Fibo Group

ANNUAL REPORT 2019

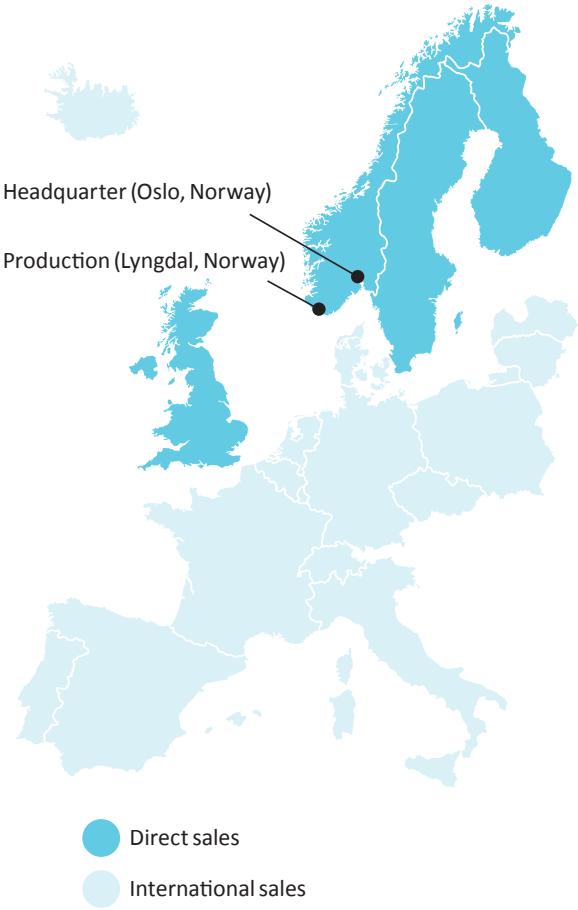
Fibo

Contents

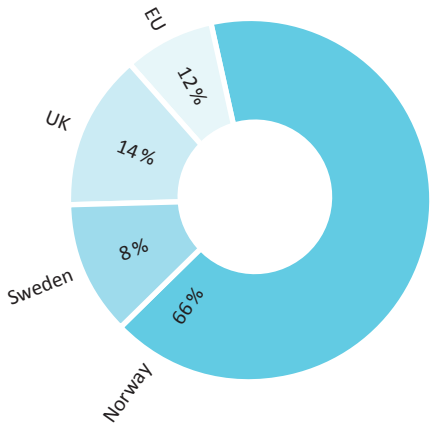
This is Fibo Group

Fibo Group is a leading global manufacturer of high-quality waterproof wall panel systems. Based in Lyngdal, Norway, the company serves residential and commercial customers across the new construction, repair and remodel, and manufactured housing markets throughout Scandinavia, Europe, New Zealand, Canada and North America.

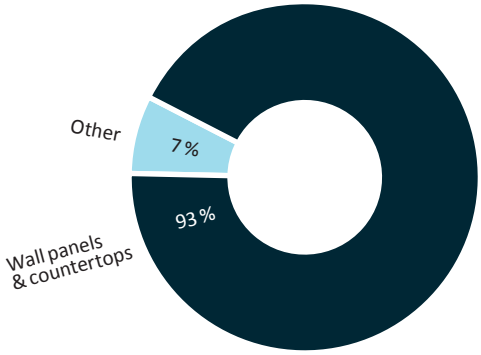
Fibo Group main markets



Geographical revenue distribution



Revenue per product



Number of employees	129
Number of legal units incl. parent company	7
Number of markets where Fibo is established	4

Highlights

2019 has been a positive year for the Fibo Group, domestically stable and with continued growth in international markets. Fibo's products are being positively received in both current and new markets.

The combination of design, environmental impact and quality are deciding factors for the customer's selection of the Fibo system instead of other solutions or substitutes. The combination of growth and better margins leaves Fibo in a better financial position at year-end than the previous year. During 2019 the group has refinanced its loans and established a loan structure which secures a strong base for continued operations. Below are selected key figures describing the development from 2018 to 2019.

REVENUE *NOKm* 612

REVENUE *Growth* +5%

DOMESTIC *Growth* +2%

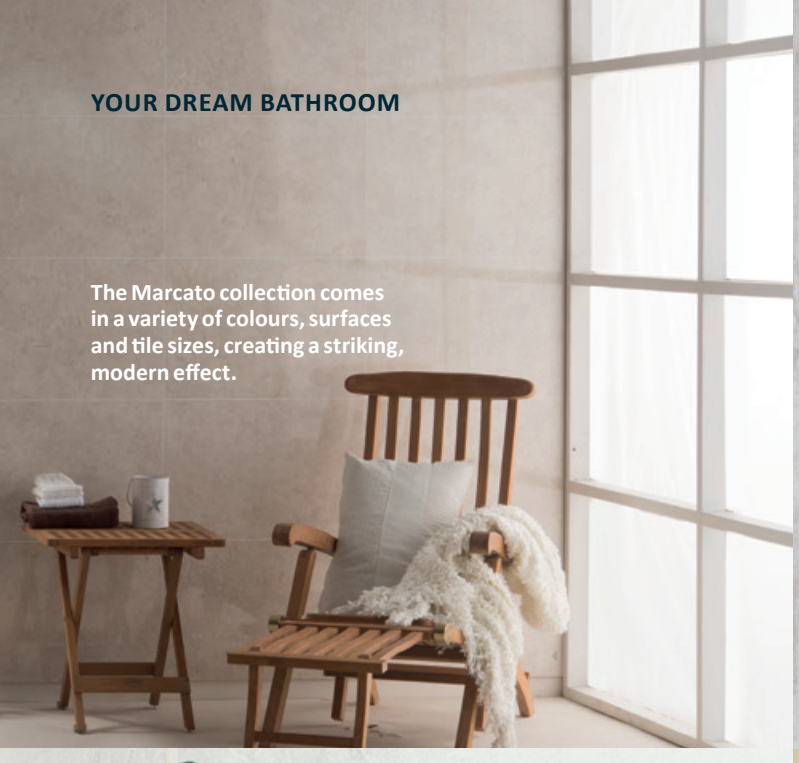
INTERNATIONAL *Growth* +11%

Key figures

NOKm / %	2019	2018
CONSOLIDATED INCOME STATEMENT		
Total Revenue	**612**	583
Revenue Growth	**5 %**	
Revenue Norway	**406**	397
Revenue Growth	**2 %**	
Revenue International	**206**	186
Revenue Growth	**11 %**	
Raw Materials and Consumables Used	**319**	311
Gross Margin	**48 %**	47 %
Salary, personell cost and other operationg expenses	**229**	224
In % of Total Revenue	**37 %**	38 %
Total operating cost exl. D&A	**548**	535
In % of Total Revenue	**90 %**	92 %
Net Profit (loss) before gains and losses, financial items and D&A	**63**	48
In % of Total Revenue	**10 %**	8 %
CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION		
Total Current Assets	**746**	769
Total Current Liabilities	**98**	357
Total Liabilities	**364**	126
Total Current Liabilities Ratio	**21 %**	74 %
Equity	**284**	286
Equity Ratio	**38 %**	37 %
Gross Debt (note 16)	**250**	258
Cash and Cash equivalents	**27**	8
Net Debt	**223**	250
Net Debt/Equity Ratio	**0.8**	0.9
Earnings per Share	**-0.015**	-0.024

YOUR DREAM BATHROOM

The Marcato collection comes in a variety of colours, surfaces and tile sizes, creating a striking, modern effect.



Legato consists of smooth wall panels without a tile pattern. The colours are light, giving the room a modern and tight impression.

The Crescendo three-dimensional wall panel give a vibrant and natural impression.

For interior designers, architects and creative souls, we have the Colour collection.

A very versatile collection, Fortissimo comes in everything from glossy flower patterns to tree structure in the surface.

Use Adagio to create a feeling of Italy or Greece with an exciting collection of structures without a floral pattern.

The Fibo history

Fibo started out quite modestly as a small factory for wall panels from Norwegian wood. It became our mission to develop walls which make wet room challenges easy. Now Fibo is a leading supplier of high-quality, waterproof wall systems. Our wall panels are much easier to install, more affordable and more eco-friendly than ceramic tiles. Over the latter years the group has also completed substantial investments in both assets and operations, which provides a sound platform for the future.

1952

The birth of Fibo headquartered in Oslo, Norway. Fibo was established, originally developing painted panels used in shipbuilding

1960s

Fibo introduces wall panels for residential and commercial building and construction.

1987

Acquired by Norske Skog.

1990s

Fibo develop and launched a new click-joint system for laminated waterproof wall panel systems.

2000

Acquired by Byggma after being demerged from Norske Skog.

2007

New stand-alone production facility in Lyngdal.

2008 – 2009

10 % growth through the financial crisis and European expansion.

2010, 2013 and 2015

Appointed the Lean Company Award in Norway ("Årets Lean bedrift").

2015

Acquired by FSN Capital IV and management (carved out from Byggma Group).

2016 – 2017

Expansion and modification of the Lyngdal facility (NOKm 140).

2017 – 2018

Invested in sales and marketing organisation to facilitate for international expansion.

2018

Fibo introduced to the U.S. market.

2019

Delivered wet room wall panels corresponding to ~95,000 bathrooms p.a.

AN ENVIRONMENTALLY FRIENDLY ALTERNATIVE TO CERAMIC TILES.

Fibo's mission is to make wet room challenges easy. Our systems are inherently waterproof, eliminating the need for a separate membrane layer.

WE MAKE SYSTEMS FOR KITCHENS, BATHS AND OTHER WET ROOMS.

Fibo wall panels are 100 % waterproof, durable, easy to install and can be seen in numerous high profile buildings around the globe.

SIMPLIFYING INSTALLATION AND REDUCING LABOR COSTS,

Fibo's system mounts directly onto wood or metal studs, existing walls or over ceramic tiles. The Fibo Aqualock system minimizes the joints; no need for water vapor barrier or waterproof membranes.

FIBO HAS A DEEP COMMITMENT TO PRODUCING SUSTAINABLE eco-friendly products. We carefully select suppliers that comply with strict recycling requirements and our eco-friendly wall systems are made from PEFC-certified wood.

BASED IN LYNGDAL, NORWAY BUT SERVING A GLOBAL MARKET

Fibo Group work with both residential and commercial customers. Fibo has been on the market for over 60 years: over 1 million installations in total and more than 2 million square feet produced and sold annually.

Board of directors' and CEO's report

Fibo Group AS (the company) and its subsidiaries (together, 'the Group') is developing, producing and selling waterproof wall panel systems, countertops and other laminated products. Products are marketed and sold under the Fibo brand name. Main customers of the Group are builder's merchants, house builders and distributors. The production takes place in Lyngdal, Norway, and the Group has sales offices in Sweden, Finland and the UK in addition to Norway. The Group's headquarters is located in Oslo.

THE YEAR IN BRIEF

Like previous years, the Group has continued to invest in its sales and marketing organization outside Norway as part of the Group's internationalization strategy. This has given satisfactory results with a combined growth rate of 11 % for international sales in 2019. Based on feedback from customers in new geographical markets, the Group is considered to have significant potential for accelerated growth outside of Norway in the years to come.

Total sales growth (including domestic sales) ended at 5 % for 2019.

To support growth in both domestic and international markets, the Group works continuously with innovation and product development. During 2019, new product designs have been launched with very positive feedback from the Group's customers. In addition to new designs, several other initiatives are ongoing, with the aim of strengthening the Group's product offering through improved technical performance and reduced installation complexity.

Throughout the year, the Group has worked to strengthen its processes in different areas of the business. One of the key initiatives is to improve the Group's customer journey, focusing on the customer acquisition process, how to secure customer retention and drive recurring sales. As an integral part of this, the Group's value proposition towards professionals and consumers is further developed to meet the customers' needs and requirements in the best possible way. Furthermore, the Group continues to invest in digital channels, including the Group's own website, with relevant content to create an appealing customer experience online. Through significantly improved Net Promoter Scores (NPS), recently conducted customer surveys indicate that the Group's efforts are yielding good results.

The investment program for the new production lines has been completed and the new equipment is now fully operational. Further work still remains to fully reach the Group's operational targets to secure a stable and cost-efficient production for the future. To further accelerate the efficiency in production, the Group has decided to implement a digitalization program aimed at developing an integrated production environment with higher automation level and extensive data analysis as basis for adopting AI and machine learning.

Increased prices on raw materials due to the weakening of Norwegian Kroner (NOK) had, like in 2018, a negative impact on the 2019 gross margin. Internal efficiency measures have been implemented to compensate for this negative margin pressure.

GOING CONCERN

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the years 2020-2024 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

The Group decided to refinance its loans through a 250 NOKm bond issue that was successfully closed end of March in 2019. The loan has a tenor of three years with final maturity on 2 April 2022. Together with the Group's operating cash flow, the bond was used to repay all outstanding bank loans and the outstanding revolving credit facility (RCF).

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

Revenue for the Group was NOKm 611.8 in 2019 compared to 582.8 in 2018, representing a revenue growth of 5 %. Revenue growth is mainly driven by increasing sales to export markets while the Norwegian market has shown moderate growth. Whereas the growth in the Group`s export markets ended at 11 %, growth in the Norwegian market ended at 2 % for the year.

Net profit before gains and losses and financial items for 2019 improved by 236 % compared to 2018 as a result of revenue growth as well as lower operating costs. Reduced Costs of Goods Sold (as a percentage of net sales) and depreciation and amortization, were the items that contributed the most to the improved Net Profit. Other operating expenses were higher in nominal value compared to last year, but dropped as a percentage of Net sales.

Net Profit (before financial items) has improved by an additional 51 % (in total 287 %) vs. last year, due to gains from foreign exchange.

Net Finance ended at NOKm -46,5 for the year compared to NOKm -25.9 in 2018. The main reason for the increased finance cost is higher interest rate on the Group`s interest bearing-loans and borrowings. Additional finance fee expenses was incurred due to termination of the previous loan agreement.

Net profit after tax for the year 2019 ended at NOKm -4.4 compared to NOKm -7.1 in 2018.

Net cash flow from operating activities was NOKm 77.5 (NOKm 54.1 in 2018) where NOKm 64.5 (NOKm 47.8) comes from Net Profit before gains and losses and net finance excluding depreciations and amortizations. Changes in Net Working Capital contributed with NOKm 15.3 (NOKm 9,0 in 2018). Net Cash flow from investing activities was NOKm 5.3 (NOKm 12,0 in 2018) which relates mainly to maintenance capital expenditure in production and business support systems. Net Cash flow from financing activities was NOKm -56.6 (NOKm -42.9 in 2018). The liquidity reserve as at 31.12.2019 amounted to NOKm 26.7 (NOKm 8.2 in 2018).

The short-term debt as at 31.12.2019 constituted 21 % of the total debt (74 % in 2018). The reduced share of short term debt is due to the reclassification of interest bearing loans and borrowings to long term debt in 2019. In 2018, these loans and borrowings were classified as short term due to certain covenant breaches. The financial position is sound and adequate in relation to settling short-term debt as at 31.12.2019 with the liquid assets.

Total assets at year-end amounted to NOKm 745.5 (NOKm 769.0 in 2018). The equity ratio was 38.1 % as at 31.12.2019 (37.2 % in 2018).

For Fibo Group AS, revenue in 2019 was NOKm 19.0 (NOKm 18.0 in 2018) and Net Profit after tax was NOKm -19.0 (NOKm -4.3 in 2018). The liquidity reserve as at 31.12.2019 amounted to NOKm 2.5 (NOKm 3.5 in 2018). The short-term debt as at 31.12.2019 constituted 2.1 % of the total debt (100 % in 2018). The financial position is sound and adequate to settle short-term debt as at 31.12.2019 with the liquid assets. Total assets at year-end amounted to NOKm 511.7 (NOKm 539.1 in 2018). The equity ratio was 51.6 % as at 31.12.2019 (51.6 % in 2018).

FINANCIAL RISK

The Group is exposed to financial risk in different areas, especially exchange rate risk. The goal is to reduce the financial risk as much as possible.

Market risk

The Group has operations in Norway, Sweden, Finland and the UK and is exposed to foreign exchange risk arising from currency exposures related to Norwegian Kroner. The carrying amount of the net investment in foreign entities varies with changes in the value of NOK compared to SEK, GBP and EUR. The net income of the Group is also affected by changes in exchange rates, as the profit and loss from foreign operations is translated into NOK using average exchange rates for the period. The operating entities' day-to-day business is carried out in their local currency and inter-company purchases of goods is in the entity's local currency.

The Group purchases most of its raw materials from suppliers denominated in SEK, EUR and USD. The group has from time to time entered into currency derivatives to reduce cash flow impact caused by currency fluctuations. In such cases, derivatives are recognized at fair value in the balance sheet.

As at 31.12.19, the Group has not made any set-off or other derivative agreements to reduce the market risk.

Credit risk

The risk of losses on receivables is considered to be low and the Group has not yet experienced significant losses on receivables. Gross credit risk exposure as at 31.12.19 is NOKm 20.5 (NOKm 58.5 in 2018). The above figures do not include any inter-company receivables.

As at 31.12.19, the Group has not made any set-off or other derivative agreements to reduce the credit risk.

Liquidity risk

The Group's liquidity is considered satisfactory and free available cash secures sufficient liquidity to meet operational needs and financing of investments in future periods.

As at 31.12.19, the Group has not made any set-off or other derivative agreements to reduce the liquidity risk.

THE WORKING ENVIRONMENT AND THE EMPLOYEES

Leave of absence due to illness in 2019 was in average 2.3 % for short term and 4.7 % for long term (2.3 % and 4.8 % in 2018).

The Group had two work-related accidents with personal injuries in 2019 (2 in 2018). Actions have been taken to avoid and minimize risk of future accidents.

The working environment is considered to be good, and improvement efforts are made on an ongoing basis. These efforts have given good results, confirmed by good results in the employee survey conducted for 2019 with a Net Promoter Score (NPS) of 21 % (on a scale from 0 to 100 %) compared to 13 % in 2018 and 11 % in 2017.

The cooperation with employee trade unions has been constructive and contributed positively to operations. The Board wants to thank the employees for their positive contribution during 2019.

CODE OF CONDUCT

The Group has implemented a Code of Conduct including Ethical guidelines, Environmental and Corporate Social Responsibility and Reporting procedures.

EQUAL OPPORTUNITIES

The Group aims to be a workplace with equal opportunities and encourages women to apply for open positions in the Group. The company has 129 employees, of which 34 (26 %) are women.

DISCRIMINATION

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The Group is working actively to encourage the act's purpose within our business.

ENVIRONMENTAL

The Group's operations are not regulated by licenses or impositions. Waste from production facilities is not considered harmful to the environment. A majority of the waste from production is recycled and used in production of biofuels.

The Group uses raw materials in its production that meet the requirements of a PEFC certification. The already taken investment in new production equipment will make a positive contribution to the environment through a significant reduction in power consumption.

OUTLOOK

The market expectations for 2020 are fairly good. For Norway, the Group's largest market, the growth is expected to be moderate to low particularly driven by a continued decline in building of new residential homes. However, this will to some extent be offset by a continued positive development in the private refurbishment market and increased public spending in both new builds and refurbishment. Hence, the Group therefore still expects to see growth in demand for its products in 2020.

Despite the Group's strong market share in certain markets for wet-room wall panels, the relative market share when including tiles, wallpaper and paint is relatively low. The potential for continued growth from increased penetration is therefore positive given the advantages of the Group's products compared to competitors and substitutes. Furthermore, the Group will continue to invest in markets outside of Norway which is expected to contribute significantly to growth in coming years.

The Norwegian Krone continued to weaken during 2019 and this will have a negative impact on prices of raw materials from non-domestic suppliers. However, future developsment is associated with great uncertainty.

The Board will emphasize the uncertainty linked to market development in general and all statements related to the future are based on the best current knowledge.

Oslo, 2 March 2020.
The Board of Directors of Fibo Group AS

Lars Patrik Nolåker	***Ulrik Andrew Smith***	***Åsa Söderström Winberg***	***Tanya Pedersen***	***Jan Erik Lien***	***Anders Carlson***
Chairman of the board	*Board member*	*Board member*	*Board member*	*Board member*	*CEO/President*

CONSOLIDATED

Accounts

Consolidated income statement

NOK 1000	Note	2019	2018
Revenue	6	**611 824**	582 820
Total revenue		**611 824**	582 820
Raw materials and consumables used		**319 475**	310 895
Salary and personnel costs	7,23	**104 320**	104 434
Depreciation and amortization	13, 14, 22	**28 001**	34 348
Other operating expenses	8,22	**124 532**	119 697
Total operating costs		**576 328**	569 374
Net profit (loss) before gains and losses and financial items		**35 496**	13 446
Other gains and (losses) net	10	**5 349**	672
Net profit (loss) before financial items		**40 845**	14 118
Finance income	10	**447**	492
Finance expense	10	-46 975	-26 416
Net finance		**-46 528**	-25 924
Net profit (loss)		**-5 684**	-11 806
Income tax expense	11	**-1 313**	-4 710
Net profit (loss) after tax		**-4 371**	-7 096
Attributable to			
Equity holders of the parent		**-4 371**	-7 096
Earnings per share, ordinary and diluted		**-0.015**	-0.024

Consolidated statement of comprehensive income

NOK 1000	Note	2019	2018
Net profit (loss) after tax		**-4 371**	-7 096
Other comprehensive income			
Other comprehensive income not to be reclassified to profit and loss			
Actuarial gains (losses) on defined benefit pension plans	23	**-4 103**	-3 673
Tax related to items which will not be reclassified	11	**903**	845
Other comprehensive income not to be reclassified to profit and loss in subsequent periods			
Exchange differences		**471**	-374
Net other comprehensive income		**-2 729**	-3 202
Total comprehensive income/(loss) for the year		**-7 100**	-10 298
Attributable to:			
Equity holders of the parent		**-7 100**	-10 298

Consolidated statement of financial position

NOK 1000	Note	31.12.2019	31.12.2018	1.1.2018
ASSETS				
Non-current assets				
Plant, machinery and equipment	13	**104 274**	117 059	127 992
Intangible assets	14,15	**421 340**	427 151	431 920
Right-of-use asset	22	**85 923**	92 533	99 143
Other non-current assets		**506**	504	336
Total non-current assets		**612 042**	637 247	659 391
Current assets				
Inventories	17	**83 383**	63 407	59 955
Accounts receivable	16,18	**20 489**	58 463	64 536
Other current assets	19	**2 941**	1 717	3 556
Cash and cash equivalents	20	**26 693**	8 190	7 386
Total current assets		**133 506**	131 777	135 433
Total assets		**745 548**	769 024	794 824
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	21	**32 829**	29 845	29 845
Share premium account	21	**271 101**	268 335	268 335
Total paid in capital		**303 930**	298 180	298 180
Other equity				
Retained earnings		**-19 633**	-12 347	-2 049
Total other equity		**-19 633**	-12 347	-2 049
Total equity		**284 297**	285 833	296 131
Non-current liabilities				
Pension obligation	23	**5 989**	3 835	1 703
Deferred tax liabilities	11	**34 124**	37 540	43 880
Interest-bearing loans and borrowings, non-current	16	**241 767**	0	0
Leasing liabilities, non-current	22	**81 620**	84 730	87 499
Total non-current liabilities		**363 500**	126 105	133 082
Current liabilities				
Interest-bearing loans and borrowings, current	16	**0**	254 404	265 842
Leasing liabilities, current	22	**11 935**	11 847	11 644
Loans and other current liabilities from parent	16	**0**	2 324	2 325
Accounts payable and other current liabilities	16,24	**85 347**	86 059	82 776
Current income taxes payable	11	**470**	533	846
Derivatives	16	**0**	1 919	2 178
Total current liabilities		**97 752**	357 086	365 611
Total liabilities		**461 251**	483 191	498 693
Total equity and liabilities		**745 548**	769 024	794 824

Oslo, 2 March 2020.
The Board of Directors of Fibo Group AS

Lars Patrik Nolåker
Chairman of the board

Ulrik Andrew Smith
Board member

Åsa Söderström Winberg
Board member

Tanya Pedersen
Board member

Jan Erik Lien
Board member

Anders Carlson
CEO/President

Statement of changes in equity

NOK 1000	Paid in		Other equity			
	Share capital	Share premium	Translation reserves	Actuar gains and losses	Accumulated losses	Total equity
Equity as at 1.1.2018	**29 845**	**268 335**	**-508**	**1 677**	**-3 218**	**296 131**
Total comprehensive income						
Net profit for the period				0	-7 096	-7 096
Other comprehensive income net of tax			-374	-2 828	0	-3 202
Total comprehensive income			**-374**	**-2 828**	**-7 096**	**-10 298**
Equity as at 31.12 2018	**29 845**	**268 335**	**-882**	**-1 151**	**-10 314**	**285 833**
Total comprehensive income						
Net profit for the period					-4 371	-4 371
Other comprehensive income net of tax			471	-3 200	-176	-2 905
Total comprehensive income			**471**	**-3 200**	**-4 547**	**-7 276**
Transactions with owners of the company						
Issue of share capital	2 984	2 766	0	0	-10	5 740
Total transactions with owners of the company	**2 984**	**2 766**	**0**	**0**	**-10**	**5 740**
Equity as at 31.12 2019	**32 829**	**271 101**	**-411**	**-4 351**	**-14 871**	**284 297**

Consolidated cash flow statement

NOK 1000	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**-5 684**	-11 806
Adjustments for:			
– Pensions paid in excess of expense		**-2 373**	-1 725
– Income taxes paid	11	**-1 059**	-1 004
– Depreciation and amortization	13,14	**28 001**	34 348
– Net finance and other gains and losses		**41 180**	25 252
Changes in working capital	25	**15 861**	9 041
Net cash flow from operating activities		**75 926**	54 106
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**2 485**	0
Purchase of property, plant, equipment and intangibles	13,14	**-5 290**	-12 036
Other non-current assets		**-472**	-168
Interest received		**447**	492
Net cash flow used in investing activities		**-2 830**	-11 712
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		**5 740**	0
Proceeds from borrowings	16	**239 524**	0
Repayment of borrowings	16	**-258 053**	-12 944
Payments of lease liabilities		**-11 847**	-11 644
Interest and other financial expenses paid		**-30 479**	-18 327
Net cash flow from financing activities		**-55 115**	-42 915
Net currency translation effect on bank accounts		**521**	1 325
Net increase/(decrease) in cash and cash equivalents		**18 502**	-521
Cash and cash equivalents at beginning of period		**8 190**	7 386
Cash and cash equivalents at end of period	20	**26 693**	8 190

Notes to the consolidated accounts

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements ('the Statements') of Fibo Group AS ('the Company') and its subsidiaries ('the Group') for the year ended 31 December 2019 were authorized for issue by the board of directors in their meeting on March 2 2020. The Group's shareholders have the power to amend and reissue the Statements.

The company is a limited liability company, incorporated in Norway, with corporate headquarters in Oslo. The address of its registered office is Karenslyst Alle 8B, 0278 Oslo.

Fibo Group AS ('the Company') and its subsidiaries (together, 'the Group') is in the business of development, production, marketing and sale of wall panels and other laminated products. The production is carried out in Lyngdal, Norway. The Group has sales offices in Sweden, Finland and UK in addition to Norway. The main customers are builder merchants, distributors and the manufacturing home industry.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as approved by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Defined benefit pension plans – plan assets measured at fair value.

The consolidated financial statements are presented in Norwegian kroner (NOK). Amounts are rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

2.1.1 Changes in accounting policy and disclosures

First-time adoption of IFRS

The Group is presenting consolidated financial statements in accordance with IFRS for the first time. As allowed under Norwegian accounting legislation the Group has since inception applied IFRS accounting principles, whereas the note disclosures have been in accordance with Norwegian GAAP. The first time adoption of IFRS has therefore not affected the Group's equity, net profit (loss) after tax, total comprehensive income or cash flows, other than the application of IFRS 16 Leases from 1 January 2018.

The application of IFRS 16 as of 1 January 2018 was completed using the practical expedients in IFRS 1.D9B(a) and IFRS 1.D9B(b)(i) that allow the lease liability to be measured at the date of transition and the right-of-use asset recognized at the same amount as the lease liability.

The effect of the adoption of IFRS on the Income statement is a reduction of rent expenses included under other operating expenses, an increase in depreciation following depreciation of the right-of-use-assets, and an increase to interest expenses from the interest-bearing leasing liabilities.

In addition, in the currency gains and losses have been reclassified from finance income and finance expenses to other gains and losses, net.

Cash flows is impacted with an increase to cash flow from operating activities and a corresponding decrease in cash flow from financing activites.

The table below shows the changes to the balance sheet at 1 January 2018 and the Income statement for 2018.

NOK 1000	NGAAP 01.01.2018	Effect of change	IFRS 01.01.2018
ASSETS			
Non-current assets			
Plant, machinery and equipment	127 992		127 992
Intangible assets	431 920		431 920
Right-of-use-asset	0	99 143	99 143
Other non-current assets	336		336
Total non-current assets	**560 248**	**99 143**	**659 391**
Total current assets	**135 433**		**135 433**
Total assets	**695 681**	**99 143**	**794 824**
EQUITY AND LIABILITIES			
Total equity	**296 131**	**0**	**296 131**
Pension obligation	1 703		1 703
Deferred tax liabilities	43 880		43 880
Leasing liabilities, non-current		87 499	87 499
Total non-current liabilities	**45 583**	**87 499**	**133 082**
Current liabilities			
Interest-bearing loans and borrowings, current	265 842		265 842
Leasing liabilities, current	0	11 644	11 644
Loans and other current liabilities to parent company	2 325		2 325
Accounts payable and other current liabilities	82 776		82 776
Current income taxes payable	846		846
Derivatives	2 178		2 178
Total current liabilities	**353 967**	**11 644**	**365 611**
Total liabilities	**399 550**	**99 143**	**498 693**
Total equity and liabilities	**695 681**	**99 143**	**794 824**
Revenue	582 820		582 820
Other operating revenue	-		-
Total revenue	**582 820**		**582 820**
Raw materials and consumables used	310 895		310 895
Salary and personnel costs	104 434		104 434
Depreciation and amortization	27 738	6 610	34 348
Other operating expenses	131 341	-11 644	119 697
Total operating costs	**574 408**	**-5 034**	**569 374**
Net profit (loss) before gains and losses and financial items	**8 412**	**5 034**	**13 446**
Other gains and (losses) net	-2 410	3 082	672
Net profit (loss) before financial items	**6 002**	**8 116**	**14 118**
Finance income	3 574	-3 082	492
Finance expense	-17 338	-9 078	-26 416
Net finance	**-13 764**	**-12 160**	**-25 924**
Net profit (loss)	**-7 762**	**-4 044**	**-11 806**
Income tax expense	-3 820	-890	-4 710
Net profit (loss) after tax	**-3 942**	**-3 154**	**-7 096**
Net other comprehensive income	**-3 202**		**-3 202**
Total comprehensive income/(loss) for the year	**-7 144**	**-3 154**	**-10 298**

Amended standards and interpretations
Several amendments and interpretations apply for the first time in 2020 or later and have not been early adopted by the group. These include:

- Classification of liabilities as current or non-current – Amendments to IAS 1
- Definition of material – Amendments to IAS 1 and IAS 8
- Definition of a business – Amendments to IFRS 3
- Revised Conceptual Framework for Financial reporting
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The Group intends to adopt these amendments, if applicable, when they become effective. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

2.2 CONSOLIDATION

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and any equity interests issued by the Group to the former owners of the acquired subsidiary. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the loss indicates an impairment situation. When necessary, amounts reported by subsidiaries, have been adjusted to conform to the Group's accounting policies.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the average monthly exchange rates, unless this deviates significantly from actual rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains'.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2.4 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Machinery and equipment
5-15 years

Software -ERP systems
5 to 10 years

Computers
3 years

Furniture, fixture, fittings and vehicles
5 to 10 years

Leasehold improvements
Shortest of useful life and leasing period of contract

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income or other operating expenses in the income statement.

2.5 INTANGIBLE ASSETS

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the country level.

Customer relationships, brands and product features
Customer contracts, customer relationships, brands and product features acquired in a business combination are recognized at fair value at the acquisition date. They are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

Customer relationships
10 years

Brands
Infinite

Product features
10 years/ indefinite

Computer software
Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Computer software development costs recognized as assets are amortized over their estimated useful lives, as follows:

Software -ERP systems
5 to 10 years

Research and development
Research expenditure and development expenditure that do not meet the criteria in (c) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Product development costs recognized as assets are amortized over their estimated useful lives, as follows:

Product development
4 years

2.6 IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill, intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization and are tested annually for impairment. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units.

2.7 FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and liabilities are added to or deducted from fair value of the financial asset or liability, as appropriate, on initial recognition. However, transaction costs for instruments subsequently measured at fair value through profit and loss are recognized immediately in profit or loss.

2.7.1 Subsequent measurement

Financial assets
All recognized financial assets are subsequently measured at either amortized cost or fair value, based on the business model for managing financial assets and the characteristics of the contractual cash flows from the financial assets.

The Group holds loans and receivables (including trade receivables and other receivables, bank balances and cash) within the business model hold to collect contractual cash flows. These financial assets are subsequently measured at amortized cost using the effective interest model, less any impairments identified.

Financial liabilities
The Group classifies and measures its financial liabilities, including borrowings and trade and other payables, at amortized cost using the effective interest model. Transaction costs related to the establishment of credit facilities are treated similar to the above description to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.7.2 Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flow from the assets expire, or when it transfers the financial assets and substantially all risks and rewards of ownership of the asset to another party.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

2.7.3 Impairment of financial assets

Assets carried at amortised cost
The group recognizes an allowance for expected credit losses (ECL's) for all debt instruments not held at fair value through profit and loss. ECLS are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows the group expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables the Group applies the simplified approach in calculating ECLs.

2.7.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.7.5 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, currency swaps and interest rate swaps to hedge foreign currency and interest rate risks. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently the Group has not applied hedge accounting for its derivative contracts. Fair value of the contracts is classified as 'derivatives' in the balance sheet, and any changes in fair value is recognized in the income statement under Other gains and losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.7.6 Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.8 INVENTORIES

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 CASH AND CASH EQUIVALENTS

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition.

2.10 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current end deferred tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized for:

- Taxable temporary differences arising on initial recognition of goodwill.

Temporary differences on the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Temporary differences related to investments in subsidiaries to the extent the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 EMPLOYEE BENEFITS

Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus plans
The Group recognizes a liability and an expense for bonuses when the bonus has been earned by the employee based on the bonus agreements with its employees. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.12 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.13 ISSUED CAPITAL

Ordinary shares together with preference shares and share premium are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 REVENUE RECOGNITION

Sale of wall panels
The Fibo Group is in the business of manufacturing and selling laminated wall panels and related products. The sale of wall panels and related products are satisfied upon transfer of control over the panels to the customer which in general is upon delivery to the customer. Each order/delivery is considered as a performance obligation that is satisfied at a point in time.

Rights of return
The Group has historically accepted that customers in specific cases can return unsold inventory if the Group discontinues a product line. These returns are infrequent and immaterial, and are made at the discretion of management. The Group uses the expected value method to estimate the goods that will not be returned. For goods that are expected to be returned the Group recognizes a refund liability.

Variable consideration
The group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold in the contract. To estimate the variable consideration for the expected future rebates the Group applies the most likely mount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

Warranties
The Group generally provides warranties in line with normal business practices and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under IFRS 15, which is accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.15 GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.16 LEASES

The Group has lease contracts for buildings related to its production plant in Lyngdal, Norway, it's head office in Norway and to various items of machinery, vehicles and other equipment.

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property and plant
15 years

Machinery and equipment
5-15 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. To determine the incremental borrowing rate the Group, where possible, uses it's recent third-party financing for the contracting entity as a starting point. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset

The Group's lease liabilities are included in Non-current or Current leasing liabilities. Current leasing liabilities is the undiscounted cash flow for the next 12 months.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to below value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. Low-value assets comprise IT equipment and small items of office furniture.

2.17 DIVIDEND DISTRIBUTION

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Below is a description of the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by Group management under directions approved by the board of directors. Group management identifies, evaluates and mitigate financial risks in close co-operation with the Group's operating units.

Market risk

(i) Foreign exchange risk

The Group has operations in Norway, Sweden, Finland and UK and is exposed to foreign exchange risk arising from currency exposures related to Norwegian kroner. The carrying amount of the Group's net investment in foreign entities varies with changes in the value of NOK compared to SEK, EUR and GBP. The net income of the Group is also affected by changes in exchange rates, as the profit and loss from foreign operations are translated into NOK using average exchange rates for the period. The operating entities' day to day business is carried out in their local currency. The operating entities have no foreign exchange exposure related to purchase of goods from the Norwegian sister company as sales are denominated in respective local currency.

The Group purchases most of its raw materials from suppliers denominated in SEK, EUR and USD. The Group may from time to time enter into currency derivatives to reduce cash flow impact caused by currency fluctuations. In such case, the derivatives are recognized at fair value in the balance sheet.

The Bond issue is denominated in NOK.

(ii) Price risk

Due to the nature of the business, the Group is neither exposed to equity securities price risk nor commodity price risk. However, raw materials are indirectly exposed to price risk as components of the raw materials are traded in certain market places

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Financial instruments may be used from time to time to offset the interest rate risk. In such cases, instruments are recognized at fair value.)

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

The carrying amount of financial assets represents maximum credit exposure.

Credit risk is managed on Group basis, except for credit risk relating to customers. Each local entity is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The credit quality of the customer takes into account its financial position, past experience and other factors.

See note 18 for aging of accounts receivable.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated at Group level. At Group level rolling forecasts of the Group's liquidity requirements are monitored to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In addition the Group has covenants requirements related to leaverage, cash and capital expenditure, which is monitored closely.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

3.3 FAIR VALUE ESTIMATION

The Group classifies its financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment test; key assumptions underlying recoverable amount

As part of the business combination, the Group identified intangible assets, such as customer relationships, brands, product features and goodwill. The impairment test carried out showed that the goodwill is not impaired as at December 31 2019. However, the impairment test is based on several assumptions concerning the future, where unfavorable development might cause a need for recognition of an impairment loss. EBITDA margin, terminal value multiple and discount rate has been identified as being the most significant.

Leases – Estimating the incremental borrowing rate and contract extensions

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group's leasing contracts include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the leases.

NOTE 5 GROUP INFORMATION

The following entities are included in the consolidated financial statements:

Company	Place of incorporation	Main operations	Ownership interest 2019 & 2018	Voting power 2019 & 2018
Fibo AS	Lyngdal, Norway	Production, marketing and sales	100 %	100 %
Fibo AB	Stockholm, Sweden	Marketing and sales	100 %	100 %
Fibo Group AS, branch	Stockholm, Sweden	Administration	100 %	N/A
Fibosystem Finland OY	Helsinki, Finland	Marketing and sales	100 %	100 %
Fibo UK Ltd	Chesham, UK	Marketing and sales	100 %	100 %
Fibo USA LLC	Delaware, USA	Marketing and sales	100 %	100 %

Shares in subsidiaries have been pledged as security for bank loans, see note 16.

NOTE 6 SEGMENTS AND REVENUE INFORMATION

For management purposes the Group is organised into business units based on geographical areas. All the Groups products are produced at the factory in Norway and sold to to the wholly owned subsidiares (listed in note 5), for resale in local markets. In addition there is direct sales from Norway to customers abroad. Segments are reported in the same manner as internal financial reporting to the Group's highest descision make, which is defined as the board and the CEO.

The internal financial reporting follows current IFRS standards as described in the notes to these Group accounts. The geographical segments outside Norway are grouped together as they are similar with respect to the products sold, type of customers and distribution methods. Direct sales from Norway to foreign, non-interagroup customers is also included in the Rest of world segment. In the table below, Rest of the world is named Export.

NOK 1000	Norway	Export	Total segments	Elimination and group items	Consolidated
2019					
Revenue					
External customers	405 898	205 926	611 824	0	611 824
Intersegment	103 026	0	103 026	-103 026	0
Total revenue	**508 924**	**205 926**	**714 850**	**-103 026**	**611 824**
Segment EBITDA	135 532	54 561	190 093	-126 596	63 497
Depreciation and amortization	25 920	45	25 965	2 036	28 001
Segment EBIT	**109 612**	**54 516**	**164 128**	**-128 632**	**35 496**
Total assets	670 853	46 203	717 056	28 492	745 548
Total liabilities	219 222	23 254	242 476	218 775	461 251
2018					
Revenue					
External customers	396 765	186 055	582 820	0	582 820
Intersegment	93 733		93 733	-93 733	0
Total revenue	**490 498**	**186 055**	**676 553**	**-93 727**	**582 820**
Segment EBITDA	125 502	51 440	176 942	-129 148	47 794
Depreciation and amortization	32 750	26	32 776	1 572	34 348
Segment EBIT	**92 752**	**51 414**	**144 166**	**-130 720**	**13 446**
Total assets	653 815	50 863	704 678	64 346	769 024
Total liabilities	211 277	32 619	243 896	239 295	483 191

NOK 1000	2019	2018
Revenue by product		
Wall panels and countertops	**571 728**	498 477
Other	**94 096**	84 343
Total revenue	**611 824**	582 820
Timing of revenue recognition		
Goods transferred at a point in time	**611 824**	582 820
Revenue by jurisdiction		
Revenue Norway	**405 898**	396 765
Revenue UK	**84 256**	73 759
Revenue Sweden	**46 956**	48 765
Other EU markets	**67 709**	63 531
Outside Europe	**7 005**	0
Total revenue	**611 824**	582 820

The group has only two customers that with sales of more than 10 % of total revenue.
The total sales to these customers in 2019 was NOKm 227 (2018: NOKm 206).

NOTE 7 SALARIES AND PERSONNEL EXPENSES AND MANAGEMENT REMUNERATION

NOK 1000	2019	2018
Salaries and holiday pay	**81 150**	84 572
Social security Cost	**11 278**	11 016
Pension costs (Note 23)	**4 162**	5 305
Other personnel costs	**7 730**	3 541
Total salaries and personnel expenses	**104 320**	104 434
The number of man-years employed during the financial year		
Norway	**112**	113
Sweden	**4**	5
Finland	**2**	2
UK	**11**	11
Total	**129**	131

NOK 1000	Remuneration	Bonus	Pension cost	Total remuneration
Management remuneration				
2019				
Anders Carlson, CEO	2 514	767	727	4 008
Martin Prytz, CFO	1 549	400	72	2 021
2018				
Anders Carlson	3 872	138	66	4 076
Anders Jakobsson (former CEO), severance	1 182			1 182
Martin Prytz. CFO	1 447	165	68	1 680

The CEO is entitled to a compensation of 6 month's salary at termination. The CEO has not received remuneration or financial benefits from other companies in the Group other than what is stated above.

No loans or guarantees have been given to the CEO or the Board of directors. No remuneration has been paid to the Board of Directors.

NOK 1000	2019	2018
Shares in the parent company Fibo Holding AS, held or controlled by CEO and board members		
Anders Carlson, CEO	**10 458 492**	1 955 637
Patrik Nolåker, Chairman	**7 576 000**	0
Åsa Söderström Winberg, Board member	**1 209 044**	1 209 044
Total	**19 243 536**	3 164 681

NOTE 8 OTHER OPERATING EXPENSES

NOK 1000	2019	2018
Freight costs	**35 214**	33 108
Energy costs	**2 609**	2 592
Marketing and other sales cost	**46 229**	46 263
Rental and leasing costs	**5 005**	4 262
Travel costs	**6 472**	6 634
Consultancy fees and external personnel	**1 986**	4 774
Other operating costs	**27 017**	22 064
Total other operating expenses	**124 532**	119 697

Rental and leasing costs consists of expenses for short term and low value rental items and other rental items. The Group's research and development concentrates on the development of its unique product technology as well as the production process. Research and development expenses that are not eligible for capitalization have been expensed in the period as incurred. Total expenses incurred in 2019 is NOKk 917 (2018: NOKk 400). Government grants through the Norwegian Skattefunn scheme have been recognized in 2019 with NOKk 205 (2018: 300).

NOK 1000	2019	2018
Specification auditor's fee		
Statutory audit	**338**	538
Other assurance services	**10**	217
Other non-assurance services	**66**	0
Tax consultant services	**20**	75
Total	**434**	830

VAT is not included in the audit fees specified above.

NOTE 9 TRANSACTIONS WITH RELATED PARTIES

	Country	Ownership interest/voting rights 2019 & 2018
Ownership structure		
Fibo Holding AS	Norway	100.0 %

Fibo Group AS is 100 % owned by Fibo Holding AS, which is owned 86 % by FSN CAPITAL GP IV LIMITED in its capacity as general partner for and on behalf of each of FSN CAPITAL IV L.P., FSN CAPITAL IV (B) L.P., and FSN CAPITAL IV INVEST L.P.

FSN CAPITAL GP IV LIMITED is controlled by funds managed by the private equity firm FSN Capital.

Management and certain Board members own the remaining shares in Fibo Holding AS.

FSN CAPITAL GP IV LIMITED do not charge any fees to the Group. Expenses charged to the Group are out-of-pocket-expenses only.

NOTE 10 FINANCIAL INCOME AND EXPENSES

NOK 1000	2019	2018
Financial income		
Interest income	**447**	492
Total financial income	**447**	492
Financial expenses		
IInterest expense bank loans at amortized cost	**31 111**	15 370
Amortization of finance fee related to credit facilities	**6 394**	1 506
Interest on lease liabilities	**9 510**	9 078
Other financial expenses	**645**	462
Total financial expenses	**46 975**	26 416
Net finance	**-46 528**	-25 924
Other (losses)/ gains - net		
Gains (losses) on financial instruments at fair value	**-976**	3 082
Net foreign exchange gains	**10 477**	20 767
Net foreign exchange losses	**-4 152**	-23 177
Other gains (losses) - net	**5 349**	672

The Group incurred direct cost to finance institutions to secure the financing of the acquisition in 2015.

In connection with the bond issue in 2019 these capitalized costs were expensed. At the same time, costs related to the bond issue was capitalized as a reduction of the carrying amount of the bond. Capitalized costs are amortized as interest expenses using the effective interest method. Reference is also made to note 16.

NOK 1000	2019	2018
Cost as at 1 January	**9 600**	9 600
Additions	**10 978**	-
Write-off	**-9 600**	-
Cost as at 31 December	**10 978**	9 600
Accumulated amortization as at 1 January	**5 951**	4 445
Amortization	**2 744**	1 506
Reversal upon write-off	**-5 950**	-
Accumulated amortization as at 31 December	**2 745**	5 951
Net book value	**8 233**	3 649
Amortization expense consists of:		
Ordinary amortization	**2 744**	1 506
Write-off of carrying value for old loan	**3 650**	-
Som amortization	**6 394**	1 506

NOTE 11 INCOME TAX EXPENSE

NOK 1000	2019	2018
Current tax		
Current tax on profit (loss) for the year	**996**	713
Current tax from prior years	**45**	0
Deferred tax		
Changes in deferred tax	**-2 354**	-3 679
Reduction of tax rate	**0**	-1 744
Income tax expense (income)	**-1 313**	-4 710
Income tax expense (income) attributable to net profit	**-1 313**	-4 710
Income tax expense (income) attributable to other comprehensive income	**902**	918
A reconciliation of the effective rate of tax and the tax rate in Norway:		
Pre-tax profit	**-5 684**	-11 806
Expected income taxes according to income tax rate in Norway (23/24 %)	**-1 250**	-2 675
Tax effect of non deductible expenses	**28**	79
Tax from previous years	**45**	0
Remeasurement of deferred tax due to changes in tax rates	**0**	-1 744
Tax rate outside Norway other than 23 % (24 %)	**-97**	-109
Other	**-39**	-261
Income tax expense (income)	**-1 313**	-4 710
Current tax liability		
As at 1 January	**533**	846
Income tax expense	**996**	713
Taxes paid including prepaid	**-1 059**	-1 004
Other changes	**0**	-22
As at 31 December	**470**	533
Deferred tax and deferred tax assets:		
Deferred tax assets		
Tax losses carried forward	**9 074**	6 371
Pensions	**1 210**	733
Right of use assets and lease liabilities, net	**1 679**	890
Other	**1 020**	1 181
Deferred tax assets - gross	**12 983**	9 175
Deferred tax liabilities		
Intangible assets	**37 998**	38 885
Fixed assets	**7 288**	6 830
Borrowings/ Finance fee	**1 821**	1 000
Deferred tax liabilities - gross	**47 107**	46 715
Net recognized deferred tax liabilities	**34 124**	37 540
The gross movement on the deferred income tax account is as follows:		
As at 1 January	**37 540**	43 880
Income tax expense	**-2 354**	-3 679
Change in tax rate	**0**	-1 744
Other changes	**-1 062**	-917
As at 31 December	**34 124**	37 540

The tax rate for Norway changed from 23 % in 2018 to 22 % in 2019. The tax rate used for the deferred tax calculation is 22 % for both 2019 and 2018. The tax rate for Sweden is 22 % for 2018 and 21.4 % for 2019. The tax rate for UK is 19 % for 2019 and 2018.

NOTE 12 EARNINGS PER SHARE

NOK 1000	2019	2018
Profit (loss) for the period	**-4 371**	-7 096
Weighted average shares outstanding	**298 449 933**	298 449 933
Effect of dilution from share options and convertible loans	**-**	-
Weighted average shares adjusted for dilution	**298 449 933**	298 449 933
Earnings per share, ordinary	**-0.015**	-0.024
Earnings per share, diluted	**-0.015**	-0.024

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

NOK 1000	Assets under construction	Machinery and equipment	Furniture and vehicles	Total
Balance as at 1 January 2018	4 674	120 864	2 454	127 992
Additions during the period	-3 876	14 628	31	10 783
Depreciation	0	-21 599	-117	-21 716
Transfers	0	2 066	-2 066	0
Net carrying amount as at 31 December 2018	**798**	**115 959**	**302**	**117 059**
Balance as at 1 January 2019	798	115 959	302	117 059
Disposals, cost price		-6 599		-6 599
Disposals, accumulated depreciation		4 104		4 104
Additions during the period	3 318	1 121	478	4 917
Depreciation		-15 069	-138	-15 207
Net carrying amount as at 31 December 2019	**4 116**	**99 516**	**642**	**104 274**
Acquisition cost as at 1 January 2018	798	159 170	5 162	165 130
Accumulated depreciations as at 1 January 2018	0	-43 212	-4 860	-48 072
Net carrying amount as at 1 January 2018	**798**	**115 958**	**302**	**117 059**
Acquisition cost as at 31 December 2019	4 116	154 397	5 640	164 153
Accumulated depreciations as at 31 December 2019	0	-54 881	-4 998	-59 879
Net carrying amount as at 31 December 2019	**4 116**	**99 516**	**642**	**104 274**
Economic life		5 - 15 years	5 - 10 years	
Depreciation method		straight line	straight line	

Machinery and equipment have been pledged as security for loans, see note 16.

The additions to Machinery and equipment for 2018 was related to new manufacturing lines at the factory in Norway.

NOTE 14 INTANGIBLE ASSETS

NOK 1000	Goodwill	Customer relationships	Brands	Design and technology	R&D	Total
Balance as at 1 Jan 2018	246 800	25 395	101 895	57 031	799	431 920
Additions during the period	0	0	0	1 253	0	1 253
Amortisation	0	-3 425	0	-2 183	-414	-6 022
Net carrying amount as at 31 Dec 2018	**246 800**	**21 970**	**101 895**	**56 101**	**385**	**427 151**
Balance as at 1 Jan 2019	246 800	21 970	101 895	56 101	385	427 151
Additions during the period				373		373
Amortisation		-3 424		-2 647	-113	-6 184
Net carrying amount as at 31 Dec 2019	**246 800**	**18 546**	**101 895**	**53 827**	**272**	**421 340**
Acquisition cost as at 1 Jan 2019	246 800	34 241	101 895	60 913	2 017	445 866
Accumulated depreciations as at 1 Jan 2019	0	-12 271	0	-4 812	-1 632	-18 715
Net carrying amount as at 1 Jan 2019	**246 800**	**21 970**	**101 895**	**56 101**	**385**	**427 151**
Acquisition cost as at 31 Dec 2019	246 800	34 241	101 895	61 286	2 017	446 239
Accumulated depr. as at 31 Dec 2019	0	-15 695	0	-7 459	-1 745	-24 899
Net carrying amount as at 31 Dec 2019	**246 800**	**18 546**	**101 895**	**53 827**	**272**	**421 340**
Economic life	Indefinite	10 years	Indefinite	10 years	4 years	
Depreciation method		straight line		straight line/ indefinite	straight line	

Goodwill and other intangible assets with an indefinite useful life is not amortized, but tested yearly for impairment. Please see note 15 for the impairment test.

NOTE 15 IMPAIRMENT OF GOODWILL AND ASSETS WITH INFINITE LIVES

Goodwill and other intangible assets with an indefinite useful life is tested for impairment at least annually, or when there are indications of impairment. The intangible assets arose from the acquisition which was completed in May 2015. The impairment test was performed as at 31 December 2019.

Book value		Goodwill	Brands	Design and technology
Norway	KNOK	246 800	101 895	48 966

The recoverable amount of the CGUs is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax for a 4-year period plus a terminal value. The terminal value is calculated as a multiple of EBITDA in year 4 using peer data to determine the multiple. The discount rate used is 11.3 % before tax and reflects the timing and risks of the cash flows and includes a small cap premium. Revenue growth is estimated to 4-6 % in the estimation period. Gross profit margin is estimated to increase by approximate 3-4 %-points over the 4 year period as result of lower inflation in cost vs. revenue growth. Multiples`s applied is benchmarked towards market data for peers (comparable businesses to Fibo). No impairment has been identified, also when applying different scenarios through a sensitivity analysis. A sensitivity analysis with reduced sales growth of 2 %, additionally reduced EBITDA through higher cost inflation of 1 % and increased discount rate of 2 %, the headroom is still close to 20 % above the total recoverable amount as at 31.12.19.

NOTE 16 FINANCIAL ASSETS AND LIABILITIES

NOK 1000			2019	2018
Debt instruments at amortised cost				
Trade receivables			**20 489**	58 463
Sum financial assets			**20 489**	58 463
Total current			**20 489**	58 463
Total non-current			**0**	0
Current interest-bearing liabilities	Interest rate	Maturity		
Interest-bearing bank loans:				
Facility A		2019-2021	**0**	27 831
Facility B		2022	**0**	151 773
Capex facility		2022	**0**	74 800
Leasing liabilities, current			**11 935**	11 847
Total current			**11 935**	266 251
Non-current interestbearing loans				
Senior secured bond	Nibor+7.75 %	2022	**241 767**	0
Leasing liabilities, non-current	Nibor+7.75 %		**81 620**	84 730
Total non-current			**323 387**	84 730
Total interest-bearing liabilities			**335 322**	350 981
Other financial liabilities at amortized cost:				
Loans and other current liabilities from parent			**0**	2 324
Trade payables			**54 512**	58 476
Total current			**54 512**	58 476
Total non-current			**0**	2 324
Changes in liabilities arising from financing activites				
Opening balance			**350 981**	364 985
Cashflow, bond issue			**250 000**	0
Cashflow, repayments			**-258 053**	-12 944
Cashflow, lease payments			**-11 847**	-11 644
Cashflow, capitalized fees			**-10 978**	0
Accretion of interest on leasing liabilities			**8 825**	9 078
Net change in amortization of capitalized fees			**6 394**	1 506
Ending balance			**335 322**	350 981

The carrying amount of the senior secured bond loans as at 31 December 2019 is NOK 241 767, consisiting of a face value loan of NOK 250 000, reduced with capitalized costs of NOK 8 233. The corresponding amounts for the interest bearing bank loans as at 31 December 2018 is NOK 254 404, face value of NOK 258 053 and capitalized costs of NOK 3 649. Refer to note 10 for a table showing the movement in capitalized costs.

Senior secured bond

In 2019 the Group issued Senior secured bonds. The bonds are repayable after 3 years. The Group has pledged all material domestic assets including, but not limited to, shares in subsidiaries, intra-group loan assignments, fixed assets, inventory, account receivables and bank accounts. The carrying amount of the Group's pledged assets is as follows:

NOK 1000	**2019**	2018
Plant, machinery and equipment	**103 671**	117 009
Inventory	**74 647**	55 809
Accounts receivable	**2 000**	58 811
Cash and cash equivalents	**2 532**	4 313
Total	**182 850**	235 942

The loans are subject to covenant restrictions and the most important being the ratio of net debt to EBITDA. Expenses in connection with the bond issue are capitalized and amortized, see note 10.

Bank loans and bank overdraft facility

The bank loans and overdraft facility were repaid from the proceeds of the bond issue. The covenants for the bank loan were breached as at 31 December 2018 and the loans were therefore classified as current liabilities in 2018.

The maturity profile of financial liabilities based on undiscounted payments is as follows:

NOK 1000	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
Year ended 31 December 2019					
Interest-bearing liabilities (excluding those below)			250 000		250 000
Lease liabilities	2 984	8 952	61 034	90 828	163 798
Low value and short time rental expenses	1 142	3 426	13 018		17 586
Trade and other current liabilities	78 927	6 890			85 817
Total	**83 053**	**19 268**	**324 052**	**90 828**	**517 201**
Year ended 31 December 2018					
Interest-bearing liabilities (excluding those below)	258 053				258 053
Lease liabilities	2 962	8 886	90 597	103 217	205 662
Low value and short time rental expenses	941	2 821	11 182		14 944
Trade and other current liabilities	2 823	5 110			7 933
Total	**264 779**	**16 817**	**101 779**	**103 217**	**486 592**

Below is a comparison of carrying amounts and fair value of financial assets and liabilities:

NOK 1000	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Financial liabilities				
Interest-bearing loans and borrowings	241 767	250 000	254 404	258 053

For all other financial assets and liabilities the carrying amount is also an approximation of the fair value.

NOTE 17 INVENTORIES

NOK 1000	2019	2018
Raw materials	**48 928**	31 582
Work in progress	**0**	1 168
Finished goods	**26 763**	24 743
Wholesale goods	**8 020**	6 246
Total as at 31 December	**83 711**	63 739
Obsolete goods	**-329**	-332
Total as at 31 December	**83 383**	63 407

Inventories have been pledged as security for loans, see note 16.

NOTE 18 ACCOUNTS RECEIVABLE

NOK 1000	2019	2018
Accounts receivable	**20 789**	59 263
Bad debt provision	**-300**	-800
Total as at 31 December 2019	**20 489**	58 463
Changes in bad debt provision		
Opening balance	**800**	700
Increase of provision during the period	**0**	100
Losses incurred	**-206**	0
Released provision during the period	**-294**	0
Total as at 31 December 2019	**300**	800
Currency exposure accounts receivable		
NOK	**2 000**	34 741
GBP	**18 266**	16 595
SEK	**523**	4 600
EUR	**0**	3 139
Other	**0**	188
Total as at 31 December	**20 789**	59 263
Age distribution accounts receivable		
Not due	**20 789**	42 554
Less than 30 days	**0**	14 400
30-60 days	**0**	1 282
60-90 days	**0**	262
More than 90 days	**0**	765
Total as at 31 December	**20 789**	59 263

During 2019 the Group entered into a factoring arrangement. Losses for bad debt is classified as other operating expenses in the income statement.

Accounts receivable have been pledged as security for loans, see note 16.

NOTE 19 OTHER CURRENT AND NON-CURRENT ASSETS

NOK 1000	2019	2018
Other current assets		
Pre-paid costs	**1 303**	723
Other current assets	**1 638**	994
Total as at 31 December	**2 941**	1 717

NOTE 20 CASH AND CASH EQUIVALENTS

NOK 1000	2019	2018
Cash and short-term bank deposits	**26 693**	8 190
Restricted cash	**0**	0
Cash and cash equivalents in the balance sheet December 31	**26 693**	8 190

In Norway, employee taxes withheld, are secured by a bank guarantee.

NOTE 21 SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

NOK 1000	2019	2018
Ordinary shares, nominal amount NOK 0.11 (2018:NOK 0.10)	**298 449 933**	298 449 933
Total number of shares	**298 449 933**	298 449 933

NOK 1000	No. of shares	Share capital	Share premium
Changes to share capital and premium			
Shares issued and fully paid 31 December 2018	**298 449 933**	**29 845**	**268 335**
Share capital increase in 2019	0	2 984	2 756
Shares issued and fully paid 31 December 2019	**298 449 933**	**32 829**	**271 101**

The share capital is increased in 2019 by an increase of the nominal value of the shares with NOK 0.01 and corresponds to a share capital increase in the parent company Fibo Holding AS.

All issued shares have equal voting rights. The shareholder as at 31 December 2019 and 2018 was:

Shareholder	No of ordinary shares	% Holding
Fibo Holding AS	298 449 933	100.0 %

No dividend has been declared for the accounting period.

NOTE 22 LEASES

NOK 1000	2019	2018
Right-of-use assets		
As at 1 January	**92 533**	99 143
Additions	**-**	-
Depreciation expense	**-6 610**	-6 610
As at 31 December	**85 923**	92 533
Lease liabilities		
As at 1 January	**96 577**	99 143
Additions		
Accretion of interest	**8 825**	9 078
Lease payment	**-11 847**	-11 644
As at 31 December	**93 555**	96 577
Current	**11 935**	11 847
Non-current	**81 620**	84 730
Items in profit (loss)		
Depreciation expense	**6 610**	6 610
Interest expense on lease liabilities	**8 825**	9 078
Expense relating to short-term leases (included in other operating expenses)	**1 469**	1 130
Expense relating to low-value assets (included in other operating expenses)	**2 368**	2 303
Variable lease payments (included in other operating expenses)	**1 168**	829
Total amount recognised in profit (loss)	**20 440**	19 550

The right-of-use asset is related to renting of office and manufacturing buildings at the Groups production facility in Lyngdal. The contract length is 10 years with an option to extend with 5 years. As the option to extend is considered reasonably likely to be exercised the option period is also included in the liability.

The rent is subject to a yearly increase with a percentage of the increase the consumer price index. Expenses for short-term leases, low-value assets and variable lease payments are presented together in Note 8 as rental and leasing costs.

NOTE 23 PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Defined contribution plans

The Group's companies in Norway, Sweden and UK have defined contribution plans in accordance with local laws. The contribution plans cover full-time employees and amounts to 4 % of the salary between 1G and 6G and 6 % of salary exceeding 6G. The employees may manage the investments through an agreement with the insurance company. The contribution is expensed when it is incurred. As at 31 December 2019 and 2018 there were 107 members covered by the schemes.

In Norway, the Group is part of a partly government funded plan (AFP). The plan gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP-scheme starting at the age of 62 years, also in combination with continued work, and the annual regular post-employment benefit increases in the new scheme if early AFP retirement is rejected. The new AFP-scheme is a defined benefit multi-employer plan which is financed through contributions that are determined by a percentage of the employee's earnings. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan which means that the contributions are recognized as expenses with no provisions.

Defined benefit plans

In Norway, the Group operates a defined benefit pension plan. The plan is closed, and membership is restricted to those that were employed when the plan was closed. The level of benefits provided depends on the members' length of service and their salary in the final year leading up to retirement (30 years of service result in 65 % of pension eligible salary from 67 years of age and 60 % from 75 years of age). Parts of the pension payment is paid by the National Insurance (Folketrygden) and is calculated based on the base amount (Folketrygdens grunnbeløp) which is endorsed yearly by the Norwegian Parliament. The plan and the plan assets are held with insurance companies and are governed by local regulations and practice. The plan covers 23 actives and 34 retirees. The actuarial assumptions are based on assumptions of demographical factors normally used within the insurance industry.

NOK 1000	2019	2018
Service cost	**648**	828
Interest cost	**809**	722
Return on pension plan assets	**-731**	-605
Social security tax	**168**	0
Net pension costs, defined benefit plans	**894**	945
Cost of defined contribution pension plans	**3 268**	4 360
Total pension costs	**4 162**	5 305
Change in gross pension obligation		
Projected benefit obligation 1.1	**33 186**	30 422
Service cost	**648**	828
Remeasurment (gain) loss	**0**	184
Interest cost	**809**	722
Payroll tax of employer contribution, assets	**-63**	-330
Benefits paid	**-1 298**	-748
Actuarial gains/losses	**2 937**	2 108
Gross pension obligation 31.12	**36 219**	33 186
Change in plan assets		
Fair value of plan assets 1.1	**29 351**	28 740
Actual return on pension assets	**732**	605
Premium payments	**3 267**	2 670
Payroll tax of employer contribution, assets	**-350**	-330
Benefits paid	**-1 298**	-748
Actuarial gains/losses	**-1 165**	-1 586
Other change	**-307**	0
Fair value of the plan assets 31.12	**30 230**	29 351
Net benefit obligations	**5 989**	3 835
Other comprehensive income		
Other comprehensive income 1.1	**1 427**	-2 246
Actuarial loss (gain) - change in discount rate	**0**	0
Actuarial loss (gain) - change in other financial assumptions	**0**	0
Actuarial loss (gain) - experience DBO	**2 937**	2 108
Loss (gain) - experience Assets	**1 165**	1 587
Asset ceiling - asset adjustment	0	-22
Other comprehensive income 31.12	**5 528**	1 427
Actuarial assumptions		
Discount rate	**1.80 %**	2.60 %
Expected return on pension assets	**1.80 %**	2.60 %
Expected rate of salary and benefit increases	**2.25 %**	2.75 %
Expected G-regulation (adjustment of pension benefits)	**2.00 %**	2.75 %
Expected regulation of pensions in effect	**0.70 %**	0.80 %
Expected annual retirement	**2.00 %**	2.00 %

NOTE 24 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

NOK 1000	2019	2018
Trade accounts payable	**30 725**	58 476
Net liability to customers	**23 787**	0
Liabilities related to employees incl. holiday pay	**7 995**	7 273
Government taxes, vat, social security tax etc.	**15 506**	14 843
Accrued expenses	**7 333**	5 467
Total as at 31 December	**85 347**	86 059

Trade payables are non-interest bearing and are normally settled on between 30-45-day terms.

NOK 1000	2019	2018
Currency exposure trade accounts payable and other current payables		
NOK	**67 214**	43 014
GBP	**4 651**	6 574
SEK	**7 549**	4 964
EUR	**7 489**	26 822
USD	**-1 650**	3 933
Other currencies	**94**	752
Total 31 December	**85 347**	86 059

NOTE 25 WORKING CAPITAL IN THE CASH FLOW STATEMENT

NOK 1000	Opening balance	31 Dec 2018	Cash flow
Inventories	59 955	63 407	-3 452
Trade receivables	64 536	58 463	6 073
Other receivables	3 556	1 717	1 839
Accounts payable and other current liabilities	-82 776	-86 059	3 283
FX on working capital items	0	0	1 297
Change in working capital	**45 271**	**37 527**	**9 041**

NOK 1000	Opening balance	31 Dec 2019	Cash flow
Inventories	63 407	83 383	-19 976
Trade receivables	58 463	20 489	37 974
Other receivables	1 717	2 941	-1 224
Accounts payable and other current liabilities	-86 059	-85 347	-712
FX on working capital items	0	0	-201
Change in working capital	**37 527**	**21 465**	**15 861**

NOTE 26 COMMITMENTS AND CONTINGENCIES

The group supplies the construction industry with materials, it follows the business nature that the Group may receive customer claims. No specific provision has been booked as at 31 December 2019.

NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date with significant impact on the annual accounts of the Group.

FIBO GROUP AS

Accounts

Income statement

NOK 1000	Note	2019	2018
OPERATING INCOME AND OPERATING EXPENSES			
Revenue	8	**19 024**	17 975
Payroll and related costs	10	**10 848**	3 964
Depreciation and amortisation expense	12	**2 036**	1 572
Other operating expenses		**5 680**	11 980
Total operating costs		**18 564**	17 516
Operating profit		**460**	459
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries		**3 494**	-
Interest income from group entities		**3 588**	1 365
Other interest income		**17**	3
Other financial income		**310**	1 519
Other interest expenses		**20 994**	7 249
Other financial expenses		**7 725**	1 506
Net financial income and expenses	11	**-21 310**	-5 868
Net profit before income taxes		**-20 850**	-5 409
Income tax expense	9	**-4 586**	-1 119
Net profit after tax		**-16 264**	-4 290
Appropriations			
Profit (Loss) brougth forward		**-16 264**	-4 290
Total appropriations		**-16 264**	-4 290

Balance sheet

NOK 1000	Note	2019	2018
ASSETS			
Fixed assets			
Deferred tax assets	9	**7 335**	2 749
Other intangible assets	12	**1 552**	3 215
Total intangible assets		**8 887**	5 964
Equipment and other movables		**19**	-
Financial fixed assets			
Investments in subsidiaries	2	**448 881**	448 881
Loans to group companies	5	**-**	30 841
Other non-current receivables		**197**	107
Total financial fixed assets		**449 078**	479 829
Total fixed assets		**457 984**	485 793
CURRENT ASSETS			
Other receivables	5	**53 924**	49 783
Cash and cash equivalents	3	**2 533**	3 509
Total current assets		**56 457**	53 292
Total assets		**514 441**	539 085
EQUITY AND LIABILITIES			
Paid in capital			
Share capital	6,7	**32 829**	29 845
Share premium account	6,7	**271 100**	268 335
Total paid in capital		**303 929**	298 180
Retained earnings	7	**-36 368**	-20 092
Total retained earnings		**-36 368**	-20 092
Total equity		**267 561**	278 088
LIABILITIES			
Other long-term liabilities			
Interest-bearing loans and borrowings	4	**241 767**	-
Total other long term liabilities		**241 767**	-
Current liabilities			
Interest-bearing loans and borrowings	4	**-**	254 404
Derivatives		-	-905
Accounts payable		**796**	803
Public duties payable		**270**	338
Other current liabilities	5	**4 047**	6 357
Total current liabilities		**5 113**	260 997
Total liabilities		**246 880**	260 997
Total equity and liabilities		**514 441**	539 085

Oslo, 2 March 2020.
The Board of Directors of Fibo Group AS

Lars Patrik Nolåker
Chairman of the board

Ulrik Andrew Smith
Board member

Åsa Söderström Winberg
Board member

Tanya Pedersen
Board member

Jan Erik Lien
Board member

Anders Carlson
CEO/President

Cash flow statement

NOK 1000	Note	2019	2018
CASH FLOW FROM OPERATIONS			
Net profit before income taxes		**-20 850**	-5 409
Depreciation and amortization		**2 036**	1 572
Amortization of capitalzed bank fees		**6 394**	1 506
Fair value adjustment derivatives		**976**	-1 606
Change in receivables		**-3 003**	3 805
Change in accounts payable		**-7**	-1 164
Change in other provisions		**-2 494**	-9 593
Net cash flow from operations		**-16 948**	-10 889
CASH FLOW FROM INVESTMENTS			
Purchase of intangible assets	12	**-392**	-1 251
Change in non-current receivables		**30 751**	25 502
Net cash flow from investments		**30 359**	24 251
CASH FLOW FROM FINANCING			
Net proceeds from equity increase		**5 738**	-
Net proceeds from bond issue		**239 022**	
Repayment of bank loans	4	**-258 053**	-12 944
Net cash flow from financing		**-13 293**	-12 944
Net change in cash and cash equivalents		**118**	418
Cash and cash equivalents at beginning of period		**3 509**	3 509
Cash and cash equivalents at end of period		**3 627**	3 509

Notes to the Fibo Group accounts

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Fibo Group AS is the parent company of a subgroup of Fibo Holding AS. The company's purpose is primarily to own shares in the subsidiaries.

SUBSIDIARIES

Subsidiaries and investments in associates are valued at cost in the company accounts.The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. The shares are booked at the lower of cost and net realizable value.

CLASSIFICATION OF BALANCE SHEET ITEMS

Current assets and short-term liabilities includes items which are to be repaid within one year after the transaction date. Other items are classified as fixed assets/long-term liabilities.

Current assets are appraised at the lowest of cost and fair value. Short-term liabilities are booked at nominal value at the time of loan uptake.

Fixed assets are appraised at cost or written down to fair value if impairment is not expected to be temporary. Long-term liabilities are booked at nominal value at the time of loan uptake. First year's installment on long-term liabilities and long-term receivables are, however, classified as short term liabilities and current assets.

DEBTORS

Trade debtors are recognized in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to purchases in foreign currencies are recognized as financial income and financial expenses.

ASSET IMPAIRMENTS

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

DERIVATIVES

Changes in value of derivatives are recognized in the balance. The effect on profit or loss of derivatives are presented as finance income/expense.

RELATED PARTIES

A related party has significant influence on the Group's strategy or operational choices. Ability to influence the other party is normally achieved through ownership, participation in the group's decision-making bodies or management, or through special agreements.

Balances and transactions with subsidiaries have been eliminated in the consolidated financial statements and are not covered by the information provided in this note. Economic factors related to directors and senior management are described in Note 11. Other related party transactions are described in Note 5.

TAXES

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash and bank deposits.

NOTE 2 SUBSIDIARIES

NOK 1000	Location	Ownership/ voting right	Equity last year (100 %)	Result last year (100 %)	Balance sheet value
Subsidiaries					
Fibo AS	Lyngdal, Norway	100 %			424 190
Fibo AB	Stockholm, Sweden	100 %			1 045
Fibo UK Ltd	Chesham, UK	100 %			23 622
Fibo OY	Helsinki, Finland	100 %			24
Fibo USA LLC	Delaware, USA	100 %			-
Balance sheet value as at December 31 2019					**448 881**

NOTE 3 RESTRICTED BANK DEPOSITS AND OVERDRAFTS

The company has no restricted funds. Taxes witheld for employee's are covered by a bank guarantee.

NOTE 4 LIABILITIES

Terms and repayment schedule **31 December 2019**

NOK 1000	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Bond loan	NOK	NIBOR+7.75 %	2022	250 000	241 767
Total interest-bearing loans and bank borrowings as at 31 December 2019				**250 000**	**241 767**

Terms and repayment schedule **31 December 2018**

NOK 1000	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Facility A	NOK	NIBOR+3 %	2017-2021	28 253	27 831
Facility B	NOK	NIBOR+3.5 %	2022	155 000	151 773
Capex facility	NOK	NIBOR+3 %	2022	74 800	74 800
Revolving facility	NOK	NIBOR+3 %		0	0
Total interest-bearing loans and bank borrowings as at December 31 2019				**258 053**	**254 404**

SENIOR SECURED BOND

In 2019 the Group issued Senior secured bonds. The bonds are repayable after 3 years. The Group has pledged all material assets including, but not limited to, shares in subsidiaries, intra-group loan assignments, fixed assets, inventory, account receivables and bank accounts.

The loans are subject to covenant restrictions and the most important being the ratio of net debt to EBITDA.

Reference is made to the group accounts note 16.

BANK LOANS AND BANK OVERDRAFT FACILITY

The bank loans and overdraft facility were repaid from the proceeds of the bond issue. The covenants for the bank loan were breached at 31 December 2018 and the loans were therefore classified as current liabilities in 2018.

NOTE 5 BALANCES WITH GROUP COMPANIES

NOK 1000	2019	2018
Accounts receivable Fibo AS	**41 600**	30 841
Other group receivables	**4 521**	19 340
Total	**46 121**	50 181

NOK 1000	2019	2018
Debt to Fibo Group AS, branch	**2 336**	5 747
Total	**2 336**	5 747

NOTE 6 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The parent company Fibo Holding AS has its registered offices in Karenslyst Alle 8B, 0278 Oslo. The consolidated accounts for Fibo Holding AS, where Fibo Group AS are included, can be obtained by contacting Fibo Holding AS. The share capital of NOKk 32 829 consists of 298 449 933 shares with nominal value of NOK 0.11 each. The company has only one share class.

	Number of shares	Ownership
Shareholders		
Fibo Holding AS	298 449 933	100.0 %
Total amount of shares	**298 449 933**	**100.0 %**

NOTE 7 SHAREHOLDERS' EQUITY

NOK 1000	Share capital	Share premium	Retained earnings	Total
Movement in equity				
Equity as at 31.12.2017	**29 845**	**268 335**	**-15 797**	**282 383**
Net profit after tax			-4 290	-4 290
Other			-6	-6
Equity as at 31.12.2018	**29 845**	**268 335**	**-20 093**	**278 087**
Net profit after tax			-16 265	-16 265
Share capital increase	2 984	2 765	-10	5 740
Equity as at 31.12.2019	**32 829**	**271 100**	**-36 367**	**267 562**

NOTE 8 REVENUE

Revenue is management fees and other fees recharged to group companies. NOKk 14 502 (2018: NOKk 12 942) relates to Norway and NOKk 4 522 (2018: NOKk 5 033) relates to subsidiaries outside Norway.

NOTE 9 TAXES

NOK 1000	2019	2018
Calculation of deferred tax/deferred tax benefit		
Temporary differences	**8 239**	4 554
Tax losses carried forward	**-41 579**	-17 049
Basis for deferred tax	**-33 340**	-12 495
Deferred tax asset (liability)	**-7 335**	-2 749
Deferred tax in the balance sheet	**-7 335**	-2 749
Basis for income tax expense, changes in deferred tax and tax payable		
Net profit before income taxes	**-20 850**	-5 409
Basis for the tax expense for the year	**-20 850**	-5 409
Change in temporary differences	**-3 685**	5 254
Other changes	**6**	155
Basis for payable taxes in the income statement (tax loss carried forward)	**-24 529**	0
Taxable income (basis for payable taxes in the balance sheet)	**0**	0
Components of the income tax expense		
Tax on this year's result	**-4 587**	-1 244
Effect of permanent differences	**1**	2
Change in deferred tax due to change in tax rate	**0**	123
Tax expense	**-4 586**	-1 119

NOTE 10 PAYROLL EXPENSES AND RELATED COSTS

The company had 4 full time employees in the fiscal year

NOK 1000	2019	2018
Payroll expenses		
Salaries/wages	**6 253**	3 140
Social security fees	**673**	537
Pension expenses	**219**	171
Other remuneration	**3 703**	116
Total	**10 848**	3 964

No loans have been granted to the general manager, the board or other related parties. See consolidated accounts for information on remuneration to the CEO. The company is required to have a pension plan, and the company's plan satisfies these legal requirements.

	2019	2018
Expensed audit fee (excluding VAT)		
Statutory audit	**75**	60
Tax advisory	**28**	32
Other services		52
Total audit fees	**103**	144

NOTE 11 OTHER FINANCIAL INCOME AND EXPENSE

NOK 1000	**2019**	2018
Fair value adjustment derivatives	**0**	1 173
Other financial income	**310**	1 714
Total other financial income	**310**	2 887
Fair value adjustment derivatives	**905**	0
Amortization loan expenses	**6 523**	1 506
Other financial expenses	**283**	0
Total other financial expenses	**7 725**	1 506

NOTE 12 INTANGIBLE ASSETS

NOK 1000	**2019**	2018
Opening balance	**3 215**	3 536
Addition at cost	**373**	1 251
Depreciation during the year	**-2 036**	-1 572
Net carrying amount as at 31 December	**1 552**	3 215

Intangible assets consists of IT systems and software.

To the General Meeting of Fibo Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fibo Group AS, which comprise:

- The financial statements of the parent company Fibo Group AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fibo Group AS and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2019 and 31 December 2018, the consolidated statements of income, comprehensive income, changes in equity and cash flows for each the two years in the period ended at 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019 and 31 December 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

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

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

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 2 March 2020
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant

Corporate Governance

The Company's corporate governance is based on the Company's Articles of Association and the Company's values as resolved by the Board of Directors with the aim to realize the Company's long-term goals, and to ensure progress and control. Through sound corporate governance, the Company aims to build trust and ensure sustainable operation and financing of its business.

BOARD OF DIRECTORS

The Board of Directors of the Company shall annually revise and oversee the overall strategy and business plan for the Company and approve the annual budget for the next year. The Board of Directors has decided not to establish a separate audit committee, so that the entire Board of Directors shall perform the tasks of the audit committee of the Company.

Responsibilities of the Board of Directors:

- Decide on general business and management principles of the Company.
- Decide on strategy and risk policies of the Company.
- Supervise the performance of the Company, the Executive Management and secure the proper organization of the Company.
- Review the Company's financial position, capital resources and reporting on financials and performance.
- Appoint the CEO.

The Board of Directors will convene at least six times per year.

EXECUTIVE MANAGEMENT

The Executive Management is responsible for the Company's day-to-day management of the Company in accordance with the instructions provided by the Board of Directors, among others comprising:

- Manage the Company's business and operations and develop strategies to be approved by the Board of Directors.
- Implement the strategy for the Company and execute on investments and divestments.
- Develop the organizational structure of the Company and allocate resources.
- Drive and monitor the performance of the Company.
- Prepare internal and external financial reporting.
- Establish internal policies and procedures for relevant topics, such as finance, IT etc.
- Oversee risk management and internal control.
- Report to the Board of Directors.

RISK MANAGEMENT AND INTERNAL CONTROL

The framework for the internal control and risk management of the Company is structured with the aim to allow the business to be run in a way that is healthy, proper and consistent with the following objectives:

(i) Internal control: to assure that all company policies and standards are up to date, communicated and implemented.

(ii) Risk management: to identify and manage essential risks related to the execution of the Company's strategy and operations, and to demonstrate that the Company actively manages risks in order to deliver the best possible service to customers, protect the value of the business, safeguard future earnings and reduce costs associated with risk events.

The responsibility for the quality and appropriateness of the Company's internal control and risk management rests with the Board of Directors, while the Executive Management is responsible for identifying and analyzing material risks, and for the general development of the system. The Executive Management shall further provide the Board of Directors with reports on exposures and the utilization of the framework on a continuous basis.

Environmental, Social and Governance (ESG)

Environmental Social and Governance (ESG) impacts through the value chain; the most significant environmental impacts in Fibo's value chain, relate to lumbering and production of plywood as well as pollution, energy usage and waste in the company's production facility.

Outbound logistics from the production facility in Lyngdal to customers across the Nordics, UK and Northern Europe also carry certain adverse environmental effects. From a social perspective, Fibo's impact stretches from labor conditions and human rights across the company's global supply chain (with suppliers in Asia, Latin America and Europe), to job creation and local community engagement as a key local employer in Lyngdal, Norway. The global supply chain also puts requirements on supplier evaluation and selection as well as material certification. Other governance aspect involve sanctioned countries and anti-corruption and integrity across suppliers and customers.

RAW MATERIAL SUPPLY

- Wood sourcing (material certificates)
- Labor conditions and human rights
- Health and safety
- Industrial chemical handling and treatment
- Climate impact in the supply chain
- Sanctioned countries

PRODUCTION OF PANELS

- Labor conditions and human rights
- Health and safety
- Resource efficiency and waste management
- Energy efficiency
- Chemical use and pollution
- Sustainable packaging
- Sustainable and circular design

MANAGEMENT & MARKETING

- Anti-Corruption and integrity
- Attracting and retaining employees
- Local community engagement and job creation
- Diversity
- ESG supplier management (including audits)

STORES AND END-USE

- Sustainable market positioning
- Product quality and safety
- Product longevity
- Product take-back, recycling and reuse
- Product labeling and certification
- Climate impact of shipping and delivery

ESG RISKS AND OPPORTUNITIES

Fibo's most material ESG risks are linked to the company's supply chain and production.

The risks related to the supply chain include sourcing of wood, plywood production, as well as integrity and anti-corruption. Fibo evaluate and select suppliers, as well as to train the selected suppliers on important ESG issues. Fibo also holds the PEFC certification (Program for the Endorsement of Forest Certification - i.e. sustainable forest management) since 2012. ESG risks related to climate in production are related to energy consumption and waste handling. The company therefore sets and thrive to meet specific target goals for these. Furthermore, as the final product is Fibo's key asset; The product safety and quality is of paramount importance. As Fibo's customers and end-users are becoming more aware of ESG issues such as Life Cycle Assessment (LCA), the company has an opportunity to strengthen its differentiation vs. traditional wet room wall covering providers through credible and continuous ESG efforts such as reducing waste and energy consumption and improving official communication of how Fibo contributes on certain ESG issues. In addition, there is the ESG risk of stricter regulations in the future, where the company has the opportunity to target new markets with more demanding conditions.

In the short term Fibo uses the opportunity to promote the company's presence in environmental certification/approval systems to show that the product meets already strict requirements.

On the production side, the safety & health of Fibo's employees at the production facility is of outmost concern. The continuous focus on improving internal working conditions and employee satisfaction, combined with good cooperation with the workers' union, enables Fibo to retain motivated employees with the right competence.

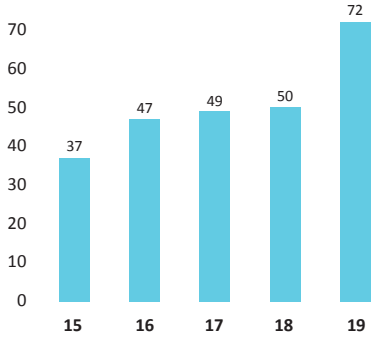
The climate exposure risk and opportunities are identified through a TCFD (Task Force on Climate Related Financial Disclosures) method, the risks are assessed in strategic meetings and relevant issues are managed by the Production, Logistics, Purchase, Sales & Marketing departments.

Key ESG goals, 2019 efforts and performance

1 Practical, durable and decorative quality panels

The customers are the most important stakeholder for Fibo and as a FSN Capital portfolio company, increased efforts have been made to deepen the understanding of their needs through customer satisfaction surveys and market research. In 2019 the Sales & Marketing department has made effort to describe more accurate the pain & delights in prioritized target groups. This is used to customize communication and developments.

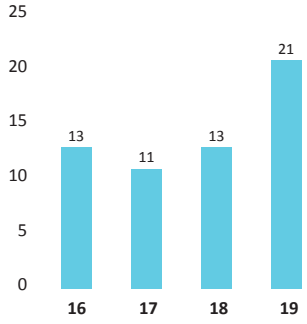
Customer NPS
%



2 Satisfied employees that are passionate for Fibo

Fibo has made efforts to create a "one firm" culture that capsules all employees across our geographies. Furthermore HSE and working conditions are key parts of lean daily management in the factory. In order to find improvement areas, continuous input from employees is systematically collected through e.g. employee surveys.

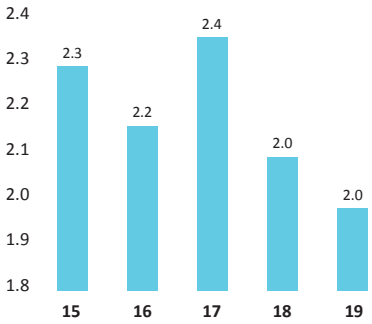
Employee NPS
%



3 Resource efficiency

In December 2015, Fibo started a project to expand the capacity of the current factory. On top of enabling growth, the investment is expected to reduce the amount of energy used to produce one m2 of panel significantly.

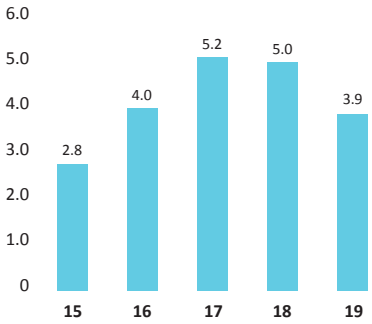
Energy usage
kwh/m2



4 Waste management

During 2019, Fibo intensified its efforts to reduce waste in production. Several project teams work in a structured way to identify improvement opportunities through e.g. material selection, temperature control and humidity adjustments. Fibo also ran a Circular Economy project for identifying possible customer of waste from production and a report on emission from own boiler.

Waste
% of produced m2



Alternative Performance Meassures (APM)

Net Sales

Corresponds to the term "Revenue" and "Total Revenue."

Gross Margin

Total revenue minus Raw Materials and consumables used, divided on Total Revenue.

EBITDA

Earnings before interest, tax, depreciations and amortization.

Gross Debt

Interest bearing debt (excluding pensions and leasing debts).

Net Debt

Interest bearing debt (excluding pension and leasing debts) minus cash and cash equivalents.

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