unit, we include recycled data from all Flokk core brand divided by Flokk total produced units.

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



	2019	2020	2021	2022	2023	Goal 2024
Total	**684**	**770**	**1 328**	**1 262**	**1 027**	**1 300**
Post-consumer	419	477	643	553	459	
Post industrial	265	293	685	708	569	

Profim RH RBM HÅG BMA

*The reported amount for 2022 has been corrected from 1 298 to 1 262 tonnes, as we in 2022 wrongly used data from ordered quantity and not consumed quantity. This also affected the 2022 reported number on tCO_2e savings from using recycled plastics, corrected from 1 697 to 1 640 tCO_2e.

"Turning trash into treasure" on an industrial scale. In 2023, HÅG Tion and HÅG Celi were launched with recycled snow plough markers, widening the portfolio beyond HÅG Capisco Puls.

METALS

In 2023, our die-cast aluminium parts had a recycled share of 98.4% with quality, durability and finish just as good as for virgin material. Our extruded aluminium parts had a recycled share of 15.7%, resulting in a total share of recycled Aluminium of 95.1%. One key supplier of extruded aluminium is now able to provide a recycled share of 82%. We aim to migrate this step by step over the coming years into our portfolio.

With the latest developments in the steel market, we see that most of the available recycled steel is now reserved for the construction sector. However, we still manage to access a share of 20% recycled steel from our key steel supplier. We hope to continuously increase this amount and combine with fossil-free solutions for near future possible use.

UPHOLSTERY COVERING MATERIALS

We are committed to making responsible choices for our standard collection of fabrics and leathers. Our textile program boasts a carefully selected range of high-quality, durable textiles comprising wool and synthetics, as well as blends of wool and synthetic materials.

Our selections are guided by our commitment to environmental sustainability. We prioritize mono-materials whenever possible, including fabrics made from either 100% wool or 100% post-consumer recycled polyester, and leather that is tanned without chrome.

Since 2021, we have been collaborating with one of our main textile suppliers and our Turek factory on a circular closed-loop project. Our aim is to repurpose our own waste textiles from production, transforming them into yarns and textiles for reintegration into our collection in near future. Although we made significant progress in 2022, we encountered challenges in 2023, leading us to conclude that the selected textile was not suitable for fibre-to-fibre recycling into yarns. Our focus in 2024 will be on exploring the potential reuse of other textiles from the same primary supplier.

Our new target is to ensure that by 2030, 100% of all standard non-specialized fabrics are certified or compliant with the EU Ecolabel. In aligning our standard collections across brands, we prioritise sustainability performance as a key factor in both the reduction and addition of new collections. With this new target, in 2023, 29 out of 35 (83%) of our non-specialized standard fabrics were EU Ecolabel certified, and 100% of these fabrics met the criteria of at least one of the following eco-labels: EU Ecolabel, Oeko-tex®, The Blue Angel, Cradle to Cradle™, GREENGUARD Gold, Indoor Advantage Gold, and Möbelfakta.

Going forward, all new non-specialized fabrics in our standard collection will carry the EU Ecolabel, except for PU coated fabrics, which cannot meet EU Ecolabel standards but will comply with Oeko-tex® Standard 100. We are on the verge of implementing new, stricter environmental requirements for these fabric types. Despite challenges in phasing out non-eco label fabrics in 2023, we remain dedicated to a strong focus on replacement efforts in 2024.

WOOD

The wood used in Flokk's products is traceable and sourced from forests managed sustainably. As members of FSC® Norway, we are dedicated to upholding the highest standards of responsible sourcing. Our facilities in Turek, Mirfield, and Nässjö have earned FSC® Chain of Custody certifications, with Nässjö achieving its certification in December 2023. In 2023, Turek sold 175.3 tonnes of certified wood (2022: 223.6 t), and Mirfield sold 5.7 tonnes.

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.

Packaging used including recycled amount [tonnes]*

Packaging	2021	2022	2023
Cardboard - Total	1 270	1 186	1 797
Cardboard - Recycled	854	742	630
Plastics - Total	94	77	65
Plastics - Recycled	2	1	1
EPS - Total	8	6	4
EPS - Recycled	-	-	-
Others; tape etc - Total	39	150	127
Others - Recycled	17	17	15
Total	**1 412**	**1 420**	**1 993**
Total Recycled	**872**	**760**	**646**

*Numbers for Røros, Nässjö, Turek excluding Hawthorne and Mirfield.

We see considerable potential in becoming more efficient in our use of packaging materials in general and see this as an opportunity to improve going forward. We have also initiated efforts on transitioning our plastic packaging to recycled plastics. We are now aiming for 30% recycled & recyclable plastic packaging by 2030.

Flokk is a member of several national takeback schemes, such as Grønt Punkt in Norway and NPA 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.

GRØNT PUNKT NÄRINGSLIVETS PRODUCENTANSVAR

Resources - Materials, Waste, Chemicals

Long-term goals:

- 40% share of recycled materials in main products by 2030 (80% revenue)
- 30% recycled & recyclable plastic packaging by 2030
- 100% FSC® Certified Wood / Factories FSC® Chain of Custody Certified by 2030
- 85% of our waste will be material recycled by 2030
- 100% GREENGUARD Gold on all EPD products by 2030
- 90% of main suppliers must sign Flokk's Environmental Requirements by 2025
- 100% Standard Non-specialised fabrics with EU Ecolabel by 2030

Measures / KPIs:

- 1 500 tonnes of recycled plastics used in our products by 2025
- Average quantity of recycled plastic used per unit [kg/unit]
- Increase total recycled share of aluminium to 95% by 2025
- Increase recycled share of steel to 40% by 2030
- 60% of our hazardous waste will be material recycled by 2030

KPI	Goal 2024	Goal 2023	Results			
			2023		2022	2021
Amount of recycled plastics used in our products [tonnes]	1 300 t	1 365 t	1 027 t (-18.6%)	●	1 262 t (-5.0%)	1 328 t
Average quantity of recycled plastic used per unit [kg/unit]	1.08	1.09	0.96 (-6.9%)	●	1.03 (+7.6%)	0.96
Number of factories FSC® Chain of custody certified	4 out of 5	3 out of 5	3 (Nässjö. Turek. Mirfield)	●	1 (Turek)	1 (Turek)
Share of our waste being material recycled	75%	78%	Flokk: 72.5% (+6.3%) Røros: 96.2% (+3.3%) Nässjö: 57.3% (+9.1%) Turek: 63.7% (-3.3%) Hawthorne: 67.9% (-3.4%) Mirfield: 24.9% (+2258%)	●	Flokk: 70.0% (-0.2%) Røros: 93.1% (+0.8%) Nässjö: 53.1% (-4.4%) Turek: 65.9% (+22.1%) Hawthorne: 70.4% est. (0%) Mirfield: 1.1%	Flokk: 70.1% Røros: 92.4% Nässjö: 55.6% Turek: 53.9% Hawthorne: 70.4% (est.)
Share of our hazardous waste being material recycled	57%	NEW 2024	56%	●	42.1%	1.2%

Offecct Soundwave Wicker, Archipelago Tables, Soufflé Medium, Murano, Hanger

	Measures & Results 2023	Status	Measures 2024
MATERIALS	Scale use of snow plough material: Launch HÅG Tion and HÅG Celi with snow plough material **Result - HÅG Tion and HÅG Celi snow plough editions launched and in production**	✔	Plan other product offerings - Utilise surplus material for other Flokk injection moulded components
MATERIALS	Plan other product offerings with coloured post-consumer recycled polypropylene **Result - ongoing project on one of our best-sellers to introduce coloured PCR plastics on back/seat**	✔	Plan other product offerings with coloured post-consumer recycled polypropylene
MATERIALS	Investigate PUR alternatives as part of ongoing development projects **Result - three ongoing development projects replacing PUR backs with mesh options**	✔	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 - Supplier list gathered, not reached out due to capacity challenge**	➡	Measure continued - recruit non-members in our supply chain
MATERIALS	Achieve Nässjö factory FSC® Chain of custody certification **Result: Certificate received Dec'23**	✔	Achieve Røros factory FSC® Chain of custody certification
WASTE	Røros: Follow-up hard plastic material recycler to ensure correct handling of waste stream **Result - Partnership terminated, too low volumes from Flokk vs recycler operation size**	➡	Røros: Follow-up our new waste handler who is working on finding new solution
WASTE			New Røros: Prepare business case for recycling Aluminium waste / bricketing
WASTE	Nässjö: Investigate impact of recycling wood versus incineration for district heating **Result - wood incineration for district heating concluded as most sustainable solution for now**	✔	
WASTE	Follow up on how sites and locations adopt the new Waste Handling procedure **Result - Not yet performed due to capacity challenge**	➡	Follow up on how sites and locations adopt the new Waste Handling procedure
WASTE			New Hawthorne: Implement sorting all waste fractions / No Landfill
WASTE			New Mirfield: Implement sorting all waste fractions / No Energy Incineration
WASTE	Turek: Follow up closed-loop project with one key supplier for recycling our own textile waste **Result - Selected textile turned out not suited for recycling into textile fibres again. However, valuable insight gained on how to sort out one specific textile in a clean fraction**	X	Investigate other textile from same key supplier that can be suited for recycling into textile fibres again, to be used in Flokk products.
WASTE			New Turek: Improve on Textile + Mixed waste material recyled share
WASTE	Complete mapping of plastic packaging used. Initiate sourcing and scale up of recycled plastic packaging **Result - Replaced 3 bags at Røros with 30% recycled content. Mapping on hold due to capacity challenges**	➡	Continue mapping at all sites and continue replacement processs
CHEMICALS	Reduce no of chemicals at production sites + prepare overview at Turek **Result - Røros: 27 reduced (191 in total), 1 less candidate list (4), 2 less with Prio-criteria (3).** **Nässjö: ~99.5% chemicals related to glue used in three RH products (see below).** **Turek, Hawthorne, Mirfield: chemical overview in place**	✔	Continue reduce no of chemicals at production sites
CHEMICALS	Give input and follow up Portfolio Maintenance prio list with target to reduce number of products using glue at Nässjö **Result - One out of three RH products with glue have problematic glue; sprayed on/particles. Malmstolen only use non-problematic glue; hot melted/no particles. Product design improvement cost higher than added value, solve in production if possible**	✔	"Follow up RH spray glue process, investigate for improvements in production. Investigate improvements on Malmstolen glue process in production"
CHEMICALS	Investigate chrome usage in all brands **Result - HÅG, RH, BMA: complete chrome phase-out. Giroflex: plan established for complete chrome phase-out by 2025. Flokk general discontinuation plan ongoing**	✔	Continue investigate chrome usage in brands and follow up ongoing phase-out plans, including chrome tanned leather
CHEMICALS	Finalise new Environmental Requirements for roll-out to suppliers, decide on format for supplier dialogue **Result - 95% done by YearEnd. Delayed due to complexity & need for quality assurance at suppliers**	➡	Roll-out new Environmental Requirements to suppliers in Q2

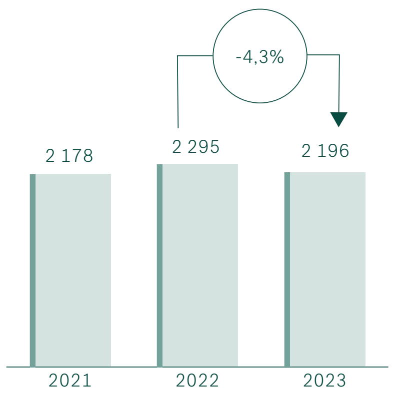
*The share of our waste being material recycled for 2022 has changed versus what we reported in GRI 2022 (from 74.6% to 70.0%), due to both adding and refining retrospective data for Mirfield and Hawthorne in 2022.

MINIMIZING WASTE FROM OUR OPERATIONS

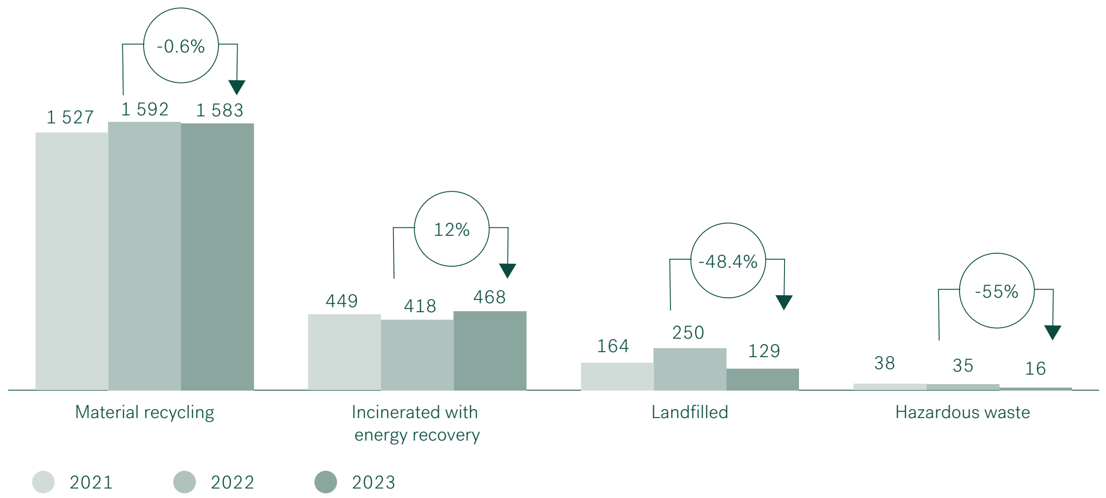
We place a strong focus on responsible waste management within our operations as part of our strategic and responsible approach that aligns with our environmental goals, regulatory requirements, and the evolving expectations of our consumers and stakeholders.

We are actively working on our approach to handling waste, with a particular emphasis on reducing total amounts of waste and increasing waste to material recycling. In 2023, we were able to reduce total waste generated at our factories with almost 100 tonnes (-4,3% vs 2022) mainly due to high waste reduction at Turek, with 72.5% waste material recycled (2022: 70%). Hazardous waste constituted a mere 0,7% of our total waste output (2022: 1.5%), with 56% hazardous waste material recycled. Total waste to landfill accounted for 6.0% (2022: 11.2%).

Total waste generated at Flokk factories [tonnes]



Waste fraction generated at Flokk factories [tonnes]



KEY FINDINGS OF OUR WASTE MANAGEMENT IN 2023:

- 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 during e.g. transportation, we need to protect our chairs with various types of protective covers.
- We have an efficient waste management plan to improve the systems for both collecting and sorting waste at factories. Waste-related data is collected as part of our ISO 14001 routines, monitored by the factories, and discussed quarterly on a corporate level.
- 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 2023, 1 583 t of our non-hazardous production waste was diverted from disposal (material recycling), while 597 t was directed to disposal (468 t incineration with energy recovery, 129 t landfill).
- The amount of hazardous waste (16 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 (35.5%), steel (28.0%), and mixed waste (13.8%).

In 2023, there has been no spills or leakages to the environment.

We have had a steady increase on waste to material recycling because 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 and implementing improvement measures we are on track of reaching our corporate goal of 85% material recycling waste by 2030.

Waste fractions at Flokk factories* in 2023 [tonnes], including hazardous waste breakdown:

	2023
Non-hazardous waste	**2 181**
Material recycling	1 583
Incinerated with energy recovery	468
Landfilled	129
Hazardous waste	**16**
Material recycling	9
Incinerated with energy recovery	3.5
Landfilled	3.5
Total [tonnes]	**2 196**

*All disposal operations mentioned are offsite. In 2023, we added both new 2023 and retrospective 2022 data for our factories Mirfield and Hawthorne. Landfill amount for 2022 became thus much higher than reported last year with added data (from 115t to 256t), due to lack of proper waste handling when moving factories in UK. This higher landfill amount in 2022 also affected the 2022 reported total waste recycled ratio (from 74.6% to 70.0%).

CHEMICALS - HEALTH

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 to be a supplier to Flokk. By soon rolling out an update of our chemical requirements we aim to improve the overview of chemicals at our suppliers for the entire supply chain. This way 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.

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 fibres 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.

Responsible Supply Chain and Ethical sourcing

At Flokk, we acknowledge that our decisions and actions have a ripple effect beyond our immediate operations, affecting communities, ecosystems, and industries. Hence, we are committed to ensuring that every facet of our supply chain adheres to our focus on sustainability, integrity, and social responsibility.

In upholding our commitment, we strictly follow a rigorous supplier selection and development process. This approach is integral to fostering positive transformation and maintaining oversight across our supply chain, with a primary emphasis on:

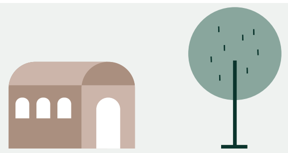
- Promoting fair and decent working conditions
- Responsible sourcing

PROMOTING FAIR AND DECENT WORKING CONDITIONS

When engaging with suppliers, we select those who share our environmental and social values. This selection process is not just about transactions; it's about forging lasting relationships built on mutual commitment to a responsible supply chain and ethical sourcing. We hold ourselves to the highest standards and expect the same from our partners.

To uphold our commitment to transparency, accountability and ethics, we have developed a rigid supplier selection and development process.

FLOKK SUPPLIER SELECTION AND DEVELOPMENT PROCESS



1. SUPPLIER SELECTION

- We employ a rigorous appraisal process that includes the evaluation criteria to their management, environmental performance, and corporate social responsibility in addition to quality and delivery aspects.
- Suppliers are scored based on these criteria.
- We have certain mandatory requirements for our suppliers that include being ISO certified (or equivalent), adherence to our Code of Conduct, environmental standards, and screening against sanction lists.

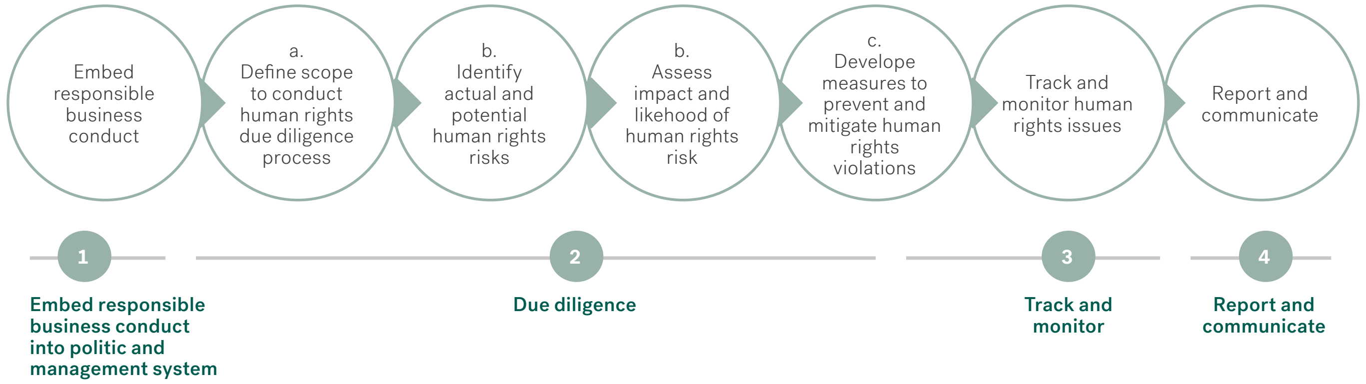
2. ACTION PLAN

- Following the supplier appraisal, tailored action plans are crafted to boost performance across various domains.
- Progress is tracked through Flokk Supplier Performance Meetings, focusing on quality, delivery, and risk.
- Environmental and social impacts are also examined, with risk graded on a scale of 1 to 5, prompting immediate action if necessary.

3. ANNUAL ASSESSMENT

- Comprehensive evaluations take place during Flokk Supplier Performance Meetings.
- Suppliers with low performance in critical areas, located in higher-risk regions/ countries, are subject for re-evaluation.
- Our re-evaluations process ensure ongoing compliance with our standards and could involving a full appraisal or focused examination.
- Low-performing suppliers undergoing a re-evaluation, receive regular follow-ups through monthly separate Supplier Risk Meetings.

Our supplier appraisal process Supplier Performance Meetings are designed to prevent, detect, assess and minimize risk related to human right violations in our supply chain.



Our business conduct is rooted in our core values and is outlined in our Responsible Business Conduct, Code of Conduct for Business Partners and our Human Right policies. These documents highlight our commitment to promoting a safe working environment free from discrimination, forced labour, and child labour for our employees, partners, customers, and communities.

We are adhering to the core principles outlined by the United Nations (UN) and the International Labour Organisation (ILO), including the Ten Principles of the UN Global Compact.

RESPONSIBLE SOURCING

We are committed to maintaining oversight of our supply chain through transparent reporting, fostering supplier collaboration and development, and conducting ongoing monitoring and assessments aligned with the Flokk supplier development process.

At Flokk, we uphold a strict zero-tolerance policy towards any instances of human rights violations, bribery, corruption, or money laundering. Our supplier selection and development procedures are integral to our goal of achieving the level of insight and oversight essential for us to operate as a responsible and trusted manufacturer. Furthermore, we have launched several key initiatives to support our overarching supply chain strategy, including:

- Localizing our supplier base
- Integrating Flokk processes in our acquisitions
- Transparent reporting of our progress
- Investment and implementation of technology

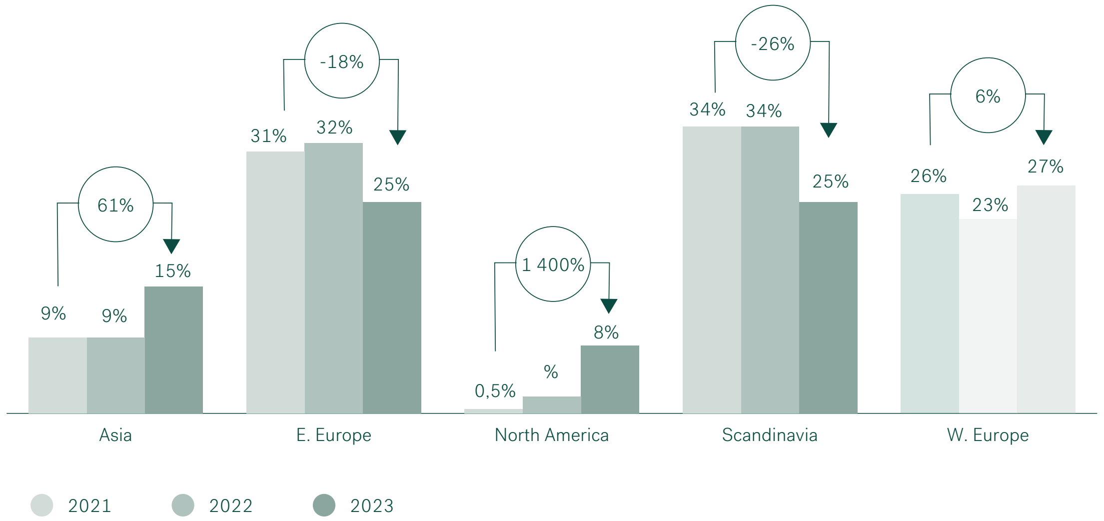
LOCALISATION

Flokk has laid down a solid groundwork with local, competitive suppliers who align with our principles of transparency. Identifying strong local alternatives to suppliers in different regions will yield various advantages. Among these advantages are:

- Mitigating risk associated with remote suppliers and lengthy supply chains
- Minimizing probability of production disruptions as the pandemic demonstrated
- Lower climate impact from our supply chain e.g. related to long distance transportation

In 2023, our emphasis was on reshoring a substantial supply chain for our Profim brand from Taiwan to Europe. This reshoring effort remains a central focus for Flokk throughout 2024.

Origin of Flokk suppliers of Direct Material, measured as% of the total annual purchased value (turnover) to our sites Røros, Nässjo, Turek, Hawthorne and Mirfiled



77% of our Direct Material suppliers measured as% of the total annual purchased value come from Europe

INTEGRATING FLOKK PROCESSES IN OUR ACQUISITIONS

A focal point of our supply chain strategy is to streamline and consolidate our supplier base, prioritizing high-performing suppliers. As part of our ongoing strategy to acquire and integrate new brands into the Flokk Group, we anticipate the addition of new suppliers to our supply chain. Crucial to our control and supply chain insight, is to:

- Swiftly transition contractual relationships with these new suppliers to align with Flokk's standard terms and conditions during the integration process
- Signing of Flokk Code of Conduct and our Environmental requirements
- Onboarding suppliers and local procurement teams into Flokk methodology of supplier appraisals and development

Our current priorities for achieving compliance with our process requirements are suppliers to our brands 9to5 and Connection. The substantial growth resulting from acquisitions introduces numerous new suppliers to Flokk.

Our supplier selection criteria extend beyond price considerations, focusing on total performance and Total Cost of Ownership, which include factors such as transportation, cost of capital, and overhead etc.

In response to the expansion of our supplier network, we have proactively undertaken a significant consolidation effort to reduce complexity and mitigate risks. This approach has been particularly emphasized in 2023, with continued efforts to compress our supplier base and localise Offecct suppliers closer to our production facility in Poland. The aim is not only to enhance efficiency but also to decrease reliance on a multitude of smaller suppliers in our supply chain.

TRANSPARENT REPORTING OF OUR PROGRESS

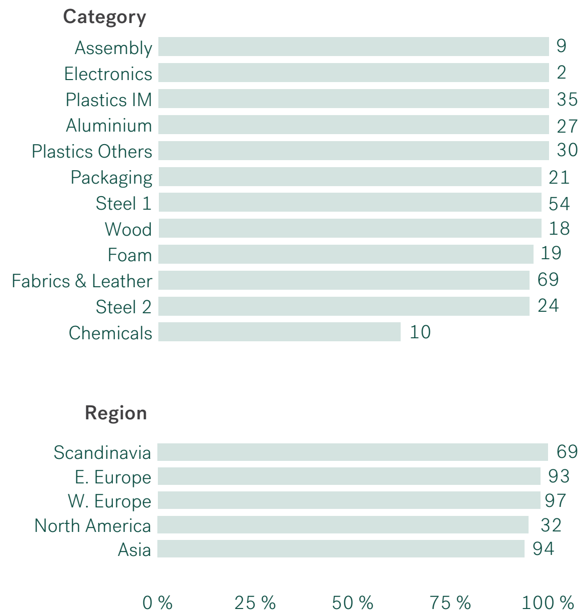
Flokk's primary Direct Material suppliers specialize in furnishing components within critical material categories, such as Foam, Plastics, Aluminium, Steel, Fabrics & Leather, Wood, and Assembly services. These suppliers independently oversee their supply chains, managing the acquisition of raw materials and other essential components. Flokk has zero tolerance for corruption as stated in our Code of Conduct, and it is imperative to highlight that Flokk's Environmental Requirements and Code of Conduct for Business Partners comprehensively extend to encompass the supply chains of these suppliers (our sub-suppliers).

In 2023, our primary focus was directed towards our key Polish suppliers. We initiated a supplier appraisal process for a selected group of these suppliers, emphasizing compliance with our Code of Conduct, which encompasses international regulations pertaining to human rights and working conditions. Our plan is to continue this assessment with our Polish suppliers in addition to some selected suppliers during 2024. Thus far, we have not identified any red flags or compliance issues during these thorough appraisals.

Notably, in 2023, there were no confirmed incidents leading to the termination or non-renewal of contracts with business partners due to violations related to corruption, providing us with the opportunity to address less substantial risks, such as those related to low delivery performance.

Another crucial facet of supply chain control involves the tracking and oversight of signed Code of Conduct agreements. Our Code of Conduct for Business Partners outlines the ethical standards and expectations we uphold in our partnerships. Therefore, a noteworthy initiative during 2023 was the effort to expand the number of suppliers with signed Code of Conducts, encompassing both Connection and 9to5. Even with the addition of our new brand, 9to5, the percentage of Direct Material suppliers with signed Code of Conducts surged from 43% to an impressive 83% for this reporting year.

Number of signed CoC's and% of total nAPV (APV > 100 000 NOK)



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

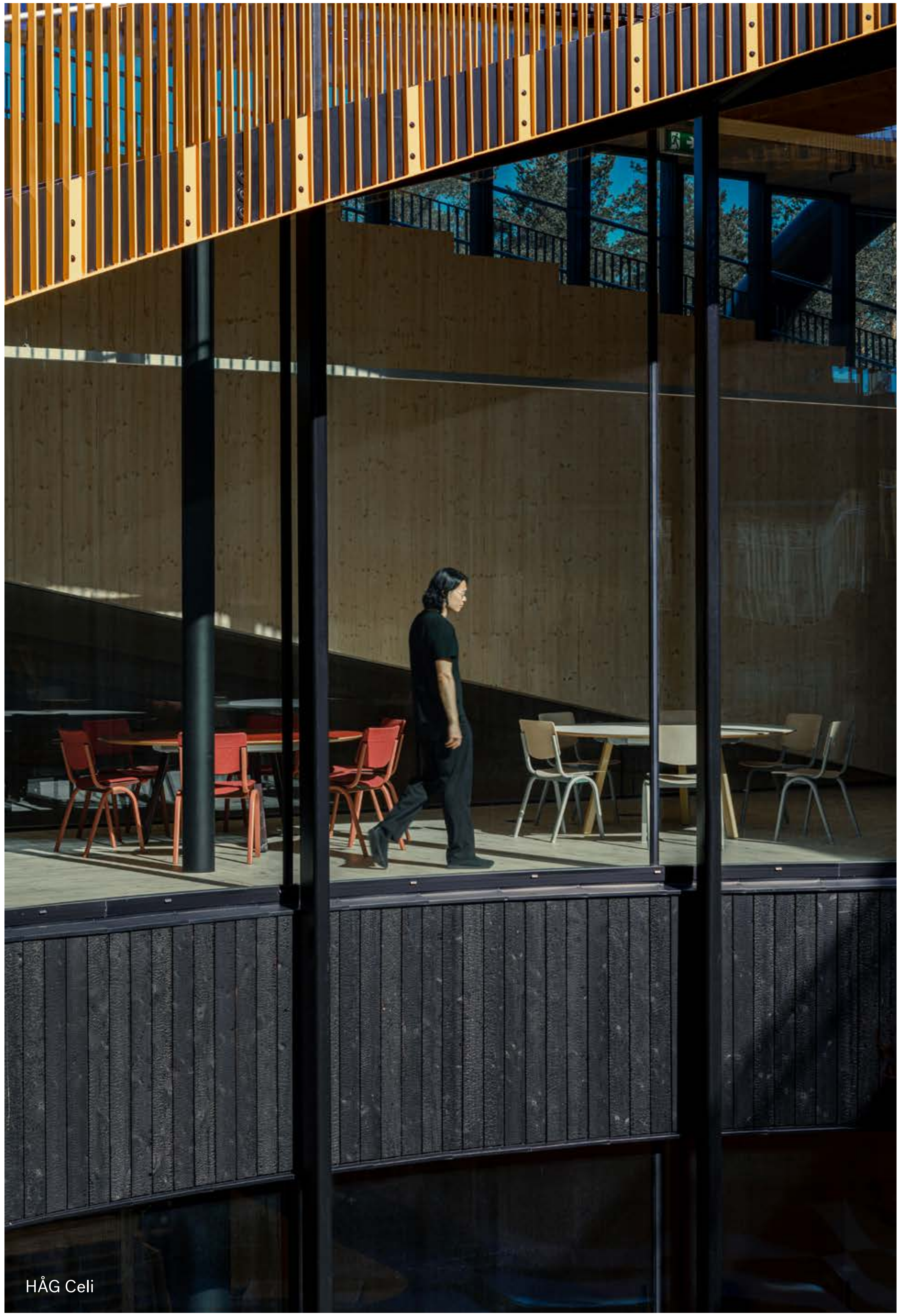
Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to in 2025 (measured in signed CoCs), broken down by type of business partner and region.
*APV - Annual Purchase Value = turnover

INVESTMENT AND IMPLEMENTATION OF TECHNOLOGY

As our organisation expands, the intricacies of our operations grow, necessitating the identification of effective and transparent tools and solutions. In alignment with our broader initiative to digitize and enhance process integration, we advanced the introduction of a Supplier Risk Management Tool in 2023. This tool serves as a robust solution in proactively addressing and mitigating potential risks within our supply chain. It allows for comprehensive monitoring, assessment, and management of various elements critical to our supply chain integrity.

The implementation was initiated during the third quarter of 2023 and enhances our ability to ensure transparency, compliance, and ethical standards across our supplier network, fostering a resilient and responsible supply chain ecosystem. By leveraging this tool, we are better equipped to navigate challenges, safeguard our reputation, and uphold our commitment to ethical business practices.


HÅG Tion, Connection Plenti, Connection Harp


HÅG Celi

Care For People & Communities

Flokk is acknowledged for cultivating a work environment that is inclusive, sound, and secure for all our employees, where individuals from different backgrounds representing various perspectives are welcomed and valued. We consistently strive to uphold our business operations with the highest ethical standards, fostering trust and respect among all stakeholders.

We are adhering to the core principles outlined by the United Nations (UN) and the International Labour Organisation (ILO), including the Ten Principles of the UN Global Compact. By aligning with these global standards, we set the dedication to ethical practices high on our agenda as we strive towards being an attractive employer by:

- Creating a positive workplace that values diversity, equity, and inclusion
- Contributing to local job creations
- Prioritising the safety and well-being of our employees

CREATING A POSITIVE WORKPLACE THAT VALUES DIVERSITY, EQUITY, AND INCLUSION

CULTIVATING THE FLOKK CULTURE

At the core of our progress and accomplishments stands our invaluable team of employees, the driving force propelling our success. Anchored in our values of innovation, human-centred focus, and sustainability, our employees play an instrumental role in transforming our vision into reality.

Central to our vision is the ambitious goal to "Inspire great work." We firmly believe that by nurturing an environment where innovation, creativity, and a sense of purpose flourish, we empower individuals and teams to reach their utmost potential.

The strength of our organisation lies in the unique perspectives, backgrounds, and experiences our employees bring to the table

We firmly believe that knowledge plays an important role in shaping a business culture that enables people to thrive and grow. As our organisation expands, and we witness a transformation in our geographical footprint, the significance of training is becoming increasingly evident.

As outlined in our Code of Conduct for employees, we hold all our employees to the highest standards, expecting them to serve as Flokk ambassadors who treat colleagues, business associates, the environment, and other stakeholders with respect and courtesy. Our company values set clear expectations for attitudes and behaviours. We have ingrained our focus on values through a trust-based leadership approach, emphasizing these values in annual appraisal dialogues and facilitating targeted mandatory training programs for all employees via our digital competence platform, Learning@Flokk.

For 2023, we have had specific focus on the following training:

- Trust based leadership; aimed at cultivating leadership practices centred on trust and transparency to foster open communication, collaboration, and accountability within and across teams
- Unconscious bias workshop; part of our commitment to promoting diversity and inclusion in the workplace, and address unconscious biases to create a more equitable and supportive work environment
- Code of Conduct awareness training; tailored training for employees of the recently acquired UK company, Connection for alignment with Flokk's ethical standards
- Corporate sustainability training; to integrate employees into Flokk's sustainability practices, initiatives and goals

We unequivocally distance ourselves from corruption and bribery, actively supporting free competition, fair trade, and the principles of freedom of association and collective bargaining. This commitment extends to ensuring voluntary labour without the threat of penalty or similar coercion and we do not employ individuals below the age of 15 years.

Notably, in 2023, we had no employees categorised as child labour/young employees in any part of Flokk.

DIVERSITY, EQUITY AND INCLUSION (DEI)

In Flokk, we whole heartedly embrace diversity, recognising its inherent value and positive impact on our company. Our commitment to fostering a diverse workforce is reflected in our active promotion of various diversifying factors such as gender, experience and cultural background. As of December 2023, with 1 544 employees globally, 41% being women. While we find satisfaction in these figures, we remain vigilant, acknowledging that different segments of our value chains display varying levels of gender diversity.

Gender development (% split of total FTEs)

	2022	2023
Female	41%	41%
Male	59%	59%

Percentage of employees per gender category

Age	Female	Male
Below 30 years	47%	52.9%
Between 31-50 years	41%	58.9%
Over 51 years	39%	61.1%

Looking at the flock as a whole, we see that women aged over 50 constitute the smallest proportion, accounting for only 39% of this age group. Women below 30 years, represent 47% of that age category.

Percentage of individuals within Group Management in these diversity categories

Age	Female	Male
Below 30 years	0%	0%
Between 30-50 years	0%	33%
Over 51 years	11%	56%

Our focus on inclusivity is highlighted by the ongoing measurement and monitoring of organisational Key Performance Indicators (KPIs) directly tied to DEI. We are not only content with our current state but also maintain a strong focus on continuous improvement. Our clear direction and roadmap guide the implementation of concrete actions throughout the organisation in line with our commitment to DEI.

Gender split of leadership positions in Flokk (%)

	2022	2023
Female	29.2%	31.6%
Male	70.8%	68.4%

In 2023, we took a significant step forward by establishing a DEI task force, bringing together representatives from all parts of Flokk. This task force is dedicated to furthering DEI initiatives and implementing impactful actions, ensuring DEI as an important focus area of our organisational agenda. The task force will comprise 16 employees representing 8 different countries, encompassing all segments of the value chains. Its objective is to pinpoint areas for enhancement, propose inclusive initiatives, raise awareness about diversity, equity, and inclusion, and exchange experiences. Some of the key priorities for 2024 include:

- Ensure adherence to the new EU pay equity regulations
- Critically assess and challenge recruitment processes
- Ensure inclusive language and diverse imagery are safeguarded in all written Flokk material including webpages.
- Analyse feedback from our Engagement@Flokk survey to propose pertinent actions and activities in all parts of the organisation
- Continue focus and analysis of potential pay-gaps in similar roles and positions

Ratio of the basic salary and remuneration of women to men for each employee category

	Female salary in% of men's salary 2023
Office employees	101%
Production employees	97%

Ratio of the basic salary and remuneration of women to men for each employee category

	2023
Female managers' salary in% of men's salary	95%

In Flokk we have no employees earning less than an adequate wage.

FLOKK DEI PROGRAMME CONSISTS OF:

POLICY
Flokk has established a dedicated DEI policy with the goal of fostering an inclusive and secure environment, enabling all our employees to fulfil their maximum potential.

TRAINING
Groupwide DEI awareness training around our DEI policy

TARGETS
Groupwide DEI targets are set, followed up and measured operationally, and approved by the Board of Directors

INITIATIVES
DEI Programme part of the overall business strategy with leadership support.

Implementation of DEI initiatives are driven by our DEI task force, and are connected to and aligned with our business' policy, values, and strategy.

At the core of our organisational philosophy is a steadfast belief that the true strength of our company resides in the diverse perspectives, backgrounds, and experiences that each of our employees brings to the table. At Flokk, we take great pride in the rich tapestry of global among our employees. We truly recognise that all DEI elements together are driving forces behind innovrepresentationation and success. Hence, we embrace the unique qualities and varied cultural perspectives collectively contributing to the uniqueness of our workplace. Truly valuing this diversity not only fosters a more inclusive and supportive environment but also positions Flokk and our employees to thrive in an ever-evolving global landscape.

Total number and rate of new employee hires / employee turnover during 2023, by region and age groups

Region/Country	Total employees, end 2023	New employees; Age below 30	New employees; Age 30-50	New employees; Age over 50	Total starters	Turnover rate
Australia (Sydney, Melbourne)	2	0	0	0	0	0.0
Austria	0	0	0	0	0	0.0
Belgium (Brussels)	5	0	1	0	1	20.0
Canada	0	0	0	0	0	0.0
China (Shanghai, Guangzhou)	14	1	3	0	4	28.6
Czech Republic	4	0	0	0	0	0.0
Denmark (Copenhagen)	15	0	1	1	2	13.3
France (Villepinte)	17	1	2	0	3	17.6
Germany (Düsseldorf)	43	1	0	2	3	7.0
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	277	6	1	0	7	2.5
Poland (Turek, Warsaw, The Czech Republic)	759	8	6	0	14	1.8
Singapore (Singapore)	4	0	1	0	1	25.0
Romania	1	0	0	0	0	0.0
Sweden (Göteborg, Nässjö, Stockholm)	179	11	7	3	21	11.7
Switzerland (Opfikon)	17	0	0	1	1	5.9
The Netherlands (Rotterdam)	24	5	1	0	6	25.0
UK (London-Brixton&Clerkenwell)	76	3	7	4	14	18.4
USA (Virginia, Washington DC, Hawthorne)	107	2	0	0	2	1.9
Total	**1544**	**38**	**30**	**11**	**79**	**5.6**

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

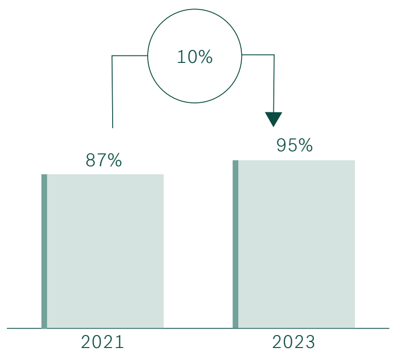
Region/Country	Permanent employees	Temporary employees	Non-guaranteed hours employees	Full-time employees	Part-time employees
Australia (Sydney, Melbourne)	2	0	0	2	0
Austria	0	0	0	0	0
Belgium (Brussels)	5	0	0	5	0
Canada	0	0	0	0	0
China (Shanghai, Guangzhou)	13	1	0	14	0
Czech Republic	4	0	0	4	0
Denmark (Copenhagen)	15	0	0	14	1
France (Villepinte)	14	3	0	17	0
Germany (Düsseldorf)	40	3	0	41	2
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	270	7	0	257	20
Poland (Turek, Warsaw)	718	41	0	759	0
Singapore (Singapore)	4	0	0	4	0
Romania (is counted in Poland, and hired in Poland - works in Romania)	1	0	0	1	0
Sweden (Göteborg, Nässjö, Stockholm)	172	7	0	174	5
Switzerland (Opfikon)	16	1	0	15	2
The Netherlands (Rotterdam)	18	6	0	16	8
UK (London-Brixton&Clerkenwell)	75	1	0	73	3
USA (Virginia, Washington DC, Hawthorne) (total 172 which includes 65 production workers (hired by agency))	107	0	0	107	0
Total women	592	36	0	597	31
Total men	881	35	0	905	11
Total employees	**1474**	**70**	0	**1503**	**41**

FLOKK'S ENGAGEMENT SURVEY – Engagement@Flokk

In our commitment to cultivating a secure, respectful, and inclusive workplace, Flokk conducts Engagement Surveys every second year. The survey, serves as a valuable tool for gathering feedback from all parts of the organisation. To ensure ongoing improvements, we implement team-based follow-up processes, aiming to preserve positive aspects of our company culture while introducing new measures for enhancement. Achieving a high level of employee participation is crucial in addressing findings. Consequently, we set a target of 90% response rate across Flokk. In the 2023 survey, we surpassed this goal with a remarkable 95% employee participation rate, marking a notable 10% improvement compared to the previous survey in 2021.

In our engagement survey, we measure specific Key Performance Indicators (KPIs) associated with key areas of focus within Flokk. Consequently, from this years' survey we have incorporated a distinct focus and questions aimed at capturing employees' perceptions of our DEI initiatives.

Response rate of Flokk Group engagement survey



Engagement surevy results

	2021	2023	Target
Response rate	87%	95%	90%
Inclusion	n.a.	8.0	8.0
Working environment	6.8	7.2	8.0
Work-life balance	7.0	7.5	8.0
Leadership	7.3	7.6	8.0

The 2023 results from our Engagement@Flokk survey reveal improvements across all six thematic factors we measured, marking a positive trend. This proves our strong commitment to actively leveraging survey results for further improvements.

The number of survey participants has increased over the years stemming from incorporating employees from acquired companies.

It is important to acknowledge that variances in scores on the different themes may vary partly influenced by local cultural nuances. To address result differences, a comprehensive follow-up process has been established, ensuring organisational involvement at all levels. Leaders at various tiers play a pivotal role in driving this follow-up, fostering a sense of collective responsibility and engagement in all parts of Flokk.

One noteworthy observation is the high level of trust our employees place in our engagement survey process. This trust underlines the effectiveness of our approach and the value our employees sees in actively participating in shaping the organisation's culture and work environment. Overall, the 2023 results reflect positive changes that reflect the work conducted to constantly evolve and our dedication to continuous improving the dynamics within our organisation.

FREEDOM OF ASSOCIATION

In The Netherlands, all employees fall under a metal electro association collective agreement as a basis for the salary adjustment process. This due to our former production entity in Zwolle. In Belgium we must, as per law, adhere to the local inflation when adjusting salaries. In Norway 51.6% and in Sweden 49.9% of our employees fall under collective agreements. The non-unionised employees in Flokk have the same compensation & benefit set-up as the employees covered by the collective agreements.
At the Polish production site, we have external representation from a union. However, there is no applicable collective agreement negotiated. Dialogue and interaction with internally elected employee representatives takes place regularly. In the US and in most of our commercial market organisations, we have local working environment committees in place. Employees can raise issues and concerns in these fora. When acquiring a company, we strive to establish equal compensation & benefit schemes adhering to Flokk's Compensation Policy.

Ethical Business Practices - Human Rights and Anti-Corruption

	2022	2023
On-site Audits for Human Rights Compliance in Supplier Network	12	17
Human rights violations recorded in value chain	0	0
Recording instances of anti-corruption violations	0	0
Reported whistleblower incidents	0	0

CONTRIBUTING TO LOCAL JOB CREATIONS

Our commitment to responsibility transcends the boundaries of our business operations. At Flokk, we take pride in being recognised as a cornerstone employer, a distinction attributed to our significant presence and influence in the local communities surrounding our manufacturing sites.

We actively engage in initiatives aimed at fostering community development and supporting local projects through collaboration with community organisations and stakeholders. We strive to make meaningful contributions to the well-being and progress of the areas where we have a presence. In the year 2023, our contributions included:

- Providing apprenticeships to young individuals as a vital component of their education
- Sponsoring local sports and cultural activities, reinforcing our commitment to cultural and recreational vibrancy
- Encouraging employee involvement in local business initiatives on behalf of Flokk, fostering a sense of shared responsibility and community engagement
- Facilitating employee participation in local political community boards
- Participating in local business interest organisations ensuring our voice is heard in matters impacting the local community as well as Flokk
- Demonstrating a positive approach to the integration of refugees by offering employment opportunities at our sites in collaboration with social security offices, thereby contributing to the broader societal goal of fostering inclusivity and support

Through these varied efforts, we strive to create a positive and lasting impact on the communities we serve, aligning our actions with our commitment to ESG targets and community building.

PRIORITISING THE SAFETY AND WELL-BEING OF OUR EMPLOYEES

As an employer, Flokk places a strong emphasis on health and safety. Employees can feel secure knowing that their well-being is a priority, and that the company actively promotes a healthy workplace – both from a physical and phycological point of view.

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

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION

Flokk's commitment to Health, Safety, and Environment (HSE) is embodied in a proactive culture driven by engaged Group Management and active participation from employees. Our goal is to ensure that our employees leave work as healthy as when they arrived, with a primary focus on prevention where the responsibility resting with the employer. We have a target of zero injuries, and we register all work-related injuries for our full time/part time and temporary workers, and contracted workers.

All employees of Flokk`s, including our contracted workers, is entitled to a secure working environment. Flokk promote workers health by supporting local non-work-related initiatives. Overall, our operations are primarily situated in countries where public healthcare services offer comprehensive coverage. In countries where this is not the case, we offer supplementary health insurance.

The HSE culture is facilitated by our Group Management and organized through HSE managers and Safety deputies in each production unit and Flokk location.

SYSTEMATISED HSE APPROACH – HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

For Flokk, systematic HSE practices involve proactive risk identification, incident reporting, adherence to legal requirements, and continuous improvement. Regardless of our performance, we prioritize staying ahead, conducting risk analyses, internal audits, safety inspections, and establishing objectives and competence requirements annually in alignment with our Groupwide HSE policy.

For Flokk, systematic HSE practices involve proactive risk identification, incident reporting, adherence to legal requirements, and continuous improvement. Regardless of our performance, we prioritize staying ahead, conducting risk analyses, internal audits, safety inspections, and establishing objectives and competence requirements annually in alignment with our Groupwide HSE policy.

To embed HSE throughout the organisation, we follow up on action plans, track responsible individuals, and set deadlines. This ongoing process results in an enhanced risk assessment approach that employees seamlessly integrate into their work, actively participating in issue detection and proposing or taking relevant actions.

This leads to an ongoing enhancement and regular updating of the HSE risk assessment process. Employees see it as an integral part of their work, as they are at the forefront of identifying issues and suggesting or implementing appropriate actions.

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.

WORK-RELATED HAZARDS AND PREVENTATIVE MEASURES

We have identified three main areas of work-related hazards with potential to cause injury or ill health:

i. Physical (example: hit by objects, cut by knife/staple, fall from height)
ii. Ergonomic (example: improperly adjusted workstation)
iii. Related to work-organisation (example: shift work, excessive workload demands)

Workplace – Health & Safety

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

KPI	Goal 2024	Goal 2023	Results 2023	Results 2022	Results 2021
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	5.96**	6.20**	6.00**
Number of recordable work-related injuries	0	0	16	17	15

Measures & Results 2023	Status	Measures 2024
Continue with existing preventive HSE work and prevent future accidents:		
Adjust and tune HSE e-Learning program for all employees **Result: HSE e-training are translated into mother languages (Norwegian, Swedish and Polish) to secure better safety understanding for production workers. Training is 100% conducted for production workers in Norway, Sweden and UK. Poland is postponed to 2024.**	➡	Increased scope to additional language (Spanish). Finish the HSE e-Learning program for remaining production workers in Poland, US and Mexico. Target: 100% of performing HSE e-training
Continue and develop the HSE e-Learning program for all employees by establish and implement Road Safety Program for all employees driving on duty for Flokk.	➡	Target: 100% performing of HSE Road Safety e-training for all employees in Commercial organisation and office employees.

* Recordable work-related injury rate = Recordable work-related injury number x Working hours/1 000 000
Number of hours worked in 2023: 2 682 354 (2022: 2 749 934). Working hours for non-employees are not included. 2 minor injuries happened to non-employees and are included.
** Improved rate of recordable work-related injuries due to 1 less injury in Flokk.
The types of the 16 work related injuries are as followed: 7- hit by an object, 5 - fall, 2 - cut by knife/staple, 2 - ergonomic workstation (improperly adjusted workstation, awkward movements). None of these injuries happened to non-employees in 2023.

MITIGATING INJURIES

To mitigate the likelihood of these work-related injuries, we have initiated the following preventative measures:

- Mandatory HSE training for all new employees that covers safety rules, HSE incident registration and work-related hazards
- Regular refreshment training for all employees
- Special training in specific high-risk activities
- Safety tours, internal audits, and spot checks
- Registration and investigation of unsafe conditions and near misses
- 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
- Remove exposure of chemicals
- Job rotations to prevent repetitive strain injuries

WORKERS PARTICIPATION IN HSE WORK

Working Environment Committees are established when the employee count exceeds 10, comprising equal numbers of workers and management representatives, with union representatives included if applicable. Worker members are elected. These committees meet regularly, making decisions by majority vote. Communication to workers regarding work-related incidents and actions taken is achieved through posted meeting minutes from these committees.

OCCUPATIONAL HEALTH SERVICES

Flokk has well-established occupational health services, fostering transparent communication between company representatives and external health services. Employees are informed about the following services:

- Attendance at follow-up meetings for employees on sick leave to tailor rehabilitation programs.
- Active engagement in health, safety, and working environment initiatives, including surveys and action plan preparation.
- Evaluation of health and welfare aspects of working time arrangements.
- Addressing issues related to facilitating employees with reduced functional capacity.

REPORTING UNSAFE CONDITIONS AND INCIDENTS

Workers have the ability to shield themselves from potential harm or ill-health by reporting unsafe conditions or incidents through Flokk's Total Quality Management System (TQM). This can be done by notifying their manager or through the mobile app, ensuring a streamlined reporting process. To safeguard against reprisals, Flokk has a Whistleblower Process in place, allowing employees to report unacceptable conditions anonymously if preferred.

Flokk Corporate & Sustainability Governance

At Flokk, governance isn't merely a protocol; it defines how we operate, make decisions, and uphold our responsibilities.

At Flokk, governance isn't merely a protocol; it defines how we operate, make decisions, and uphold our responsibilities. Our approach to governance emphasize our dedication of doing business the right way. It reflects our commitment to create enduring value, foster trust, and contribute positively to the world around us. As we continue our journey, our governance principles serve as a guiding light, ensuring that every step we take is one that aligns with our core values and aspirations. Through our governance structure, we aim to achieve the following:

- Uphold our role as a trusted business partner for our stakeholders
- Promote ethical decision-making and avoid illegal or unethical practices
- Manage risk & opportunities

UPHOLDING OUR ROLE AS A TRUSTED BUSINESS PARTNER FOR OUR STAKEHOLDERS

Our governance approach revolves around transparency, accountability, and ethical conduct in every aspect of our organisation.

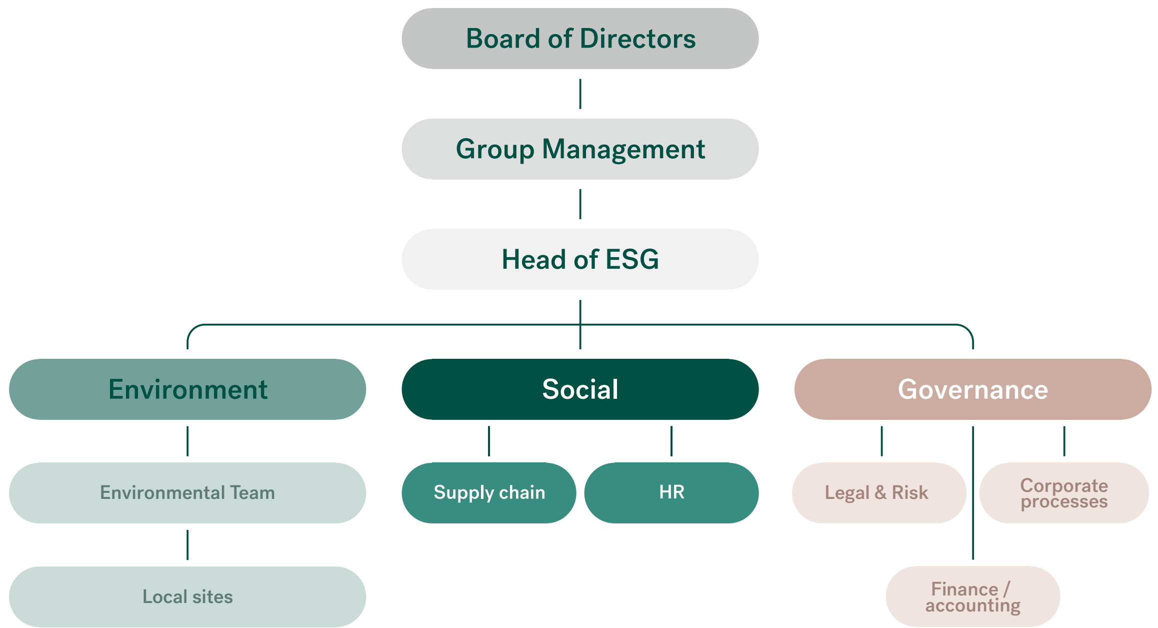
Transparency: We ensure that our stakeholders are well-informed about our strategies, performance, and decision-making processes. By maintaining open channels of communication, we foster trust and enable an inclusive understanding of our actions.

Accountability: We are committed to aligning our actions with our stated values and objectives. Through clearly defined roles, responsibilities, and performance metrics, we hold ourselves accountable for our commitments and contributions.

Ethics: We prioritize integrity in all interactions, ensuring that our practices are not only legal but also align with the highest moral standards we uphold in Flokk. This extends to our engagement with employees, partners, customers, and the communities we serve.

ROLES & RESPONSIBILTIES:

Our sustainability governance structure is designed with the primary objective of delivering long-term value for our stakeholders through its organisational setup with clearly defined roles and responsibilities



Board of Directors	The highest governing body, responsible for reviewing, monitoring, and guiding the sustainable strategy of the entire Flokk Group.
Group Management	Provides strategic guidelines and priorities, steering us toward long-term objectives that align with our sustainability vision.
Head of ESG	Ensure strategy execution, coordinating efforts across the ESG spectrum, prepares materials for management decisions and presentations, and cross-functional reporting and overall ESG-performance.
Environmental, Social, and Governance domains	Ensures implementation of policies, plans, and procedures, and actively contribute to driving the sustainability agenda within their respective responsibility areas across the entire Flokk Group.
Local	Ensures that day-to-day management remains in tune with our overarching sustainability objectives and strategic priorities.

PROMOTING ETHICAL DECISION-MAKING

We recognize the dynamic nature of the global business landscape we operate within and the importance of resilience in the face of challenges. Thus, we strive towards cultivating an ethical, secure, and resilient operational environment.

ANTI-BRIBERY & ANTI-CORRUPTION

Flokk stands against all forms of corruption. Our business operations are conducted with highly ethical standards, emphasizing our commitment to being a respected and trusted business partner for all stakeholders. Aligned with the UN's Global Compact and ILO Conventions, we uphold our role as a dedicated and reliable employer. This commitment is not only integral to our company's reputation but also crucial for the well-being of our employees and direct stakeholders, reflecting the core values that define us.

Every Flokk employee is expected to steer clear of situations that could create conflicts between the company's interests and their personal interests. This prohibition extends to all forms of bribery, extortion, facilitation money, kickbacks, and any improper personal or professional benefits extended to customers, agents, contractors, government officials, suppliers, or employees of such entities.

Our anti-corruption framework is seamlessly integrated into our governing documents, including Flokk's Code of Conduct, both for employees and business partners. Specifically targeting the most vulnerable units, such as sales and purchasing, our anti-corruption measures are robust. The whistleblower procedure provides clear guidance on how employees should report any suspected internal corruption or other misconduct, extending the responsibility to our direct business partners as well. This comprehensive approach ensures the integrity and transparency that define Flokk's commitment to ethical business practices.

We have introduced a Sanctions Verification Tool and improved our internal processes to streamline sanctions screening and uphold compliance with sanction regulations. This tool automatically screens our business partners against the UK, US, and UN consolidated sanction lists on a quarterly basis. The outcomes are thoroughly assessed by our Legal and Risk department. Prior to entering any agreements, all new suppliers and customers undergo screening.

In the year 2023, there were no recorded incidents of corruption, no instances where employees were dismissed or disciplined for corruption, and no public legal cases related to corruption were filed against our company or our employees. No cases where Flokk was charged with monetary fines or non-monetary sanctions.

INFORMATION SECURITY

Flokk's approach towards information security covers a combination of strategic frameworks, certifications, continuous improvement, proactive measures, and a strong focus on employee awareness. Our strategical approach is designed to create and sustain a resilient and secure information environment for our operations and stakeholders.

We have seen a significant increase in the number of cyber attacks against the Flokk applications/ infrastructure. The increasing sophistication of cyber threats necessitates a proactive stance on Information Security, recognizing its critical role in safeguarding the confidentiality, integrity, and availability of our data. Our approach to Information Security centres around the following key principles and initiatives:

- Robust Information Security Management System (ISMS)
- ISO 27001 certification
- Continuous improvements with regular assessments, internal and external audits
- Technical barriers
- Employee training and awareness sessions, attack simulations
- Monitoring and threat detection
- Incident response and management
- Integration with overall risk management

IMPLEMENTING CORPORATE GOVERNANCE

Achieving our goals and adapting to changes in the business environment requires a well-balanced alignment of people, policies, and systems. This approach ensures that our commitment to sustainability is integral and embedded in our organisation, fostering resilience and effectiveness in pursuit of our environmental and social objectives.

POLICIES:

Flokk has established a set of Group Policies as a strategic framework to guide our organisational conduct. We are committed to complying with the precautionary principle, stated in our Governance policies, reviewed and approved annually by the Board. All employees in Flokk needs to comply with these Group Polices, regardless of employment type.

Our policies are valuable tools for identifying and mitigating risks. They establish procedures for risk assessment and management, helping Flokk anticipate and address potential challenges. The policies also include guidelines for ethical behaviour and responsible use of resources, as such our governance covers environmental and social considerations.

We have decided to prioritize placing additional emphasis on a set of selected Group Policies that are applicable to Flokk, irrespective of location and entity:

- Code of Conduct (employees and business partners)
- Diversity, Equity and Inclusion
- Health, Safety and Environment (HSE)
- Anti-money laundry
- Anti-bribery and anti-corruption
- Sanction
- Information security and privacy policy

These policies are annual reviewed and approved by our Board of Directors, reinforcing our commitment to transparent and ethical governance. Once approved, these policies are seamlessly integrated into our organisation and operations

SYSTEMS:

Flokk's Quality Management system (TQM) serves as a comprehensive library housing all steering documents, policies, and procedures. This system is the backbone of our commitment to delivering quality, innovation, and reliability to all our stakeholders. The system does not only streamline our operations but also ensures consistency, compliance, and continuous improvement in every facet of our business. By centralizing all critical documents, it fosters transparency, accountability, and efficient access to essential information for our teams.

Learning@Flokk stands out for its user-friendly interface, interactive content, and personalized learning paths, providing an engaging and efficient e-learning experience for our team members.

PEOPLE:

How do we ensure that our policies resonate beyond mere words on paper?
At Flokk, we prioritize the empowerment of our employees through knowledge and awareness. To ensure that every member of our team is well-versed in our Group policies, we have established a framework for accountability and training where we promote ethical behaviour and risk awareness.

- For newcomers, they form an integral part of our mandatory onboarding program, ensuring that every new employee receives a comprehensive understanding of our guidelines
- For existing employees, the policies are incorporated into our e-learning courses and followed up through the annual individual development talks, ensuring a continuous learning process for all Flokk employees

We understand that knowledge is a catalyst for responsible and informed decision-making. Our process of policy training assure that each individual within our organisation is equipped to uphold our shared values and contribute to the success of Flokk.

RISK AND OPPORTUNITY MANAGEMENT

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business. We regularly face business uncertainties, and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. The geographical footprint, together with our broad portfolio of products, customers and suppliers are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value.

RISK MANAGEMENT APPROACH AND GOVERNANCE

As with any business, risks and uncertainties are inherent in our business activities and may have a significant financial, operational or reputational impact. The Board is ultimately responsible for the management of risk and for setting the Group's risk appetite. On an annual basis, the Board agrees the principal and emerging risks facing the Group and a robust risk management governance framework is in place which enables the Group to effectively prioritise and manage risk to within our risk appetite levels. The Board carries out a review of the effectiveness of the Group's risk management and internal control systems at least annually. The Group's risk management governance framework has been implemented to ensure there is clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Group.

Board of Directors

The Board has overall responsibility to ensure that appropriate risk management and internal control systems, designed to identify, manage and mitigate risks which may impact the achievement of the Group's objectives are in place. The Board also ensure an appropriate risk appetite has been set and consider how the Group's longer-term viability may be impacted by the crystallisation of one or more of these risks.

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Audit Committee

Responsibility has been delegated by the Board to provide structured and systematic oversight of the Group's risk management and internal control systems. They review and monitor the effectiveness of the Group's risk management and internal control systems throughout the year

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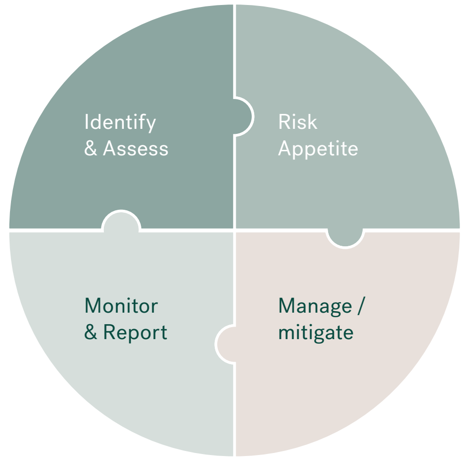
Group Management

Executive management are responsible for the effective operation of internal controls designed to manage and mitigate the principal risks and uncertainties.

ENTERPRISE RISK MANAGEMENT PROCESS

Our enterprise risk management process is embedded across the Group to support the delivery of our strategic objectives and our annual risk assessment is an integral part of this process. This risk assessment incorporates a groupwide top down and bottom-up evaluation to determine the likelihood of occurrence and potential impact of risks on the Group level. Input is obtained from senior business and functional management through a series of workshops, one-to-one interviews and surveys, which are consolidated to produce the Group Risk Library. Our risk universe forms the basis of conversations and additional new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks.



The output from this process is consolidated to determine the principal risks and uncertainties for the Group. Executive Management review and validate these risks, providing further input where necessary before submission to the Audit Committee and Board for final consideration and approval.

Each of the Group's principal risks is assigned a risk owner who is responsible for ensuring mitigating actions are sufficient to bring risks to within the agreed level

CLIMATE & NATURE 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 organisation.

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.

Due to the nature of Flokk's operation, its production footprint, inbound value chains and material consumption, nature risk is considered low. Nature risk assessment according to Taskforce for Nature-related Disclosures (TNFD) will be considered for 2024.

RISKS AND OPPORTUNITIES CATEGORIES

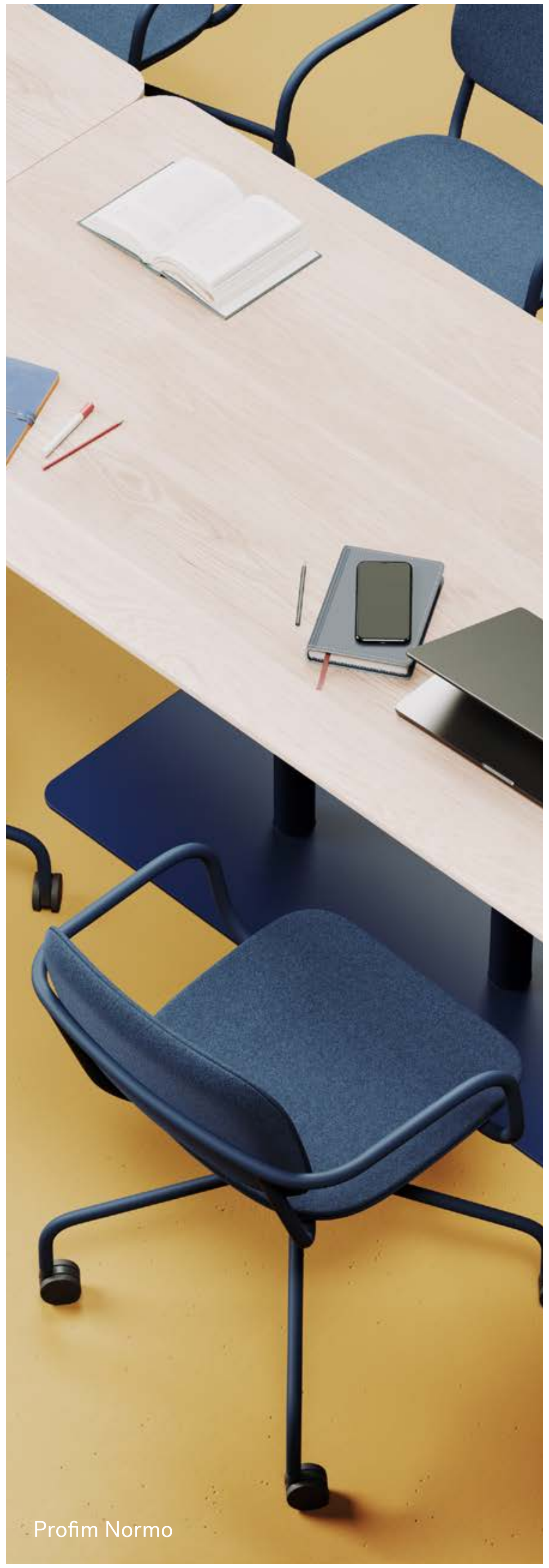
- Strategic
- Operational
- Sustainability
- Market
- Finance & Treasury
- Human Resources & Health and Safety
- Information Security
- Legal & Compliance

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
- mproved 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

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 circularity **Health** • Use of chemicals harmful to health and/or the environment	• 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 through new Integrity Next Portal • Continue migration of post-consumer recycled material in existing products • Counter labour arbitrage by high industrialization rates & owned IP • Less travel and lower emissions • Higher efficiency with digital meetings • Global Fight against financial crime	• ISO 14001 & 50001 - environmental & energy management system (EED compliance) • Code's of Conduct for employees and business partners • 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 disassembly for reuse & recycling • Quantified targets for annual consumption of post-consumer recycled material in production (both closed material loop & low carbon footprint materials) • Eco labelling – EU Ecolabel, EPD, GREENGUARD Gold, FSC • Environmental & Energy Policy • Risk reduction Production sites - Management system Risk module • Waste Management • Chemical management - EcoOnline & MSDS archives – SCIP compliance • Environmental Requirements to Suppliers • Supply Chain Management, supplier appraisals and compliance screening • ESG included in Due diligence & acquisitions processes
S	Responsible Supply Chain - operations of suppliers and tiers	• Growing supply chain - number and distribution • Compliance level among suppliers • Lack of signed Code of Conduct from a smaller portion of the supply base • Events challenging global supply chains	• Build corporate value for stakeholders with supply chain transparency • Driving change for social responsibility	• Supplier strategy • Supplier appraisal process • Tracking of KPIs on supplier performance and risk assessment, signing of CoC • Implementation of supplier mgmt. and risk assessment tool • Reshoring initiatives • Sanction screening process, sanction tool and sanction policy
	Social Responsibility & Human Rights - own + business partners	• 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 • Transparency • Trusted business partner for all stakeholders • Drive positive change throughout our value chain	• Human Rights Policy • Code of Conduct – Business Partners and own employees • Diversity Equity and Inclusion Policy • IDT - Individual Development Talks, • Training & e-learning in Learning portal • Trade unions & working environment committees/survey • Human Right Due Diligence
	Health and Safety - Workplace	• Fatalities/ Rate of recordable work-related injuries • Repetitive strain injuries • Forklift driving • Fire at own premises	• Low sick leave • Good working environment • Pioneer company in ergonomics	• Health & Safety Policy • Internal Audits and Safety tours • HSE e-learning for all employees
	Health and Safety – Customers	• Injuries at customer • Customer satisfaction • Chemical exposure • Reputation	• Safe products • No claims • Good reputation • Build corporate value through safe and durable products	• Test reports according to international standards with requirements concerning ergonomics, usability, safety, stability and strength • Product certificates due to Eco labelling - free for hazardous chemicals • Customer training in proper use of products
G	Integrity, Risk and Compliance	• Compliance with new regulations or expectations from relevant stakeholders within the three defined areas of ESG • Local laws & regulations • Secure conducting business in compliance to internal policies and procedures • Sanctions & Trade barriers	• Adequately address long-term risks • Promote investor confidence • Responsible investment	• Enterprise risk management • Finance Policy • Quality Policy • Health & Safety Policy • Environmental & Energy Policy • Delegation of authority Policy • Flokk's Code of Conduct • Corporate policies (Sanctions, Anti-Bribery and Anti-Money Laundering) • Learning programs
	Suppliers Management	• Data quality and accessibility • Control in all Tiers levels	• Origin of materials • CO_2 Footprint • Sustainable supply of chain • Comply with ESG reporting regulations	• Code of Conduct – Business Partners • Suppliers Management tool
	Commercial	• Restrictions of selling products in specific/new markets • Reputational risk	• Good reputation • Growth • Market access • Safe products • Competent staff	• Certified with ISO 9001 Quality Management System, ISO 14001 & 50001 - Environmental & Energy Management Systems (EED compliance), ISO 27001 Information Security and Privacy • Brand Geo Policy
	Cybersecurity and Privacy	• Cyber attacks • Secure data privacy and security law • Stability of the production systems	• Improve awareness within the organisation • Implement active control of training and knowledge of policies	• Information Security and Privacy Policy • Procedure for cyber security • Guidelines for Personal Data Protection • Learning programs



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Materiality Assessment

A crucial aspect of our sustainability strategy and reporting is the transparent disclosure of where Flokk, as a company, can make a significant impact, whether it be positive or negative, on the environment, society, the economy, and people. Much of our effort is dedicated to continuously gathering insights from both internal and external perspectives, enabling us to identify evolving material risks and opportunities related to sustainability. This is essential not only to adapt to the growing influence of our organisation but also to navigate the rapidly changing global landscape, societal shifts, and evolving legislation, which increasingly reflect heightened public awareness in all markets.

MATERIAL IMPACTS AND STRATEGIC PRIORITIES
Material topics are those that signify the most substantial impacts an organisation has on society and the environment. In 2021, Flokk engaged The Governance Group (now Position Green Group) to facilitate an update of our materiality assessment in alignment with the new GRI Standard 2021 concept of double materiality. This involves considering how sustainability factors impact Flokk (strategic priority) and how Flokk impacts society and the environment (external materiality). Our previous materiality assessment, conducted in 2018, was the result of a comprehensive process that included interviews and workshops with managers from all business areas and disciplines at Flokk, including Group Management.

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

During these interviews, a comprehensive list of impacts associated with the furniture industry was discussed and rated based on their severity throughout the value chain. To be considered a positive impact, it had to be a significant and independent positive effect integral to our business model or product/service, such as providing fully circular products.

Reducing negative impacts or performing better than the industry average did not count as a positive impact in this context. After a rigorous evaluation process, a final list of Flokk's strategic priorities, and where we have the most impact on the environment and society, both positively and negatively, was agreed upon and calibrated with the input of Flokk's ESG stakeholders and selected Group Management managers through extensive workshops.

REPORTING STANDARD & PERIOD
This year's report has been prepared in accordance with the GRI Standards 2021 for the period 2023 and is published annually. The financial and sustainability reports are aligned, with the publication date set for April 11th, 2024. We are currently preparing for an update of our materiality assessment in accordance with our plan for CSRD (Corporate Sustainability Reporting Directive) readiness.

REPORTING SCOPE
The sustainability reporting covers the entities listed in Note 18 of the financial reporting, except for Flokk Furniture (former Habitat Furniture). This exception is due to incomplete integration into the common ERP system and IT platform, resulting from Covid-related travel restrictions.

In this year's sustainability report, the largest workplaces are covered: Røros and Head Quarter (Norway), Nässjö (Sweden), Turek (Poland), Hawthorne (9to5 Seating in US) and Mirfield (Connection in UK). The report presents primary data for Flokk's workforce in Norway, Sweden, The Netherlands, Switzerland, Denmark, Germany, Belgium, France, the UK, Poland, China, Singapore, Australia, 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 towards our stakeholders across the value chain is essential for us to fulfil 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 Regulators
- 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
- 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

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
Neurodesign	Explore how design & architecture can positively influence human psychology, cognitive performance, creativity and wellbeing, through state-of-the-art neuroscience tech	University College London, Institute of Behavioral Neuroscience	2023 - 2027
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 2023	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 2023 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 2022 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.	Innovation, brand strategies for acquired brands, strategic governance and increased pace of environmental product certification. Market communication and sales tools of environmental benefits. Conduct ISO certification audits due to ISO 9001, ISO 14001, ISO 50001, ISO 45001 and ISO 27001	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 2023. No major finding based of the performed ISO audits.
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	Leadership Development Programs completed: DEI Awareness training, Remote Management and Flokk's Leadership Requirements. The action plans agreed following the Engagement@Flokk survey in 2023 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. In addition, we have important commercial influencers such as the A&D community, physiotherapists, etc. Dealers represent the public face of the company vis-à-vis end customers and users, and exercise considerable influence over the company's reputation as most of our sales goes through our dealers (indirect distribution).	The Customer Survey is typically sent out once a year. 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 our acquired brands to common ERP and CRM system to have same processes and control, 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).	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.	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 several of the local communities we have operation and strive 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 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 2023, 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 when needed.
Industry associations	A - The Confederation of Norwegian Enterprise (NHO), Furniture & Interiors. B - Norwegian design industry cluster Plusslab.	A - Annual General Meetings, Board meetings. B - 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 – Valued insight into mechanics & pitfalls of circular business models.

GRI-Index

This report has been prepared by Flokk in accordance with the GRI Standards 2021 for the financial year 2023.

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 content of the GRI report was collaboratively developed, proofread, subjected to formal review, and granted approval by Flokk Group Management. While the report has not undergone external verification, Position Green Group conducted an independent gap analysis of our GRI 2020 report vis-à-vis the GRI Standards for 2021, ensuring alignment for forthcoming reports. In the coming year, we will make preparations for CSRD compliance.

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	Organisational 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 organisation for social responsibility
7.4.3	Building social responsibility into an organisation'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 2023 to 31. Dec 2023
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	OMISSION Reason	OMISSION 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	12-14, 70					
	2-1-c	Location of headquarters	5, 156					
	2-1-d	Countries of operation	5, 156					
	2-2 Entities included in the organisation's sustainability reporting							
	2-2-a	Entities included in sustainability reporting	5, 70, 144					7.5.3 7.6.2
	2-2-b	Entities included in financial vs sustainability reporting	144					
	2-2-c	Consolidating information of multiple entities	144					
	2-3 Reporting period, frequency and contact point							
	2-3-a	Reporting period for / frequency of sustainability reporting	144					7.5.3 7.6.2
	2-3-b	Reporting period for financial reporting	144					
	2-3-c	Publication date of the report	144					
	2-3-d	Contact point for questions	154					
	2-4 Restatements of information							
	2-4-a	Restatements of information made from previous reporting periods, reasons and effects	100-101, 106-109, 116-120					
	2-5 External assurance							
	2-5-a	Policy and practice for seeking external assurance	148					7.5.3 7.6.2
	2-5-b	Information if sustainability reporting has been external assured	148					
	2-6 Activities, value chain and other business relationships							
	2-6-a	Sectors in which organisation is active	5, 8-9, 52-54					6.3.10 6.4.1-6.4.5 6.8.5 7.8
	2-6-b	Value chain	5, 8-9, 98, 122-126, 145-147					
	2-6-c	Other relevant business relationships	101-103, 128-133					
	2-6-d	Significant changes in 2-6-a,b,c compared to previous reporting period	6-7, 8, 30-36, 122-126					
	2-7 Employees							
	2-7-a	Total number of employees	5, 9, 33, 128-133				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	30-36, 128-133					
	2-7-c	Methodologies & assumptions to compile data	128-133					
	2-7-d	How to understand data under 2-7-a,b	128-133					
	2-7-e	Significant fluctuations in number of employees	128-133					
	2-8 Workers who are not employees							
	2-8-a	Total number of workers who are not employees	128-133				8	6.3.10 6.4.1-6.4.5 6.8.5 7.8
	2-8-b	Methodologies and assumptions to compile data	128-133					
	2-8-c	Significant fluctuations in number of workers who are not employees	128-133, 138					
	2-9 Governance							
	2-9-a	Governance structure	12-14, 136-137				8	6.2 7.4.3 7.7.5
	2-9-b	Committees of highest governance body responsible for decision making	12-14, 136-137					
	2-9-c	Composition of highest governance body and its committees	12-14, 136-137		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	12-14					6.2 7.4.3 7.7.5
	2-10-b	Criteria used for nominating and selecting	12-14					
	2-11 Chair of the highest governance body							
	2-11-a	Is chair of highest governance body a senior executive	12					6.2 7.4.3 7.7.5
	2-11-b	If so, explain functions, reasons, conflict mitigation	12	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	12-17, 136-137				8	6.2 7.4.3 7.7.5
	2-12-b	Role of highest governance body in overseeing due diligence	12-17, 136-137					
	2-12-c	Role of highest governance body reviewing effectiveness of 2-12-b, frequency	137					
	2-13 Delegation of responsibility for managing impacts							
	2-13-a	How highest governance body delegates responsibility	12-17, 136-137				8	6.2 7.4.3 7.7.5
	2-13-b	Process and frequency to report to highest governance body	12-17, 136-137					
	2-14 Delegation of responsibility for managing impacts							
	2-14-a	Responsibility & process of highest governance body for reviewing and approving reported information	148				8	6.2 7.4.3 7.7.5
	2-14-b	If highest governance body not responsible, explain reason for this	NA	b.	Not Applicable	GM is responsible		
	2-15 Conflicts of interest							
	2-15-a	Processes for highest governance body to prevent and mitigate	13, 140					6.2 7.4.3 7.7.5
	2-15-b	If and how conflicts of interest are disclosed to stakeholders	13, 140					
	2-16 Communication of critical concerns							
	2-16-a	How communicated to highest governance body	140-143					6.2 7.4.3 7.7.5
	2-16-b	What communicated to highest governance body	52, 140-143					
	2-17 Collective knowledge of the highest governance body							
	2-17-a	Knowledge, skills, and experience of highest governance body on sustainable development	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	12-17				17	6.2 7.4.3 7.7.5
	2-18-b	Independency & frequency of evaluations	14, 146					
	2-18-c	Actions taken based on evaluations	14, 148					
	2-19 Remuneration policies							
	2-19-a	Remuneration policies for highest governance body and senior executive	12-15				8	6.2 7.4.3 7.7.5
	2-19-b	How remuneration policies relate to objectives and performance	12-15					
	2-20 Process to determine remuneration							
	2-20-a	Process for designing remuneration policies and for determining remuneration	12-15, 85-87				8	6.2 7.4.3 7.7.5
	2-20-b	Stakeholders' involvement in remuneration	12-15				17	
	2-21 Annual total compensation ratio							
	2-21-a	Ratio of the annual total compensation	63, 64, 74	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-b	Percentage increase in annual total compensation ratio	63, 64, 74	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-c	Understanding data & data compilation	63, 64, 74	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	12-15, 33-34, 97, 100-103				8	4.7 6.2 7.4.2
	2-23 Policy commitments							
	2-23-a	Policy commitments for responsible business conduct	136-139				16	4.4 6.6.3
	2-23-b	Specific policy commitment to respect human right	122-126, 128-129, 138, 144				16	
	2-23-c	Links to the policy commitments	www.flokk.com/global/support/other_flokk_policies					
	2-23-d	Policy commitments level of approval	139					
	2-23-e	Extent to which policy commitments apply to organisation and business relationships	139					
	2-23-f	How policy commitments are communicated	139					
	2-24 Embedding policy commitments							
	2-24-a	Embedding policy commitments for responsible business conduct	139				16	
	2-25 Processes to remediate negative impacts							
	2-25-a	Commitments on remediation of negative impacts	98, 122-123, 138-139					6.3.3 6.5.5 7.3.1
	2-25-b	Approach to identify and address grievances	98, 138-139					
	2-25-c	Other processes on remediation of negative impacts	98, 112-123, 138-139					
	2-25-d	Stakeholders' involvement in grievance mechanisms	112, 138					
	2-25-e	Effectiveness of grievance mechanisms and other remediation processes	112, 145-147					
	2-26 Mechanisms for seeking advice and raising concerns							
	2-26-a	Describe the mechanisms for individuals	136, 138					
	2-27 Compliance with laws and regulations							
	3-3	Management of Environmental compliance	6-7, 98, 122-126, 144					
	2-27-a	Total number of significant instances of non-compliance with laws and regulations	138					4.6
	2-27-b	Total number and monetary value of fines for instances of non-compliance with laws and regulations that were paid	138					
	2-27-c	Significant instances of non-compliance	138					
	2-27-d	Determination of significant instances of non-compliance	138					
	2-28 Membership associations							
	2-28-a	Industry & membership associations, participation in advocacy organisations	145-147	Advocacy organisations	Not applicable	Flokk is not member of any advocacy organisations		
	2-29 Approach to stakeholder engagement							
	2-29-a	Approach to stakeholder engagement	145-147					5.3
	2-30 Collective bargaining agreements							
	2-30-a	Percentage of total employees covered by collective bargaining agreements	133				8	5.3
	2-30-b	Employees not covered by collective bargaining agreements	133					

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION: Requirement omitted	OMISSION: Reason	OMISSION: Explanation	UN SDGs No.	ISO 26000
Material topics								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	144					
	3-2	List of material topics	144					
Economic Performance (& Climate Risk)								
GRI 3: Material Topics 2021	3-3	Management of material topics	12-14, 98-103					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	38, 40, 54-55, 62-63, 94	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	140-143				13	6.5.5
Procurement Practices								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	122				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	138, 140-141					
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	139, 125				16	6.6.1-6.6.3 6.6.6
	205-3	Confirmed incidents of corruption and actions taken	138, 125					
Materials								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	115-117				12, 15	6.5.4
	301-2	Recycled input materials used	115-118					
Chemicals								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 121					
Energy								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 108-110					
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	108-109				12, 13	6.5.4-6.5.5
	302-3	Energy intensity	108-109					6.5.5
	302-4	Reduction of energy consumption	108-109					
Emissions								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 108-109					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	108-109				12, 13	6.5.5
	305-2	Energy indirect (Scope 2) GHG emissions	108-109					
	305-3	Other indirect (Scope 3) GHG emissions	108-109					
	305-4	GHG emissions intensity	108-109					
	305-5	Reduction of GHG emissions	108-109					

GRI STANDARD	DISCLOSURE		LOCATION	OMISSION: Requirement omitted	OMISSION: Reason	OMISSION: Explanation	UN SDGs No.	ISO 26000
Effluents (and Waste)								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 120-121				12, 14, 15	6.5.3-6.5.4
GRI 306: Effluents and Waste 2016	306-3 (2016)	Significant spills	120-121					
Waste								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 120-121				12, 14, 15	6.5.3-6.5.4
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	120-121					
	306-2	Management of significant wasterelated impacts	120-121					
	306-3 (2020)	Waste generated	120-121					
	306-4	Waste diverted from disposal	120-121					
	306-5	Waste directed to disposal	120-121					
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 308: Supplier Environ-mental Assess-ment 2016	308-1	New suppliers that were screened using environmental criteria	122				12	6.3.5 6.6.6 7.3.1
	308-2	Negative environmental impacts in the supply chain and actions taken	125					
Employment								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 128-133				8	6.8.1-6.8.3 6.8.7 6.8.9
	401-1	New employee hires and employee turnover	130-131	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	98-99, 134-135				3, 8	6.4.6 6.8.8
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	134					
	403-2	Hazard identification, risk assessment, and incident investigation	135					
	403-3	Occupational health services	135					
	403-4	Worker participation, consultation, and communication on occupational health and safety	135					
	403-5	Worker training on occupational health and safety	135					
	403-6	Promotion of worker health	134-135					
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	135					
	403-9	Work-related injuries	135					
Diversity and Equal Opportunity								
GRI 3: Material Topics 2021	3-3	Management of material topics	30-36, 98-99, 128-133					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30-36, 128-133				5	
	405-2	Ratio of basic salary and remuneration of women to men	128-133	Significant locations of operation is missing	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
Freedom of Association and Collective Bargaining								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
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	122-126, 128-133				8	6.3.10 6.4.4
Child Labour								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	122-126, 128-133				8	6.3.10 6.4.4
Forced or Compulsory Labour								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	122-126, 128-133				8	6.3.10 6.4.4
Supplier Social Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	122-126				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	122-126					
Customer Health and Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	112					
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	112				3	6.7.1-6.7.2 6.7.4-6.7.5 6.8.8

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Network

ENVIRONMENTALLY FRIENDLY PRINTING
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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 1 700 employees work together to realize the vision of Flokk: Inspire great work.