

PLANTASJEN®

2020

PLANTASJEN

4	2020 IN BRIEF
6	MANAGEMENT TEAM
9	ABOUT THIS REPORT
10	THIS IS PLANTASJEN
17	CEO'S COMMENTS
18	THE MARKET
21	CUSTOMER JOURNEY
23	OPERATIONS
24	ASSORTMENT
27	CONCEPT DEVELOPMENT
29	HUMAN RESOURCES
30	IT & BUSINESS INTELLIGENCE
33	SUSTAINABILITY
35	POSITIVE IMPACT

SUSTAINABILITY REPORT

41	STRATEGY, MATERIALITY AND STAKEHOLDER DIALOGUE
44	CUSTOMER OFFERING
46	ENVIRONMENT
48	PEOPLE
51	BUSINESS ETHICS AND ANTI-CORRUPTION
52	PRODUCTION AND SUPPLY CHAIN
54	GOVERNANCE
56	GRI INDEX

FINANCIAL REPORT

60	DIRECTORS' REPORT
63	CONSOLIDATED FINANCIAL STATEMENTS
68	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
101	PARENT COMPANY FINANCIAL STATEMENTS
104	NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY
110	INDEPENDENT AUDITOR'S REPORT

Important events in 2020

2020 was a year of accelerated growth and laying the foundation for Plantasjen's future development.

NEW CEO AND MANAGEMENT TEAM

Nina Jönsson assumed the role as President & CEO in May. Nina was most recently CEO of HL Display. A new management team was established to focus on brand building, operational efficiency, and a further improved customer offering for every season of the year.

INCREASED SALES AND PROFITABILITY

Plantasjen delivered increased sales during the year. An improved customer offering coupled with strengthened operational setup catered to a surge in interest for plants and flowers in the wake of the Covid-19 pandemic. Profitability also improved, driven by strong sales figures, higher productivity in stores and improved cost levels.

NEW CUSTOMER-CENTRIC BUSINESS STRATEGY

In 2020, Plantasjen put in place a business strategy with a clear focus on the customer. Driven by a customer-centric focus and updated business model, Plantasjen will gain market share using inspiration, service and operational excellence.

NEW BRAND PLATFORM

Plantasjen also formulated a new brand platform. Driven by our purpose “for a growing life” and our vision to be “the most inspiring Nordic garden centre, bringing us closer to nature’s positive energy”, we aim for sustainable growth. Clarified core values shape the development in leadership and service, while an articulated customer promise will guide our company’s efforts to attract customers.

EXPANDED ASSORTMENT

Plantasjen has taken many steps during 2020 to develop our assortment. By applying the principle “every day is in season”, we add new categories and offerings to further elevate Plantasjen’s attractiveness in high season – as well as reinforcing the other seasons of the year. Sever-

al sustainability-focused products have been launched: bio-pots made from sunflower seed shells that disintegrate when planted into the soil; furniture made from 100 percent recovered marine plastics; and fully plant-based soil fertilized with residual products from fruit and vegetables.

DIGITAL TRANSFORMATION

Plantasjen is in the midst of a digital transformation journey. An important milestone in 2019 was the launch of a new ERP system (enterprise resource planning) and 2020 has been a year of adapting and optimizing Plantasjen’s IT infrastructure to make for further gains in efficiency and growth. Plantasjen’s strategy includes making shopping easier and more convenient. In parallel to digitising back-end processes, a number of activities to increase our company’s digital presence toward customers. The launch of a new platform for Plantasjen’s websites, and the rollout of a new e-commerce platform are important milestones in Plantasjen’s journey toward becoming a true omnichannel retailer. We continue our advancements in making the customer experience online more informative and inspiring, and continue to optimise the company’s e-commerce in order to ensure a reliable, scalable and profitable online business.

FOCUS ON LEADERSHIP

In the light of Plantasjen’s 2020 efforts to put a new customer-centric business strategy in place, and the movement toward an omnichannel offering based on inspiration and gardener expertise, the organisation must be adapted with a clear distribution of roles and reinforced leadership. To support this transformation, several leadership initiatives and training programs have been launched with extra emphasis on store managers and regional managers. This new leadership program will provide insights and tools to become catalysts for evolving our corporate culture and values, both vital in an organisation built more on decentralised responsibilities and entrepreneurship.



MEASURES TO INCREASE LIKE-FOR-LIKE GROWTH AND ESTABLISH A PROFITABLE NETWORK OF STORES

Plantasjen works continuously with developing the number of stores to achieve a network with sustainable profitability. New establishments are important to complement upgrading already existing stores. Like-for-like (LFL) growth is a key responsibility for store managers,

and achieving this is clearly outlined through the implementation of clean, tidy and well-stocked stores, implementing Plantasjen’s new store concept and through a customer meeting alive with inspiration, knowledge and tools. Today, Plantasjen operates 131 stores in Norway, Sweden and Finland.

GROWING TOGETHER

Plantasjen Group Management is a truly Nordic team with extensive combined experience from retail, brand building, industry operations, business and organisation development.



Nina Jönsson

President & Chief Executive Officer

Age: 55 **Nationality:** Finnish & Swedish

Background: BSc Business Administration; Procter & Gamble, ICA Gruppen, HL Display.



Jørgen Lislørud

Chief Operating Officer

Age: 46 **Nationality:** Norwegian

Background: BSc Retail Management; Statoil/Circle K.



Jesper Lien

Chief Product Officer

Age: 52 **Nationality:** Danish

Background: MSc Manufacturing Technology & Management, BSc Business Administration; Coop, B&Q, Axfood.



Erik Johansson

Chief Financial Officer

Age: 42 **Nationality:** Swedish

Background: MSc Engineering, MSc Economics; McKinsey, Gränges Europe, Green Cargo.



Peder Clason

Chief Marketing Officer

Age: 44 **Nationality:** Swedish

Background: MSc International Economics & Business; Procter & Gamble, Absolut, HL Display.



Ragnhild Dahl Berge

Chief HR Officer

Age: 43 **Nationality:** Norwegian

Background: MSc International Business, GradD Human Resource and Coaching; Umoe Restaurants.



Olav Fyldeng

Chief Information Officer

Age: 46 **Nationality:** Norwegian

Background: MSc Economics and Business Administration; Accenture, Vectura, EVRY, Varner Group.



The leading Nordic retailer for plants and accessories

Our vision is to be the most inspiring Nordic garden centre, bringing people closer to nature's positive energy. Our driving force every day is to create a customer meeting alive with inspiration, knowledge and tools serving as the natural source for a growing life. Simply put – life grows at Plantasjen.

Since 2017, Plantasjen has issued a yearly, stand-alone sustainability report. For 2020, we choose to publish an integrated Annual and Sustainability Report to illustrate our actions and progress made during the year in terms of overall business, as well as sustainability.

This report addresses all the material aspects reflecting Plantasjen's significant economic, environmental and social impacts. These matters were identified and evaluated on the basis of a materiality assessment that involved input from the company's main stakeholders. It describes Plantasjen's opportunities, risks and progress made in the field of sustainability during 2020. The report covers the global activities of the Plantasjen Group, i.e. Plantasjen Holding AS and its wholly owned subsidiaries, including Plantasjen stores, offices in Europe, and the Plantasjen-owned distribution centres. The report also covers Plantasjen's cultivation unit in Sweden. The focus in this report lies on Plantasjen's own activities. The Annual Report refers to the period from January 1 to December 31, 2020.

Plantasjen presents its sustainability information in accordance with Global Reporting Initiatives (GRI) standards, core level. The sustainability information presented for 2020 has not been assured by an external party. All financial data and material information shared in this report has been audited by an external party.

We will grow with customers and society in focus

- **Our future growth** will be driven by our clear focus on our customers and living our purpose to inspire a growing life.
- **In striving to be** the most inspiring Nordic garden centre we seek to be a natural part of the local communities we serve.
- **We have high ambitions** to purchase or grow the right type of products, and to provide an inspiring customer experience in both physical and digital channels.
- **Sustainability is a natural** part of a successful business strategy. Our future includes collaboration with academia and NGOs (non-governmental organisations) as we aspire to be a place for creativity, learning and doing.
- **As a Plantasjen team** we grow together, building sustainable growth through Clarity, Ownership and Joy.



About Plantasjen

Plantasjen is a leading retailer of plants and accessories in the Nordic region with 131 stores in various formats, primarily large garden centres, but also smaller formats, located in Norway, Sweden and Finland and online via Plantasjen e-commerce. Plantasjen offers a wide assortment of plants including outdoor garden plants, seasonal plants, indoor plants, pots as well as cut and artificial flowers. Plantasjen also offers garden care products such as soil, fertiliser and lawn care, home decorations, garden living products such as furniture, BBQ's and outdoor lighting. Plantasjen generated approximately 13 million customer transactions in 2020.

Plantasjen is a Norwegian private corporation

owned by the investment company RatOS, which holds more than 99 percent of the shares.

The company is registered in Kongsvinger, Norway, where it was founded in 1985. There are two main offices from where business activities are coordinated, one in Skjetten, Oslo and one in Barkarby, Stockholm. In 2002, Plantasjen acquired the Swedish Växus store chain and re-named it to Plantagen and in 2003, the first three stores in Finland were acquired. RatOS acquired Plantasjen at the end of 2016.

Apart from sales activities, Plantasjen operates purchasing offices in the Netherlands, Sweden and Norway, logistics centres in Sweden, Norway and the Netherlands and a production unit in Sweden.

MARKET & TRENDS

The market for plants and plant accessories is deemed non-cyclical with stable underlying growth rooted in the growing interest in plants, cultivation, sustainability and home decoration. The Nordic market for plants and plant accessories has an annual growth rate of approximately 3 percent.

Underlying societal trends in the Nordic region

- **Interest in plants** and garden life is increasing, a return to natural ways of living is increasingly desired
- **Well-being** is moving beyond physical exercise, towards more focus on proximity to nature
- **Plants increasingly present** in interior design and as a natural way to elevate home decoration
- **Working from home-trend** likely to prevail with demand for home improvement continuing
- **E-commerce** continues to grow, driven in part by social distancing. New target groups and increased purchasing frequency continue, along with an increased investment by bricks & mortar players.
- **Plants and gardening is passion** for so many, hence there is a need and an opportunity for inspiration-based retail

131

Plantasjen stores in the Nordic region (Norway 75, Sweden 42, Finland 14)

1158

average number of employees in 2020 (full-time equivalents)

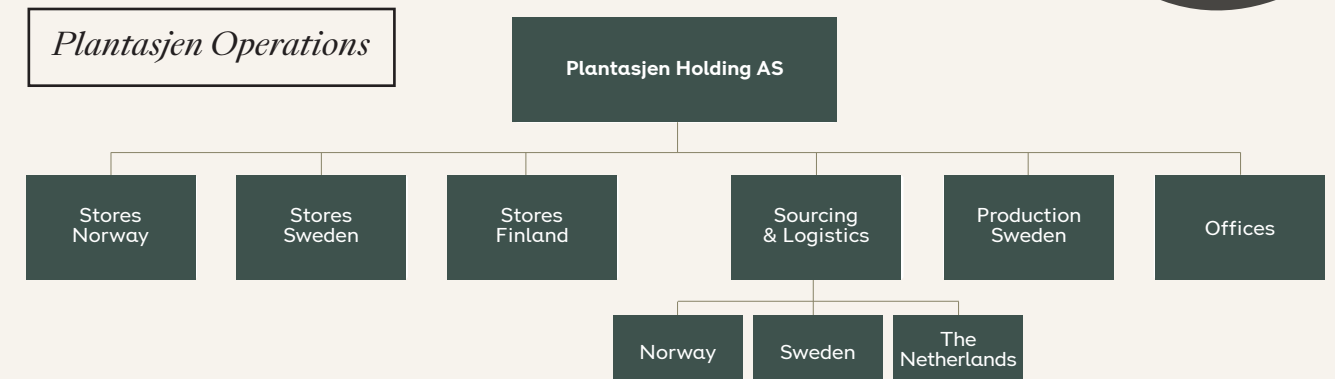
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Approximately 13 million customer transactions in 2020

455

EUR million turnover in 2020

Plantasjen Operations





BUSINESS MODEL AND STRATEGY

In 2020, Plantasjen put in place a new strategy to drive profitable growth. The customer experience in physical stores and online, as well as optimising internal processes, has been given more focus and Plantasjen's ambition is to integrate sustainability in this work.

STRATEGY AND RETAIL MODEL

Given Plantasjen's leading market position in the Nordics, there is further potential for growth ahead. Plantasjen's strategy is customer-centric and aims to build an omnichannel model with a service mentality that can take the company to a new level. With a dynamic customer journey focus and a new brand platform, Plantasjen will gain market share through inspiration, service and operational excellence.

GROW THE BRAND

We are guided by our purpose "for a growing life" towards achieving our vision to become "the most inspiring Nordic garden centre, bringing us closer to nature's positive energy". All brand work is rooted in understanding the consumer, to provide a clear and shared understanding for consumer needs and driving forces in each market that will allow Plantasjen to develop the offering, support and guide throughout the customer journey. The brand is also nurtured by a stronger multifunctional

co-operation within our organisation, smarter and stronger tools to support the customer journey and expanded e-commerce and digital marketing capabilities.

RIGHT FORMAT & SALES NETWORK

The customer is welcomed to Plantasjen in accordance with our customer promise "A customer meeting alive with inspiration, knowledge and tools, serving as the natural source for a growing life". A strong network of profitable stores with optimal market coverage is the backbone in Plantasjen's operations. Selectively establishing new garden centres at the right locations complements the key focus to develop existing locations and formats to fuel like-for-like growth. An upgraded store concept providing inspiration and commercial excellence aims to fuel Net Promoter Score (NPS) and drive sales growth. Optimisation of retail sales and leasing redundant space when possible will continue. Efficient maintenance and operations of our network maximises value for Plantasjen and for the world around us.

EXCELLENT CUSTOMER OFFERING

Every day is in season at Plantasjen. At the core of our offering is the widest range of living and sustainable products. Our scale allows competitive prices as well as unique products. In addition, accessories and tools for all levels of plant passion and expertise, as well as all things necessary for a growing life (indoors and outdoors), such as home decoration, BBQ, furniture and lighting, are available. Plantasjen aims to increase sales during peak

Purpose

For a growing life

Vision

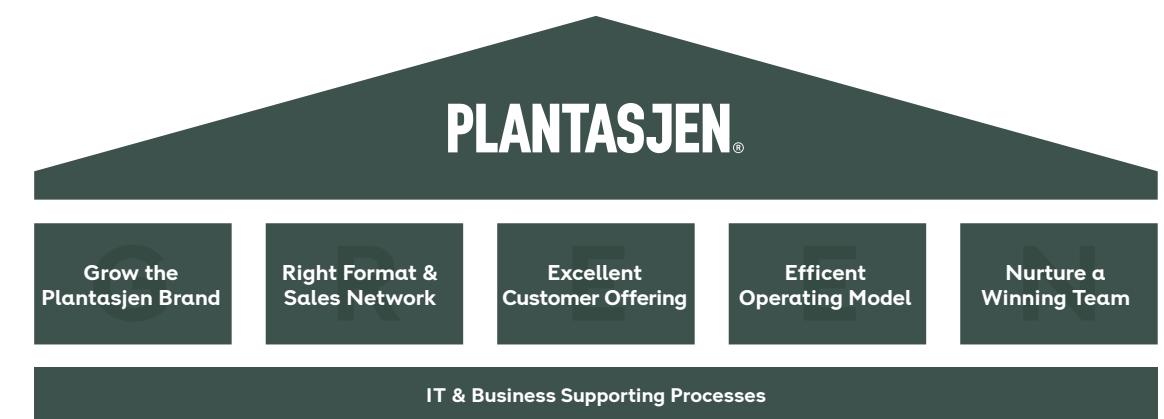
To be the most inspiring Nordic garden centre, bringing us closer to nature's positive energy.

Values

We grow together!
Clarity, Ownership,
and Joy.

Customer promise

A customer meeting alive with inspiration, knowledge and tools serving as the natural source for a growing life.



season (Q2) by offering the right assortment with high accessibility for customers in physical stores and online. To accelerate sales in the historically lower sales quarters (Q1 and Q3), the retail assortment will be further developed, the online assortment expanded and a business-to-business offering for professional customers will be launched. The online customer experience has and will be improved with simplified buying process and navigation. In first half of 2021, the aim is to launch Click & Collect with pick-up in any store across the three markets, and Home Delivery from a combination of physical stores and a centrally located e-commerce fulfilment centre.

EFFICIENT OPERATING MODEL

Efficient operations are vital to provide excellent customer service and to achieve profitable stores. The building blocks for our fundamental store operations are focused on the areas that our customers value the most, which are efficiency, friendly service, competence and simple solutions. In 2020, we have taken important steps to continuously improve our operations in the fields of internal operations and logistics flows, leveraging the power of feedback to our customer service to calibrate our operations, and significant process improvement. Becoming even better at identifying, supporting and developing store managers is imperative for Plantasjen's growth journey. Their leadership is key for success. New leadership programmes provide store managers with necessary tools and insights to operationalise our company culture and values - both fundamental for an organisation with decentralised responsibility and an entrepreneurial spirit.

“Supporting and developing store managers is imperative for Plantasjen's growth journey. Their leadership is key for success.”

NURTURE A WINNING TEAM

The Plantasjen team members are key to achieve our new strategic priorities. That's why our company will strive to empower our co-workers and continue the cultural journey with learning and development as core ingredients. Plantasjen's values – Clarity, Ownership

We nurture our winning team through three principal areas:

ATTRACT We aim to attract employees who share our values and have the passion to grow our business.

RETAIN We foster an inspiring and performance-driven culture where we celebrate our achievements and assume our responsibilities as employer to maintain a sound, healthy and balanced working environment.

DEVELOP Our training and leadership programs support business needs and ensure personal growth and motivation. We develop talents of the future.

and Joy – are central to our company's development of the customer meeting, of our co-workers and in guiding Plantasjen's actions in our day-to-day operations.

PRODUCTS

Plantasjen's product offering is the foundation for our business and the core of Plantasjen's purpose “for a growing life”. The assortment is built on a number of categories, all connected to a growing life. To name a few, Plantasjen stores offer perennial plants, seasonal plants, trees, green plants and cut flowers. To make caring for plants easier and to support an enjoyable garden life, Plantasjen also offers a wide selection of soil, gardening equipment and accessories including garden furniture. The assortment of products is comparable, but not identical, in our three countries to allow for local adaptation.

It's important that products meet our requirements and that both production and handling are carried out in the best possible way. Every product we include in our assortment is carefully selected and quality controls are conducted according to routine sampling before and upon arrival at our stores.

CUSTOMERS

Everyone is welcome to Plantasjen, both to our physical stores and online. Many are interested in gardening and plants and appreciate having a beautiful home to decorate both indoors and outside. Many of Plantasjen's customers appreciate a life in harmony, living more in bal-



ance with nature and they consider sustainability to be important. The total number of customer transactions in our three markets in 2020 was approximately 13 million.

CO-WORKERS

During 2020, the average number of FTEs was 1,158 (1,031). The majority of our employees (92 percent) work in Plantasjen's stores and the remaining staff work in our service offices. The gender distribution is 70 percent women and 30 percent men. Due to the seasonal character of our operations, the number of employees fluctuates during the year with a peak in Plantasjen's high season in the spring and summer (+22 percent).

SUSTAINABILITY

Plantasjen, with its core operations within plants and plant accessories, strives to integrate sustainability into our business practices and priorities. Plantasjen's aim is that our products should have a positive impact on human well-being and on biodiversity. Plantasjen's sustainability work focuses on social sustainability, scrutinizing actors in our supply chain and increasing operational efficiency in Plantasjen's stores, transports and offices. A prerequisite for Plantasjen's long-term success is acting as a good employer in attracting, developing and retaining skilled co-workers. That's why developing our leadership is a key development area in order to drive profitable growth.



The most inspiring Nordic garden centre

Together, we aim to develop the most inspiring Nordic garden centre, and we've already come a long way.

I have been CEO of Plantasjen for nearly a year now. We have a fantastic organisation with co-workers who possess the passion, the expertise and the drive to create an operation that is in tune with our zeitgeist. Together we aim to develop the most inspiring Nordic garden centre, and we're already well on our way.

There is a swelling tide in our society to invite nature into our lives. This is supported by a growing interest for our environment and nature, and spurred by the curiosity in many cases to rediscover earlier generations' knowledge about nature. At Plantasjen, all customers, regardless of knowledge level or ambition, should feel that they receive the inspiration, knowledge and tools to succeed with their projects.

Running an operation like Plantasjen is very special, since a large part of our offering is living things that make us feel good. The inherent power of this is something our co-workers and I bring to work every day, and that we in turn wish to pass on to our customers. We have chosen to sum this up in our customer promise that reads "a customer meeting alive with inspiration, knowledge and tools, that make us the natural source for a growing life". Whether you meet Plantasjen in our physical stores or online, you should feel that a life amongst plants is a growing life.

In reaching our vision to become the most inspiring Nordic garden centre, everything starts with placing our customer at the very heart of our operation. An ambitious improvement program has accelerated during the year to change our customer offering, our way of working, our organizational structure, and our flows of products, activities and information.

Amongst these improvement programs, none is more important than identifying and developing the right store managers. With strong leaders throughout our network, our store employees and gardening experts have the right guidance and atmosphere to provide customers with inspiration, knowledge, and the right tools to succeed. And when our customers succeed, so do we.

I am genuinely proud of the results and the fantastic work that our team has been able to achieve during the year. Our first priority each day has been the health and safety of our team members and our customers, and despite the reigning circumstances our co-workers have been prepared to safely serve our customers practically every day of the past year. We hear every day from customers sharing their stories about the joy that caring for their homes and gardens has brought them during this past year, and our customer dialogues indicate that the surging interest we've seen for plants and gardening recently will stay with many as lasting hobbies and habits.

I want to send a big thank you to all co-workers for the passion and knowledge you have brought to work every day to make 2020 possible. To all customers who have entrusted us with your confidence during the past year, we welcome you back in 2021. Our entire organization is striving to make sure that every day is in season at Plantasjen, and that we everyday help fuel a growing life.

Attractive market

Plantasjen plays in an attractive market with stable underlying growth and future potential. The interest in plants and the desire to live close to nature keeps on growing.

Plantasjen plays in an attractive market with stable underlying growth and future potential. The interest in plants and the desire to live close to nature keeps on growing. We believe there's an opportunity for a more passionate and less transaction-driven, more customer-focused operator to develop the market. That operator is Plantasjen, and to realise our potential we have implemented our new customer-centric strategy. We are committed to reach our goals through the following strategic areas: growing the Plantasjen brand; establishing a sustainable network of up-to-date stores; crafting a winning customer offering; implementing an efficient operational model; and nurturing our winning team.

When it comes to our customer offering, we like to say that every day is in season at Plantasjen. This is our way of extending our normally strongest sec-

ond sales quarter into a strong year-round offering. We will increase sales by offering the right assortment with high accessibility to our customers in stores, physical and online, by building a better assortment for all quarters of the year, by expanding our online assortment and by developing a B2B offering for professional customers. Plantasjen will manifest this in an offering with the industry's largest assortment of living and sustainable plants, accessories and tools for all levels of interest and expertise, all things needed for a life among greenery indoors and outdoors, and an exciting offering of smart garden solutions that will shape the future of caring for plants. Connecting this offering to our community and customer club will create value to our customers and to Plantasjen.

For 35 years, Plantasjen has with passion and expertise supported the growing number of gardeners and plant enthusiasts that make Nordic homes and gardens come alive and flourish. The growth of this interest, to which we hope and believe Plantasjen has made a contribution, has also entailed an extension into new customer segments. Through studies of buying patterns, in combination with feedback from our current customers, we have been able to gauge what each respective category expects from us and how we can facilitate the customer journey. We look forward to continue inspiring an even greater number of people in the years ahead.

“For 35 years, Plantasjen has with passion and expertise supported a growing number of gardeners and plant enthusiasts”

Erik Johansson, CFO





For a growing life

We want to bring people closer to nature's positive energy and be the natural source for a growing life.

Everyday we welcome an inspiring mix of customers to Plantasjen, each with their own ambition level when it comes to plants and plant care: some seek to lose themselves in pottering about in the garden, while others want to elevate their interior decoration with plants, and a third may desire their own homegrown food ingredients. Whatever their starting point, our goal is to bring people closer to nature's positive energy. If we can inspire more people to live a life with and among plants, we believe all of us will be better off. Because a life closer to plants and plant care is a growing life.

The foundation for our strategic framework developed in 2020 is the belief that the customer should be at the very heart of everything we do. To turn this belief into a winning business approach, we have gone back to rebuild, starting with understanding the consumer. Those who are Plantasjen customers today, but equally important of course those who are either not in the business of buying our products at all, or who choose to do so from someone other than Plantasjen.

This work has inspired us to redesign the Plantasjen customer interface in virtually every aspect. Our brand platform, while deeply rooted in the strengths and legacy of Plantasjen and therefore familiar to our team members, is new and raises the bar for what we want to achieve as a group and who we want to be to our customers. It changes how we speak, how we look, and how we act. This revamp is being rolled out as we speak, in communication, in company values, in store concept and offering, and we look forward to continuing to evolve into the most inspiring Nordic garden centre that brings people closer to nature's positive energy.

Taking a look at how we want to meet our customers, we have the widest Nordic store network vs our competitors and a core offering of great quality that is compet-

itively priced. Our greatest pride is naturally our team members in stores and customer service, who use their experience and training every day to inspire our customers to succeed with their projects.

However, the customer journey begins long before the customer enters our stores. We have rebuilt our marketing organisation to be able to design for and attract customers along the entire journey. Our teams have strong expertise in brand & communication with both strategic and operational perspectives; significantly strengthened capabilities in digital; store concept development; CSR; customer service; corporate communication; as well as our internal agency team. We partner with both sizeable network agencies in media and creative, as well as agile niche partners. Our expectation is a smart data based approach combined with a no-ego open style interface. This allows us to move fast and have fun creating the right customer experience.

At the end of the day, the customer needs, habits and desires we get to work with at Plantasjen are simply beautiful. We are just at the beginning of our journey towards a truly customer-centric business. With a clear purpose in mind and a compelling vision to achieve, we look forward to bring to life a customer meeting that at every touchpoint is alive with inspiration, knowledge and tools, making us the natural source for a growing life.

“We are just at the beginning of our journey towards a truly customer-centric business”

Peder Clason, CMO

Our customer promise:

That we everyday deliver a customer meeting alive with inspiration, knowledge and tools, serving as the natural source for a growing life.

Every day is in season

The better we inspire, assist and correctly expose the right goods at the right time, the better our customers' experience – and our business – will be.

At the heart of retail is succeeding in the customer meeting. We are no exception. Plantasjen should be the natural source for a growing life through a customer meeting alive with inspiration and knowledge. The better we inspire, assist and correctly expose the right goods at the right time, the better our customers' experience – and our business – will be. Another important aspect of retail, notably for Plantasjen, is operating our stores in harmony with the demographic development and variation in seasons. Every Plantasjen store is a unique entity given its catchment area and unique customer base, but the core and the overall brand experience should still be unmistakably Plantasjen.

We have a saying at Plantasjen: every day is in season. To us, change is natural, and we work purposefully to develop new product categories and offerings. Staying relevant to a demanding customer base means we must continuously be fresh and attractive through low-, high- or mid-season. For some time we have focused our work on ensuring the foundation in our operations – our store network. Store managers and regional managers have discussed and challenged each other over the question; what does Plantasjen look like when it's perfect? We arrived at the conclusion that we run a specialized store network selling goods that really mean something to our customers.

The first thing a customer should feel during a visit, is that he or she is entering a garden. It's fresh, well cared for, and well stocked up and the meeting

with plants and staff feels inspiring. Where we used to be satisfied with exposing articles shoulder-to-shoulder, we now show how the plant actually works and how it should be treated to truly show itself to best advantage. We expect every customer to have a question that needs to be addressed by us and that every customer needs to be seen and offered a warm welcome.

We work a lot with the quest for inspiration and how we can offer this to our customers. Key to providing inspiration is knowledge, which is why we continuously work to further improve our leaders' and co-workers' competencies. At Plantasjen Business School, we train all co-workers in fundamental plant knowledge and customer treatment, which we combine with frequent shorter courses and trainings, such as the arrival of the upcoming year's first new plants.

The following on the job training, working alongside our more seasoned employees and gardeners, is a business school in its own right.

Ensuring we recruit and train the right store managers and give them the ownership to run their stores is key. Store managers equipped and empowered to coach their teams to deliver on our customer promise every day is both a great asset, and a source of pride for us at Plantasjen.

“We run a specialized store network selling goods that really mean something to our customers.”

Jørgen Lislerud, COO

Josefin Westerlund,
Logistics Manager
Plantasjen Farsta

Let customers decide

To us, it has always been important to let customers decide what they want and for us to provide a wide and carefully selected range of alternatives, with high accessibility and good value for money.

Today, Plantagen has the widest assortment of plants and plant accessories in the Nordic markets including products for garden life such as equipment and furniture. It's the result of a product strategy based in anticipated as well as current customer needs and desires. To us, it has always been important to let customers decide for themselves what they want and for us to provide a wide and carefully selected range of alternatives, with high accessibility and good value for money.

Traditionally, Plantasjen's peak season has been concentrated to the second quarter of the year, but now we are developing new categories for the remaining quarters. In previous years we've launched new products once a year, whereas now, if there is something new and interesting to add, every week is launch week. Our ambition is to make sure every day is in season. Our ongoing ambition is to be number one within plants and offer a good, better, best concept in different price categories. Simultaneously, we develop our basic offering and add an extended product range, an example being a customer who sees plants more as furniture and interior design details after reading about an olive tree in a rustic urn in a home decoration magazine.

E-commerce has accelerated as a result of the pandemic, but one factor that has made our industry a relatively late starter in e-commerce is transportation of plants, which is complicated and cannot be handled

haphazardly. We now have a competitive solution in place offering both plants as well as the most important complementary gardening products such as pots, garden care products, garden furniture and gardening tools. Our plan includes Click & Collect in all stores over all three markets based on the respective assortment in each store. Home delivery will be offered in selected stores

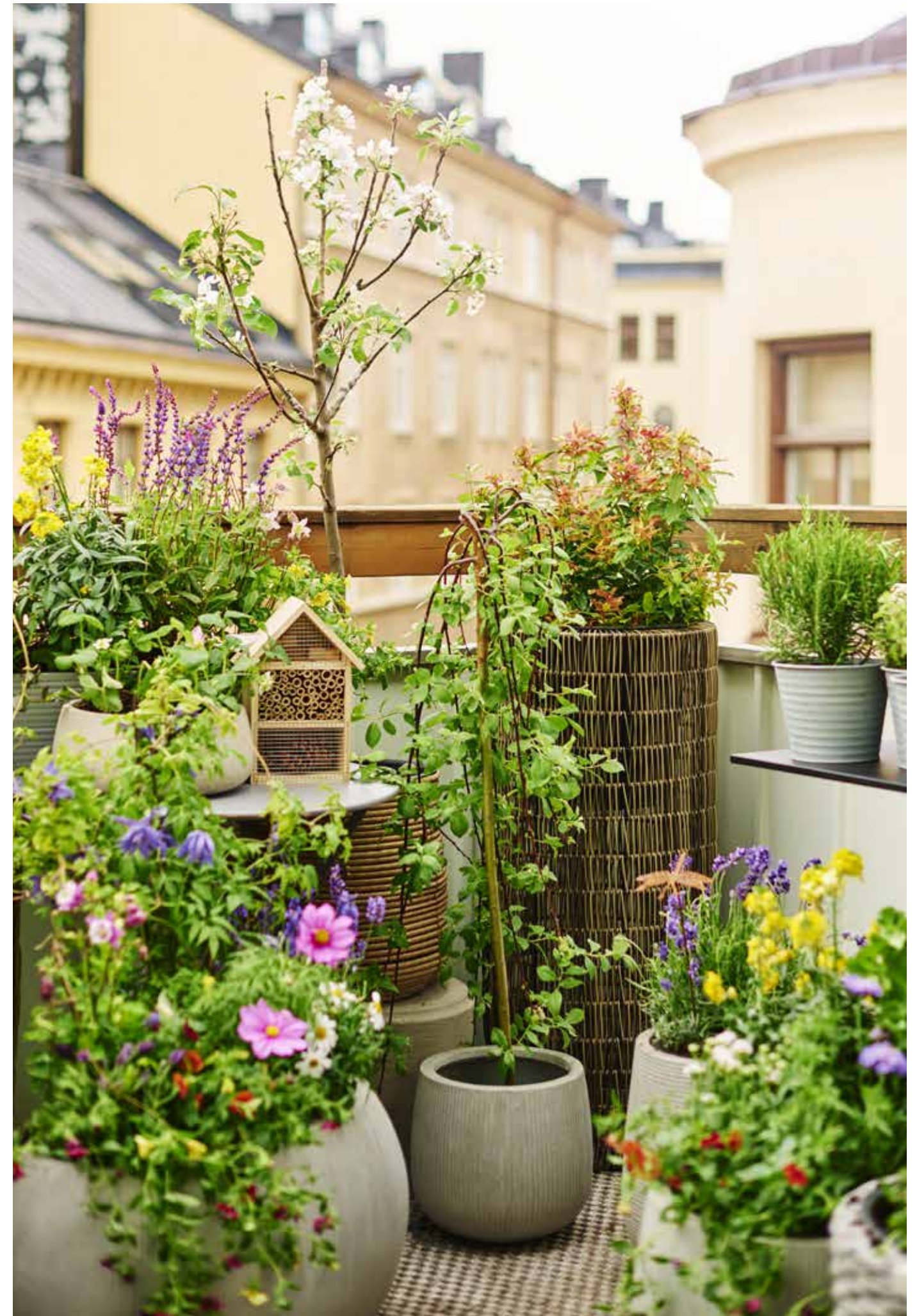
and from a centralized e-commerce fulfilment facility to customers in Sweden and Norway. The online shopping experience has been improved with a simplified buying process and navigation, improved product descriptions and clear customer information during the entire customer journey.

The ambition is that the customer should be able to make a purchase seamlessly across any channel, whenever they want and, over time, to become the most inspiring Nordic garden centre - also online!

Another interesting business area for Plantasjen is to expand our market share within the business segment, where we target offices, hotels, schools and hospitals. The opportunities to add best in class e-commerce and B2B offering to our existing product offering, gives us lots of positive energy and drive into the future.

“The most inspiring Nordic garden centre – also online!”

Jesper Lien, CPO





Engaging spaces

Plantasjen aims to be a destination that engages all senses; a space where customers want to dwell and feel a longing to revisit.

Plantasjen aims to be a destination that engages all senses; a space where customers want to dwell and feel a longing to revisit. Now that we start creating the most inspiring Nordic garden centre, it will manifest itself in how we shape our stores and present our product offering. In the new store concept we are implementing, we move towards a more inspiration-based shopping experience where customers, starting with their own vision, can see the project they envision for their garden or living space come to life.

We are replacing the traditionally pre-determined customer route with a more open store layout where customers can move freely and explore on their own. We use different "specialities" to create thematic rooms for example for everything that involves indoor plants. This is where we demonstrate possible combinations of plants and pots rather than presenting each product category on its own. Another speciality can focus on seeds, tools and everything that is suitable to life in the outdoors. It's easier for customers to touch and handle the products, to be inspired and to see what they can combine in a relaxed, inviting and warm atmosphere, while the improved view across the whole store, indoors and outside, makes it easier to find and shop what you are looking for. All three parts - product exposure, inspiration and service - are balanced to be equally important.

In the pilot projects where we to date have tested our new concept, we can clearly see that customer satisfaction is up. Our new open store concept makes it easier for our team members to assist customers, to share expertise and help customers dare to take the leap. We are creating a store experience and environment where there are natural spaces for pausing. This is in part a service to our customers, a place where they can rest, pause and reflect, but also a space where our employees can interact with customers and build relations. Most important to us as well as to our customers is to create an experience, an interesting store and a fantastic meeting. The impressions and scents of living plants and soil evoke inspiring emotions from head to toe, which I believe we are really succeeding in capturing.

"The impressions and scents of living plants and soil evoke inspiring emotions from head to toe, which I believe we are really succeeding in capturing"

Karin Hultgren, Concept Development Manager

Leadership is key

Successful retail is human-driven and revolves around clear leadership. That is why it's paramount, and a mantra in everything we do, to develop our leaders.

Plantasjen's core values:

mindset and framework for how to achieve our vision:

WE GROW TOGETHER!

CLARITY

We make it easy to be a customer at Plantasjen

Our message and offering is easy to understand and our processes are smooth to follow

As co-workers, we have clear expectations on each other

We work together to reach our shared goals for Plantasjen

OWNERSHIP

We all feel responsible for making customers and co-workers thrive at Plantasjen

We are curious and seek solutions bringing us forward, both in business and our development

We act on what needs to be done to make the entire operation run smoothly

We keep our promises and help each other succeed

JOY

We always greet our customers and co-workers with a smile

We are proud to be a part of Plantasjen

We share our knowledge and passion to help our customers and each other succeed

We all contribute to a positive atmosphere with room to try new things



Viktor Kendel
Store Manager
Plantasjen Bromma
Josefin Westerlund
Logistics Manager
Plantasjen Farsta

“Plantasjen's co-workers stay longer. This bears witness that our co-workers are living their interest in plants while working for us”

Ragnhild Dahl-Berge, CHRO

The business of selling plants and all things associated is a balancing act - it requires the efficiency of volume retail on the one hand, while on the other requires we ensure time and resources for highly specific plant expertise in our stores. This puts extra emphasis on our ability to build and to make the most of our competence, but also on our culture and coherence. Plantasjen's new core values, “clarity”, “ownership” and “joy” are easily understood by everybody and are tightly linked to our new brand platform. This is what we perceive our customers want from us and therefore these are also the qualities a Plantasjen co-worker should have. They also shape the starting point in developing our leaders, in clarifying responsibilities and mandates and in offering more co-workers an extended responsibility to meet our customers' expectations.

To be clear, a co-worker at Plantasjen must know how to handle the cash register, know where the lawn mower is and at the same time also be able to answer whether a plant can be planted in a particular type of soil or not. This is an extensive extra dimension and a service that our customers receive through our gardeners, but also through all of our co-workers. This puts our leadership to the test. A Plantasjen store manager must know how to motivate and activate our co-workers to deliver the best customer meeting every day. Leadership means a lot to how well our stores deliver and leadership in our world has become close to synonymous to “entrepreneurship”. Taking ownership for your store in a complex and demanding role is by and large to independently be managing director for your unit and simultaneously act as HR manager, accountant and head of operations.

At Plantasjen, our co-workers stay longer, on average nine years in Norway, six years in Finland and five years

in Sweden. This brings stability to our stores and bears witness that our co-workers are living their interest in plants while working for us. The average age is also relatively high compared with other retail, approximately 40 years, which reflects that our operations are relatively complex and demand a high level of competence. To help our co-workers reach the required competence level as fast as possible and to absorb the Plantasjen culture, we have worked purposefully with co-worker journey, career paths and a comprehensive training programs. Last year, we completed 25 000 e-learning courses in anything from micro courses on how lawn mowers and barbecues work to more extensive courses in customer service. In 2020, a new leadership program was introduced to Plantasjen's store managers, regional managers and selected key functions at the service offices.

To underscore the importance of our leaders being in the field to meet our customers together with our co-workers, rather than dedicating too much of their time to administration, we renamed our head office to service office and implemented a substantial organisational change to ensure clear roles and responsibilities. Building a winning team involves creating clearly defined roles, responsibilities and mandates and HR's role is to facilitate the everyday for our store managers and store employees to make it as simple as possible.

Successful retail is human-driven and revolves around clear leadership. That is why it's paramount, and a mantra in everything we do, to develop our leaders with particular emphasis on store managers. They have great impact on our entire organization and a good result is a consequence of good leadership.

Information in real time

We, like many of our competitors, come from an infrastructure with too many IT systems. We have now completed a minor revolution with focus on speed and our customers

We, like many of our competitors, come from an infrastructure with too many IT systems. We have now completed a minor revolution with focus on speed and our customers. Our new resource planning system (ERP) and our new data warehouse (DPH) handles and integrates Plantasjen's functions within finance, order, purchasing, supply chain/warehouse and reporting, with everything practically operating in real time. Plantasjen now has a state of the art IT platform to build on. As the world keeps spinning in real time, so must Plantasjen and with the new systems vital business information is generated, such as sales- and goods management, direct to store in five to ten minutes. This process previously required 24 hours. Today, Plantasjen operates approximately 500 mobile units in store, tomorrow we will have 2 000 units in our co-workers' pockets. This way, we can make decisions faster while our customers get access to updated and adequate inventory in each respective store in real time on the web.

Plantasjen's IT system is ready for the next step in digitalisation and the journey ahead involves linking information from various systems to meet our own and our customers' need for an overall viewpoint. For our customers, this could imply linking product information with care instructions and food recipes. With image recognition, it will be possible to identify for example an apple tree and thereby access relevant advice for care-taking. Customers also want to tend to their gardens via systems from Plantasjen with deeper care instructions and a customized garden calendar. One exciting and viable application would be using plant sensors to enable our customers to monitor plants in their home. The plant can speak up when it's time for watering, when nutritional levels hit a sub-optimal low or when the plant

needs to be placed in the shade. These domestic gadgets can make life easier for plant-owners and will become a natural part of the digital development of smart homes.

Enriching internal data with external data to make better decisions before an event actually occurs is naturally an interesting prospect. Connecting local weather reports will enable us to monitor local market conditions down to zip code levels. This would empower us with real-time expert advice to our customers which could be, for example, "the ground frost will endure over the weekend, here are our tips for helping your plants stay healthy". Internally we will get access to valuable management information to sharpen our marketing efforts or guide deliveries of relevant products, in proper quantities, at the right time. This marks the beginning of a new and exciting chapter in retail. When we start managing our operations based on weather forecasts, we will be less vulnerable to weather while our customer offering grows stronger, which in turn will build trust and ambassadorship.

"Plantasjen now has a state of the art IT platform to build on. As the world keeps spinning in real time, so must Plantasjen"

Olav Fyldeng, CIO

Plantasjen's IT system

is built to manage current and future digital development and it consists of three principal areas

FUNDAMENTAL BACKBONE

- Financial and operations management
- Purchasing and supply chain
- Recruiting and human resource management
- Data warehouse and reporting
- Sales systems and payment solutions
- Product information

BUSINESS INTELLIGENCE FOR COST AND REVENUE OPTIMIZATION

- Purchase planning and monitoring
- Distribution optimization
- Campaign, price and discount planning
- Store planning and product placement
- Wastage management

CUSTOMER TOOLS AND SERVICES FOR A GROWING LIFE

- Solutions already in place
- Innovations to come





“While we can achieve progress within our own operations, real change and impact is reached by working with others”

Malin Bjurvald, Sustainability Manager

The power of together

Sustainability is about making economic, environmental and social factors work hand in hand and the industry we’re in manifests itself with all its opportunities to make a positive impact.

Sustainability is about making economic, environmental and social factors work hand in hand and the industry we’re in manifests itself with all its opportunities to make a positive impact – plants can generate both utility and well-being. To Plantasjen, sustainability is vital and should permeate our entire operation. That’s why a new sustainability strategy has been developed as an integral part of our business strategy.

Sustainability is a lasting megatrend and we as a company need to understand and adapt to a changing world. In our practical sustainability work, we balance what we want to achieve with what is expected by our stakeholders. There are risks to manage as well as new and sustainable business opportunities to explore.

At Plantasjen, we have identified a number of issues connected to the UN Sustainable Development Goals where we as a company can have a positive impact and an opportunity to create shared value. On our to-do-list, we have already checked numerous sustainability initiatives with anything from a deposit fee system for pots to more sustainable alternatives in our assortment and initiatives to support pollinating insects. It is important to us as a company to follow every step of the way from selection of products, to production, to freight, to customer information, to ad-

vice on how a plant is best cared for, to reuse and composting. While we can achieve progress within our own operations, real change and impact is reached by working with others. By co-operating with our customers, we can really make a difference. We want to raise awareness and simplify making active choices by truly including our customers in being part of the solution.

For a number of the UN Sustainable Development Goals, we have identified areas where we will manage our impact. This applies, for example, to energy consumption, the protection of human rights, emissions related to transport, warehousing and routines for the best possible treatment of plants while they are cared for by Plantasjen. This is where we launched a successful initiative to reduce retail plant shrinkage. However, since the most successful sustainability efforts include finding new and sustainable business opportunities, an important part of this initiative is also to salvage and sell plants that may have seen better days, but still can grow strong with a little extra tender love and care.

In the following pages you can read more about three areas where we believe Plantasjen specifically can have a positive impact. These are well-being with plants, climate-smart gardens and biodiversity. We hope that with this we can inspire you to take an active part in Plantasjen’s sustainability work and create interest in acting more sustainably in your everyday life.



Together we can make a difference

Every customer meeting is an important opportunity to engage and activate, raise awareness and inspire, inform and guide our customers to more sustainable choices.

The aim of Plantasjen's sustainability work is to create value for our customers, our owners, society and the environment. We have identified three areas where we specifically can have a positive impact relating to the UN Sustainable Development Goals (SDGs): well-being with plants (SDG 3), climate smart gardens (SDGs 6, 12 and 13) and biodiversity (SDG 15).

At Plantasjen we have the capacity, the expertise and the products, but to contribute to sustainable development our customers are key to unlock the potential. The following pages provide a few examples of areas where Plantasjen can make a difference together with our customers, and have a positive impact on both people and planet.

UN SDG's in focus for Plantasjen



Our vision is to create the most inspiring Nordic garden centre, bringing us all closer to nature's positive energy.

WELL-BEING WITH PLANTS

There are many ways to invite nature, and they all have important health benefits.

Plants have a positive effect on our well-being. Taking a walk in the park, spending time in the garden or on the balcony, or simply placing a plant on your desk all contribute to our well-being. The positive effects of nature and plants, both physically and mentally, are supported by science. While the forest hike offers physical exercise, plants also emit oxygen to the air we breathe. Indoors, at home and in office spaces, plants can improve air quality, reduce stress, sharpen our ability to focus and spur creativity. Nature simply makes us feel better, whether we spend our time out in nature or invite it into our homes. Tending to the garden serves an important health function and gardens possess unique characteristics that make them especially beneficial to our health. If you don't have access to a whole garden, as little as one plant in your home will still grant you positive effects.

FINDING OUR WAY BACK TO NATURE

During the recent pandemic, more of us have chosen to find new energy in nature and in our gardens. Spending time outdoors and surrounding ourselves with green-

WAYS TO INVITE NATURE

from tulips to hydroponic food

PURE PLEASURE

Invite nature into the home and let it send out positive vibes. A bouquet, a green plant or vibrant flowers can spread joy and happiness in every home.

PLANTS FOR BEGINNERS

Lacking a “green” thumb should not stop from inviting nature. We guarantee that our customers’ potted green plants will work their magic for at least twelve months as long as they are nurtured sufficiently.

HOMEGROWN ORGANIC FOOD

Growing organic food at home has at least two positive effects on well-being – cultivation and consumption. Discovering the products of photosynthesis together with children is invaluable. Learning that sunlight helps the leaves capture carbon dioxide from the air and turn it into something edible is a fantastic way to discover and appreciate nature. At Plantasjen we see a meaningful task in helping our customers experience the joy in cultivating edible plants at home. One shouldn’t have to be an expert to engage children in learning about nature. We also take pride in offering simple solutions, such as hydroponic cultivation, as a method for growing plants without soil, using nutrients dissolved in water. A hydroponic system allows for growing a micro garden in the kitchen window.

INVITE NATURE

“Shirin-yoku” is Japanese and it means “forest bath”. To wander, without a specific purpose, among trees and plants and take in nature with all senses. A growing number of people have discovered the beneficial effects on their well-being from being outdoors and surrounding themselves by nature. At Plantasjen we want to enable people to invite nature in and experience the well-being of plants in their home and garden, no matter the size. Nature is bursting with life that fills us with energy and promotes well-being. Whether our customer is one of our many plant- and garden experts, or simply loves fresh cut flowers, there is a myriad of ways to invite nature up close, and they all have health benefits.

ery have become more popular ways to support our well-being as they offer physical activity, relaxation and stress relief in a safe environment.

In the latest edition of Plantasjen’s annual Plant Trend report, we can read about how gardens across the Nordic region have become more of an oasis in times of trouble and turbulence, and how green spaces have become a salient sanctuary for people experiencing stress in their everyday lives. It seems the Covid-19 pandemic has spurred a closer relationship with green spaces. And importantly, as our trend report also revealed, almost half of the Norwegians, Swedes and Finns we’ve talked to say they will continue to spend more time outdoors or in their gardens once the pandemic is over.



There are many ways to invite nature, and they all have important health benefits.

CLIMATE SMART GARDENS AND GREEN SPACES

There is a carbon capturing device made for every home, garden and balcony. It's called a plant.

Every effort we make for the sake of the climate, big or small, is valuable. There is much that can be done in a garden to capture carbon, reduce water consumption, minimise transports, increase resilience and let the biological diversity thrive. At Plantasjen we strive to help out, whether our customers would like to start composting, plant seeds to harvest food from their own soil, or select resilient and insect-friendly flowers for their balconies. Climate concerns are also in focus in our operations, for example, energy use and recycling in stores. In 2020, more than half of all our stores reduced prices on damaged plants with the aim of finding them a buyer, rather than throwing them away, hereby reducing waste. We continue to share ideas on how our customers can save plants.

LESS IS MORE

Planning a garden in a climate smart way often means doing less while letting nature do more. Think about it; by doing less work, less watering, less fertilising and less transports, nature will give back more energy, more flowers and more time to enjoy it all. One example of a climate smart garden is the “rewilded” garden. By simply letting a corner of a lawn grow longer, you save water and energy while also supporting biodiversity. A neatly cut lawn is a monoculture that requires a lot of water and fertiliser and it also prevents other plants and flowers from flourishing in the garden. Plantasjen has knowledgeable gardening experts in our stores and, since 2020, also on our customer service team. Our gardening experts are happy to offer professional advice in selecting the most suitable plants for any type of garden or green space.

WORK WITH NATURE

By working with nature, you can easily improve your soil quality with your own compost or use natural fertilisers and bio char. Plant ground covering plants to prevent weeds and carbon loss from the soil. Choose larger plants that capture more carbon and plants that are best suited to each location, with better resilience and less need for care and water, which brings more energy back to both customer and nature.

There are many things that can be done. For instance, peas, beans and clovers replenish the soil with the nitrogen needed for next season’s plants. Autumn leaves left under shrubs become new soil, while creating small habitats for overwintering insects. Patches of bare earth should be covered with organic material such as grass clippings, fallen leaves, straw or hay to inhibit weeds from rooting, and to slow down water evaporation. Working with nature and sharing know-how with each other are two great ways to achieve a climate smart garden.

REUSING AND REDUCING

At Plantasjen we work continuously to reduce our use of plastics in order to promote more sustainable gardening. Some of Plantasjen’s plants can be purchased in pots that



can be returned for reuse. There are biodegradable pots made from sunflower seed shells which disintegrate in the soil. Plastic nets around bird seed balls? Gone. Our DuraOcean garden chair is manufactured from recycled marine waste. We continue to expand this assortment.

WATER HARVESTING AND WATER EFFICIENCY

Here in the Nordic regions, our gardens are at times drenched in fresh water. However, fresh water is a scarce and precious resource in other parts of the world and, due to climate change, droughts will become more frequent even in our relatively cool climate. Anyone who tried gardening in the summer of 2018 will remember how the punishing heat wave left our gardens as dry as dust. We need to care for our planet and use fresh water carefully. There are many solutions, big and small, that can help us save water and use it more wisely..

Water barrels with taps make it easy to harvest water and use when needed. Self-watering bulbs help individual plants replenish on their own. A micro-drip irrigation system is more convenient and efficient than traditional watering with a sprinkler or hose. Whatever size the green space, Plantasjen can help our customers care for it with the planet in mind.

THE JOURNEY TOGETHER WITH OUR CUSTOMERS

Even the smallest garden or green space can be part of the solution to our climate challenges. At Plantasjen, we know that plants and products can help improve biodiversity, capture carbon dioxide, make water usage more efficient and contribute to our customers' well-being. We are determined to bring nature and our customers closer together and help them make a difference. We see a significant potential to stimulate the growth of climate smart gardens and green spaces, and we will keep testing new ideas and concepts on the journey we intend to pursue in the coming years together with our customers.

GOOD FOR POLLINATORS

Plantasjen has had an ongoing dialogue with customers and experts about the urgent need to support bees and other pollinating insects.

We experience a large and growing interest in supporting biodiversity, wild bees and pollinating insects. We will continue to develop products that help pollinators that do so much good for us and for nature. We all depend on pollinating insects to set food on our tables, and we must be able to rely on stable ecosystems and a sustained level of biodiversity. Quite a lot needs to be done and we at Plantasjen want to encourage and support efforts made by our customers in their gardens and green spaces.

PARTNERSHIP TO SUPPORT POLLINATING INSECTS

In order to expand the support for pollinating insects, Plantasjen initiated a partnership with Pollinate Europe/ Pollinate Sweden, a network founded in Sweden in 2017

with the aim to raise awareness and knowledge about the situation for solitary bees, bumblebees, honeybees and other pollinators. Using expertise from Pollinate Europe/ Pollinate Sweden on Plantasjen's customer-centric platform, we aim to have a positive impact through raising awareness and being part of the solution to support pollinating insects.

WHICH PLANTS ARE BEES ATTRACTED TO?

Finding plants that are particularly attractive to pollinating insects has been made easier. All Plantasjen's customers need to do is look for our bee icon. The "Good for bees" labelled product range has been carefully selected by our gardening experts with support from Pollinate Europe/ Pollinate Sweden. Flowering plants such as lavender and other herbs enrich biodiversity and are excellent choices to support bumblebees – among others – who thrive on its long, tubular flowers.

STAND UP FOR BIODIVERSITY

Letting the lawn mower rest is one of many things one can do to enrich the multitude of pollinating insects in the garden. Lawns are monocultures and pollinating insects prefer natural, varied, high grass allowed to grow wild into flowery meadows. A first step is to start small in a corner

of the garden. A summer meadow demands less energy from both muscles and mower; plus, it's more resilient to drought. The Plantasjen product range includes meadow flower seed mix that's perfect for bees and a special seed mix that is cherished by ladybirds.

Many herbs, such as mint, oregano and thyme, are adored by pollinating insects. These are plants that will bring the buzz of bumble bees during summer evenings. Herbs are fragrant, flowering plants that are excellent choices for Plantasjen's customers who want to make a difference at home and good news for bees living in the garden's vicinity. In addition, a vast majority of Plantasjen's range of herbs is organic.

”Many herbs, such as mint, oregano and thyme, are adored by pollinating insects”



Today, wild bees are struggling to find a place to call home.

BUILDINGS FOR BEES

As in the case with lawn mowers versus rewilded gardens, making a lesser effort can actually attract more species of pollinating insects. Today, wild bees are struggling to find a place to call home. The shortage of proper living environments is one of many reasons to why the number of solitary (single living) wild bee species is plummeting. For our customers, it's easy to make a small effort that makes a big difference. Tutorials on our website show ways to build a cosy home from twigs and sticks or buy a readymade insect hotel in one of our stores. Leaving a tree stump to slowly decompose forms another wonderful home for pollinators.

POLLINATION SCHOOL

On our websites, children and curious adults can download the Pollination School developed in cooperation with Pollinate Europe/ Pollinate Sweden. It's a 35-page printable leaflet packed with images, illustrations and facts to inspire and encourage learning about the important role of pollinating insects and what we can do to help them thrive.

Across kindergartens and schools, we have spread an initiative where we hand out seeds and products made for planting together with children. Through this initiative, we want to let children experience growing food and appreciating nature. Along with the planting kits, Plantasjen has provided preschools with craft books that present planting and pollination in a playful way, and schools with digital educational material on pollination.



Sustainability

In this section we report on our progress on material topics during 2020.

Strategy, materiality and stakeholder dialogue

UNIQUE POSITION TO MAKE A POSITIVE IMPACT ON SOCIETY

Our business strategy sets our ambition: to become the sustainability leader within our industry. For good reasons: sustainability is important to many of our customers, our employees care, and we know that sustainable development can bring new business opportunities.

What is unique for Plantasjen is that we have the opportunity to create a significant positive impact on people and the environment by joining forces with our customers. By working together, we can improve human health both physically and mentally, combat climate change and improve biodiversity. We call our three focus areas Improve well-being with plants, Empower climate-smart gardening and Support biodiversity. For more details, please go to pages 35–39.

During 2020, a new sustainability strategy has been developed, which outlines our direction going forward. The strategy has two main parts: what we are aiming to do together with our customers to make a positive impact and what we need to do to manage potential negative impacts in

ENGAGING WITH STAKEHOLDERS

Stakeholder expectations change over time and, consequently, our selected material topics will increase or decrease in importance as well. Plantasjen continuously seek inputs to challenge and validate stakeholder perspectives through a wide range of channels and to follow trends and developments in the markets in which we operate.

During the last years we have gathered input for our sustainability work and the materiality analysis in diverse ways. The owner perspective on sustainability is communicated regularly and was confirmed in an interview 2018, which focused on sustainability priorities. That same year, our employees and customers were asked to provide their input in a sustainability survey. In 2019, stakeholder interviews were conducted with two of Plantasjen's banks and six selected suppliers.

In 2020, we have reached out to key sustainability experts in Norway, Sweden and Finland to understand more about the current sustainability agenda. Together with stakeholder inputs from e.g., customer surveys, we have decided to make a few adjustments in our materiality matrix and to adjust the wordings of some topics to be more aligned with the questions we have asked stakeholders over the past years. Other valuable input on sustainability, trends and customer insights has been achieved through Plantasjen's yearly trend report as well as customer segmentation.



our business and supply chain. For example, employee health and safety, energy consumption, protection of human rights, emissions from transports and reduction of waste are topics that are affected by our business activities and need to be managed. We illustrate, to the left, how our strategy is connected to supporting the UN sustainable development goals.

Stakeholders and dialogue channels



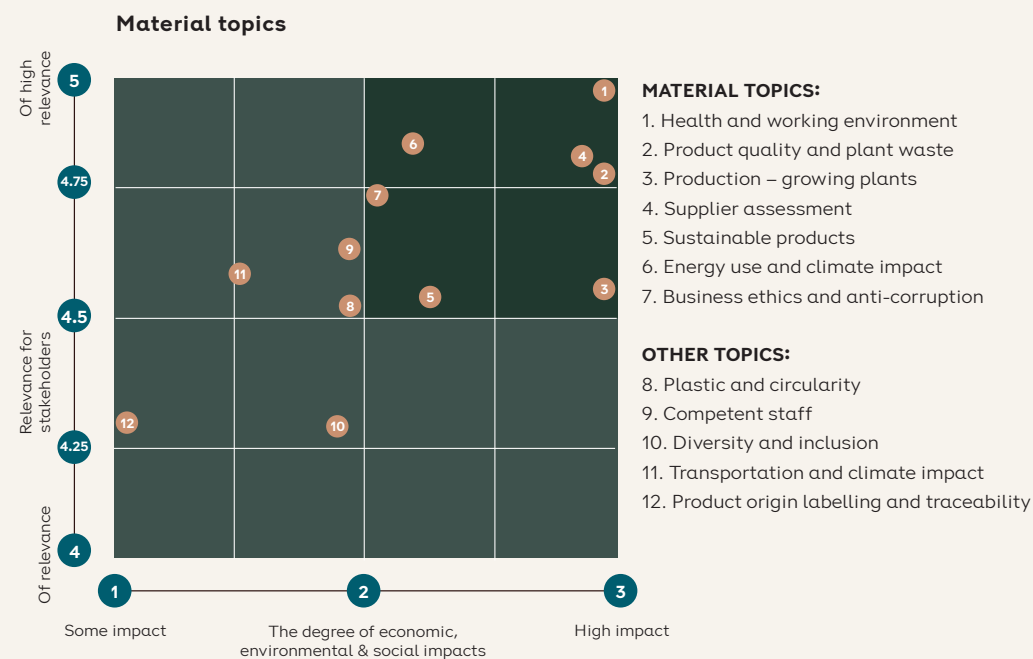
*Specific activities on stakeholder dialogue during 2018 to 2020

MATERIALITY ASSESSMENT

In 2020, we revisited the materiality analysis performed in 2018. Based on input from expert interviews, we updated the materiality analysis, which was then validated by the Plantasjen management team.

The most significant changes are that Health and working environment, Energy use and climate impact, Transportation and climate impact, Plastics and circularity, Diversity and inclusion as well as Product origin labelling and traceability have become even more important.

One purpose of the materiality analysis is to set the right priorities for our sustainability work going forward. Another purpose is to decide which material topics to report to stakeholders. Plantasjen's material topics are mapped in accordance with the GRI Standards materiality principle, using "Relevance for stakeholders" and "The degree of economic, environmental and social impacts" as assessment parameters.



SUSTAINABILITY RISKS

Sustainability risks include a variety of topics within the fields of environment, social and employee matters, human rights and corruption. Plantasjen's definition of sustainability risks is "risks related to the potential negative impact our company's activities can have on people and the environment".

At Plantasjen, the Board of Directors is responsible for internal control in accordance with applicable

laws and regulations. The management team has an annually recurring process to review key risks and the efficiency of risk mitigation actions. The risk assessment is presented to the Board of Directors.

In 2021, a more holistic approach to company risk will be taken. It will cover material financial topics that influence enterprise value, as well as topics material to the economy, environment, and people.

TYPE OF RISK	SIGNIFICANT RISK	DESCRIPTION	MITIGATION
Environment	Climate change	Significant sources of emissions include energy use to operate stores, transportation, and production of goods.	Implementation of energy efficiency measures and energy monitoring systems in stores. Measures for more efficient logistics and evaluating low-emitting transport alternatives. In 2021, we will further deepen our analysis of Scope 3 emissions relating to production of plants and other products.
	Plant shrinkage	Slow sales on perishable articles lead to low inventory turns. This can in turn bring risks of further sales decline and perished stock, which results in waste of resources and a larger climate footprint.	Systematic work to reduce waste, with particular focus on plant shrinkage. Review ordering and shipping routines. Improve routines for handling products in stores. Conduct customer surveys to measure perceived product quality.
	Chemicals	Chemicals can be present in all steps of the value chain. In non-plant products, chemicals are sometimes used as a raw material or processing aid. For plant products, chemicals are sometimes sprayed to control pest and weed. In stores, chemicals such as plant protection are sold.	Chemical restrictions list as part of general agreements with plant suppliers. Residue analysis testing of dry goods.
	Biodiversity	Management of invasive species is important to secure that undesirable plant species are not spread. Peat is a raw material that is present in many soil products. The use of peat could have potential negative impact on both biodiversity and climate change.	Internal routines and education on invasive species. Continuous work to exclude high risk plants. Adding peat-free products to the soil range.
Social and employee matters	Health & Safety	Due to Covid-19, health and safety have risen and will remain high on our agenda to keep both employees and customers safe.	Measures in stores include improved hygiene and cleaning routines, protective equipment, floor markings and signage to help visitors maintain safe distancing, and routines to manage the number of people in stores. Contingency planning for preparedness to changes in national guidelines related to the pandemic.
	Working environment	Business strategy renewal in 2020 leading to organisational restructuring and new ways of working. Increased risks of stress and heavy workload.	Increased focus on information sharing with monthly town hall meetings. Leadership Forum initiated in 2020 to allow for leadership trainings across functions, locations, and levels. In 2021, relocation for Stockholm-based office employees to improve workplace satisfaction, and to foster inclusive behaviour and collaboration.
Human rights	Discrimination	Unethical behaviour connected to gender or other grounds of discrimination.	Code of Conduct, External Whistleblowing System and Routine for Handling Allegations of Discrimination.
	Human rights in supply chain	Risk of indirectly violating labour rights and human rights in supplier or sub-supplier workplaces.	Social sustainability audits in risk countries. Supplier Code of Conduct included in General Purchasing Agreements.
Corruption	Fraud and corruption	Exposure to unethical behaviour or corruption is both a direct and indirect risk when purchasing and transporting goods.	Code of Ethics, Anti-Corruption Policy, Whistleblowing System, Supplier Code of Conduct.

Customer offering

PRODUCT QUALITY AND PLANT WASTE

High product quality is one of our most material topics. High quality products have a positive impact on our business as they generate satisfied customers, while reducing the number of returns and complaints. Products that are not up to par with our quality standards can lead to a higher negative impact on the environment and to financial losses for our business.

Our competent staff nurtures the plants in our garden centres to make sure they thrive until they are sold. The high percentage of gardeners and gardening experts working in our stores ensures quality care for all plants that we hold at Plantasjen.

Our experts also provide customers with information and guidance on how to properly care for plants, trees and seeds, so that they will flourish once they are sold.

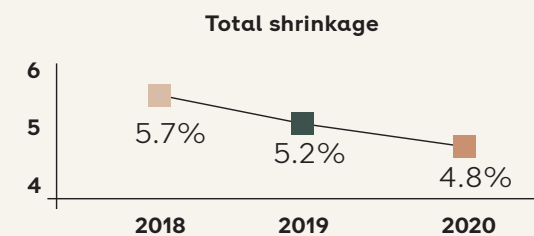
Once the plants, trees or seeds are in our customers' homes or gardens, we continue to give support. Our customer service received more than 27 000 calls and nearly 55 000 emails during 2020, many of which involved questions about how to care for plants. We also provide tools, tips and tricks in our customer universe (online and in social media) to ensure the longevity of our products. In our customer sur-

veys, we often ask customers to assess their perception of the quality of our plants as a new way of measuring perceived product quality. In 2020, 74 percent¹ of our customers agreed that our stores have high-quality products.

Shrinkage

As in any retail business, and despite our best efforts, Plantasjen has products that we can't sell either due to damages, low quality or lack of customer demand. Plants in particular are highly seasonal and some products have a short lifespan by nature, such as cut flowers and Christmas trees. Shrinkage is unfortunate, both for the environment and for our business, which is why limiting shrinkage is a key focus area for Plantasjen.

In 2020, we have continued to limit shrinkage through a range of initiatives, such as optimising ordering and logistics, updating routines for improved caretaking of plants and follow-up, selling damaged plants and raising awareness among employees



¹Survey among 67 804 customers that are members of Plantasjen Loyalty Club.

about the importance of reducing shrinkage. Between 2018 (our baseline year) and 2020, we have managed to reduce shrinkage by 16.5 percent – a result that surpassed our original target of 8 percent. The improvements we have made in 2020 relate to improved routines and higher sales, both of which make it easier for us to keep our products fresh.

For 2021, we will continue to keep our focus on plant shrinkage, frequent follow-ups as well as involving customers in saving plants.

SUSTAINABLE PRODUCTS

Sustainability is an overarching trend in society and an increasing number of consumers are striving to make conscious choices while they do their gardening and shopping. Providing our customers with more sustainable choices is an ongoing effort at Plantasjen, and besides offering standard products we want to offer more sustainable alternatives, such as products made from recycled plastics, organic products or locally produced products. Our sustainable product offering will grow during 2021, in line with our ambition. For example, rugs and cushions made from recycled plastics will be added to our range in 2021.

Locally produced products require less transportation and are thus more climate friendly. In 2020, we have continued our

drive to source more of our plant products from the Nordic countries. Hence, 96 of our 293 plant suppliers are based in the Nordic countries and most of these also operate in the country where we sell their products.

Lastly, items that support more sustainable ways of gardening, e.g., products for composting and smart use of water, are also increasing in Plantasjen's range. Read more about climate-smart gardening on pages 37–38. In the same chapter, you will find more information on our "Good for Bees" assortment, which Plantasjen has developed to help pollinating insects thrive.

The growing interest from our customers for more sustainable products has spurred Plantasjen to introduce more organic (labelled EU Organic, KRAV or Debio) and Fairtrade-certified products in our stores, and to guide our customers to select pollinator-friendly plants. Some of the highlights from 2020 are:

- Organic products now make up 3.4 percent of our plant range
- "Good for Bees" plants now make up 9.4 percent of our plant product range

Plantasjen's ambition is to grow both these numbers further.

Environment

ENERGY USE AND CLIMATE IMPACT

During the year we have focused our attention on improving energy performance in our stores, by launching new initiatives while implementing our ongoing projects further in more stores. Heating systems running on fossil fuel oil are continuously being replaced with new energy source alternatives at a steady pace. In Norway, we have completed this transfer to gas, bio-oil, district heating or electricity substitutes. We pursue our progressive installation of energy monitoring systems and modern LED light concepts now brighten up more of our stores to improve energy efficiency.

A remarkable achievement in the past year is the way we've managed to control, optimize and lower temperatures in a number of our stores, by virtue of new energy monitoring systems. This measure has reduced the amount of energy used for heating, yielding lower climate impact from our stores, lower energy costs and better well-being for our plants. Also, customer satisfaction has improved due to better temperatures in stores.

A new initiative this year will be mapping the potential of replacing forklifts running on diesel with electric dittos.

In 2020, Plantasjen used 22 percent less energy than in our base year 2018. We thereby fulfilled and passed our target for 2025 – to reduce energy usage by 20 percent – ahead of plan. The lion's share of this increased energy efficiency is derived from the measures we've invested in over the past two years. To some extent, the mild winter of 2020 also reduced our need for energy to heat our stores. Lastly, the closing of a number of stores in 2020 brought a further reduction of our total energy consumption.

CO₂ emissions from energy usage (electricity, heating and direct fuel consumption) were 20 457 metric tonnes, compared to 23 867 in 2019.

*From 2021 onwards,
all the electricity
we purchase to supply
our stores will be
renewable*

Plantasjen Energy Consumption

Type of energy consumed	Total consumption per type 2020 (MWh)	Total consumption per type 2019 (MWh)	Total consumption per type 2018 (MWh)
Total fuel consumption from non-renewables	5 868	7 080	9 475
Total fuel consumption from renewables	2 905	3 440	3 224
Electricity green label	2 712	3 948	970
Electricity residual	39 272	42 981	48 248
District heating	23 459	34 320	33 607
Total energy consumption	74 215	91 769	95 524

Plantasjen CO₂ emissions

Category	Total emissions 2020 tCO ₂ e (metric tonnes)	Total emissions 2019 tCO ₂ e (metric tonnes)
Scope 1	1 217	2 143
Transportation total	225	349
Stationary combustion total	992	1 794
Scope 2	20 397	22 073
District heating total	1 427	2 404
Electricity total (Market-based)	18 970	19 669
Scope 3	8 160	8 129
Goods transportation (E-com distribution)	9	6
Goods transportation (All suppliers)	8 052	7 750
Business travel	99	373
Total emissions tCO₂e 2020 (market based method)	29 774	32 345

TRANSPORTATION AND CLIMATE IMPACT

Efficient logistics and transports are key to serve Plantasjen's network of stores in a reliable way. The efforts to level up the sustainability performance in our logistics flows have continued during 2020, and several new measures are planned for 2021. Our new logistics centre in Moss, Norway opened its doors in early 2020 and brought new possibilities to consolidate more products and better utilize transports for the Norwegian market. In 2020, we launched a pilot initiative where we import dry goods from the Netherlands by train instead of trucks. The results from this pilot initiative are satisfying and we are now investigating possibilities to further extend our transports by train.

PLASTIC AND CIRCULARITY

We have taken several measures in 2020 to use our resources more efficiently, such as reducing waste and increasing recycling, in order to reduce Plantasjen's environmental impact and bring cost savings to our business. Furthermore, Plantasjen is striving to rethink packaging solutions; both to reduce packaging material usage and to find more environmentally friendly options. Lastly, by looking at waste as raw material, we can generate new products and business opportunities.

Waste management

Plantasjen works closely with our waste handling partners in each of the three countries we operate in to find better solutions for sorting, reusing and recycling the waste generated by our activities. In 2020, around two thirds of our waste were sorted. Our main waste fractions at Plantagen are organic waste (i.e., plants, soil and the like), wood, cardboard and miscellaneous types of plastic.

However, our first step is to reduce the waste we generate in the first place. Since 2018, we have been able to reduce our total waste by 18 percent.

Rethinking packaging material

Plastics is a group of materials of high concern among our customers and in society. At Plantasjen, considering alternative packaging materials that can replace or reduce the use of plastics is an ongoing dialogue. We continuously search for and evaluate new materials with lower impact on the environment. During 2020, we have introduced biodegradable pots for a range of plants and cuttings. Besides reducing plastics,

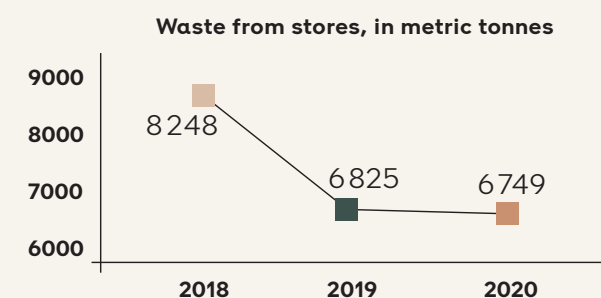
In 2021, we will continue to strengthen the sustainability dialogue with our logistics suppliers. Sustainability requirements, both social and environmental, will be strengthened in procurements and follow-ups will be improved with demands on suppliers to present sustainability action plans.

Our goal for 2020 was to reduce CO₂ emissions from air travel by 20 percent compared to 2019. This goal was fulfilled by a wide margin. However, a significant part of this reduction can be linked to the pandemic and travel restrictions.

a biodegradable pot also has positive impact on the plant itself. Since there is no need to remove the pot before planting, the root system is kept intact with no risk of being affected during planting.

Besides looking for new packaging solutions, we have a return system for plastic pots, which has been in place for more than a decade. A wide range of perennial plants are planted in a unique blue pot, which is a part of the return system. We encourage our customers to return their pots to our stores, from where the pots are shipped back to the production unit to be reused in the coming season. To further motivate customers to return these blue pots, we have offerings where the customer returns a specified number of pots and is rewarded with a perennial plant for free.

*230 000 plastic
pots were returned in
2020, compared to
159 000 in 2019*



From fruit to soil – a good example of circular economy

Together with Rscued – a juice producing company focusing on reducing food waste – we launched a new product in 2020. We call it Rescued soil, which is the result of creating value from waste. The scrap from production, including fruit and vegetables that do not meet the quality standards for juice, are composted and put in this vegan soil product. In 2020, 26 266 kg fruit and vegetables were composted and used as raw material for this soil. In 2021, we will further develop this cooperation to save even more fruit and vegetable waste.

People

Our people are Plantasjen's most valuable asset. The knowledge and skills at the very heart of our organisation are what customers meet every day. Plantasjen had an average number of 1,158 employees in 2020.

Due to the seasonal nature of our business, a great number of our personnel in stores work part-time. Thus, the total number of individuals working for Plantagen in 2020 was 2,421.

	Employees, total			Women/Men			Women/Men [%]			Permanent/Temporary			Part-time/full-time		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Stores Norway	1524	1153	1166	1046/ 478	771/ 382	820/ 346	69/ 31	67/ 33	70/ 30	1203/ 321	996/ 157	867/ 299	1271/ 253	962/ 191	960/ 206
Stores Sweden	615	557	532	448/ 167	418/ 139	396/ 136	73/ 27	75/ 25	74/ 26	429/ 186	461/ 96	391/ 141	494/ 121	367/ 190	338/ 194
Stores Finland	105	98	107	91/ 14	93/ 5	95/ 12	87/ 13	95/ 5	89/ 11	94/ 11	80/ 18	104/ 3	72/ 33	59/ 39	60/ 47
Offices, all countries	177	190	171	119/ 58	112/ 78	111/ 60	67/ 33	59/ 41	65/ 35	168/ 9	180/ 10	159/ 12	12/ 165	6/ 184	10/ 161
Total	2421	1998	1976	1704/ 717	1394/ 604	1422/ 554	70/ 30	70/ 30	72/ 28	1894/ 527	1717/ 281	1521/ 455	1849/ 572	1394/ 604	1368/ 608

HEALTH AND WORKING ENVIRONMENT

Health and safety in stores, offices and warehouses are crucial for Plantasjen. Our health and safety management system include routines and procedures such as risk assessments, fire safety and handling of equipment. The systems also include reporting of incidents and accidents at the workplace. There has been a positive trend over the past years with a decreasing number of accidents.

The health and safety management system covers all employees, and the management system is adapted to national requirements in all countries of operations. Our health and safety policies and procedures are available for all employees through our intranet.

Routines and procedures for health and safety risk assessment stem from our Working Environment Policy and our Health and Safety management system. Main responsibilities lie with HR, which is responsible for structure, training and maintenance of the Health and Safety systems and procedures. The Real Estate department is responsible for procedures covering fire safety and electrical safety. Health and safety related risk assessment procedures and activities are conducted and documented by our onsite managers. In our office locations, Human Resources (HR) is responsible for all health and safety related activities. Each manager is responsible for implementation and follow-up.

Our employees and workers are involved in working environment issues in accordance with local legal requirements. Employee work environment representatives are in constant dialogue with management concerning health, safety and other working environment issues. As an example, in Sweden we work closely with the unions and safety representatives locally. In Norway, the local safety representatives meet regularly

with the store managers. In addition, the national safety representative has monthly meetings with the HR department, and quarterly meetings with management and the union (Arbeidsmiljøutvalget). Workers can report hazards and incidents through the interactive health and safety system, where reported cases are registered and compiled by HR.

All store employees are as part of their introduction program introduced to the Plantasjen's health and safety routines. Plantasjen works closely with local occupational health services companies that provide support both in individual cases, professional support for HR/Managers and training programs. In Sweden, we provide a yearly wellness contribution for all employees to encourage them to engage in physical activities.

Accidents	Target 2025	2020	2019	2018
Norway	0	2	4	7
Sweden	0	4	3	4
Finland	0	0	0	1
Total	0	6	7	12

The number of high-consequence work-related injuries

Employee Satisfaction Index, ESI [%]	2019	2017	2015
Total	75	74	73
Leadership	76	75	73

Employee satisfaction surveys are conducted at least every two years. The latest survey was done in 2019. Satisfaction has been stable and somewhat improving since 2015, at

which point it was at 73 percent. It has since then gradually increased to 75 percent (Employee Satisfaction Index, ESI).

Employee turnover and sick leave

Plantasjen strives to be a responsible employer with healthy and well-performing employees. Employee turnover is used as an overall indicator of a healthy working environment. In total, 153 permanent employees left Plantasjen in 2020, while 125 started to work for the company. The total rate of employee turnover was 8.7 percent.

The large increase in sales has created many new job opportunities at Plantasjen. In our main markets, Norway and Sweden, our employee turnover in stores has improved compared to previous years. For office employees, 2020 has been a year with several organisational changes and relatively high employee turnover. The organisational redesign was initiated by an in-depth analysis of the organisation, where it became clear that changes were necessary to create a stronger collaboration across functions and better support to our stores.

Sick leave is systematically monitored with established routines conducted by all managers. There has been a slight increase in sick leave during 2020 compared to previous years, most likely a result of the Covid-19 pandemic. In 2019, there was a decrease in sick leave in all countries compared to 2018, also suggesting that the pandemic has had an effect during 2020.

Sick leave	2020 [%]	2019 [%]	2018 [%]
Norway	6.3	4.4	4.9
Sweden	4.9	3.6	3.7
Finland	8.7	3.4	3.9
Total	5.9	4.0	3.9

According to country specific definition of short- and long-term sick leave

Total - Weighted average, all countries

Typically, the number of employees has fluctuated depending on season, as activities intensify in spring and summer. In 2020, Plantasjen kept many temporary employees beyond the peak season to handle higher volumes and increased sales.

Total number of employees leaving Plantasjen						2020	2019	2018
By gender			By age group			Rate of employee turnover (%)	Rate of employee turnover (%)	Rate of employee turnover (%)
Female	Male	<30	30–50	over 50				
Store employees, Norway	45	21	31	27	8	7.8	9.8	8.6
Store employees, Sweden	36	12	24	22	2	7.3	9.4	12.2
Store employees, Finland	8	0	1	6	1	9.5	4.8 ¹	6.5 ¹
Office employees, all countries	10	21	1	21	9	19.4	18.6 ²	28.8 ²
Total	99	54	57	76	20	8.7	10.3	11.3

Total number of employees hired by Plantasjen						2020	2019	2018
By gender			By age group			Rate of new employee hires (%)	Rate of new employee hires (%)	Rate of new employee hires (%)
Female	Male	<30	30–50	over 50				
Store employees, Norway	14	9	12	8	3	2.7	5.6	7.4
Store employees, Sweden	56	10	21	28	17	10.0	5.4	15.6
Store employees, Finland	7	1	2	6	0	9.5	1.9 ¹	8.4 ¹
Office employees, all countries	21	7	6	17	5	18.1	10.3 ²	15.1 ²
Total	98	27	41	59	25	7.1	6.0	10.1

¹Total rate of employee turnover (stores and offices) in Finland due to separate data not being available.

²Finland not included in 2018 and 2019, as separate data for office and store personnel are not available

DIVERSITY AND INCLUSION

The gender balance in management positions is at the same level as in 2019 and almost equal, including group management. In our stores, the ratio of female/male managers is higher than in the rest of the company. On our Board of Directors, 40 percent are women. The gender distribution of all employees was 70 percent women and 30 percent men. Plantasjen has a higher average age than the retail sector in general, with a total average age for store employees of just over 40 and 38 in Norway.

Gender breakdown of managers

Women/Men 2020 [%]	Norway	Sweden	Finland
Store managers	52/48	59/41	77/23

Gender breakdown of managers

Women/Men 2020 [%]	All countries
All managers	54/46
Office managers	49/51
Group management	43/57
Board of Directors	40/60

Equal rights and non-discrimination

Plantasjen aims to be a workplace where everyone has equal opportunities to develop, regardless of age, ethnicity, gender, transgender identity, sexual orientation or religion. There is zero tolerance for discrimination, something that is systematically communicated and followed up. It is every manager's responsibility to prevent discrimination and deal with cases if they arise. Plantasjen's latest employee survey of 2019 includes discrimination and 85 percent of the respondents consider Plantasjen to be an equal workplace.

COMPETENT STAFF

Plantasjen has highly competent employees that keep developing their knowledge and skills to meet our curious customers. Plantasjen Business School is an e-learning platform and an important tool for professional development. The digital format with content in short modules makes trainings efficient and available for all co-workers, as they are accessible through computers and smartphones. We have made significant investments in competence development in 2020 and the number of e-learning modules on specific products increased from 17 to 34. Employees get acquainted with the training material during their onboarding process, including health, safety and IT systems. There are currently 34 short trainings on specific products, others on improving the customer experience but also on topics directly related to sustainability, including an e-learning module on pollinating insects and plants that are good for bees.

In January 2020, Plantasjen introduced its Leadership Program called Growing Leaders. The purpose of the program is to train all key managers to ensure that they develop their leadership skills and live the Plantasjen values. The program started with Store Managers and Regional Managers. In December, office managers were introduced to the program.

Business ethics and anti-corruption

In 2019, a whistleblowing system was implemented along with updated procedures on whistleblowing routines. The system is intended to allow employees to anonymously report incidents. There have been 10 reported cases in the whistleblowing system during 2020, none of the cases were related to corruption. All cases have been closed.

During 2020, four specific ethics and anti-corruption modules were created to become part of the e-learning platform Plantasjen Business School for 2021. The modules cover the essential parts of Plantasjen's governing policies. The training is dilemma-based with interactive content based on realistic and Plantasjen-specific scenarios.

DATA PROTECTION

Plantasjen respects and handles the personal data of customers and employees with due care. To guarantee safety, Plantasjen has a Data Protection Policy and procedures for handling potential breaches of personal data since 2018.

Plantasjen implemented a new system related to customer membership information in 2020 to further strengthen how we manage customer information according to our Data Protection Policy. Plantasjen also invested in more automated systems for identity verification to safeguard personal information when prompted for this type of information. Related to personnel information, Plantasjen has strengthened our procedures, roles and responsibilities related to on- and off-boarding of resources. In 2021, we plan to implement a new HR system to further safeguard and automate the handling of employee information. In 2020, Plantasjen did not receive any substantiated complaints concerning breaches of customer privacy or identified leaks or losses of customer data, nor employee data.

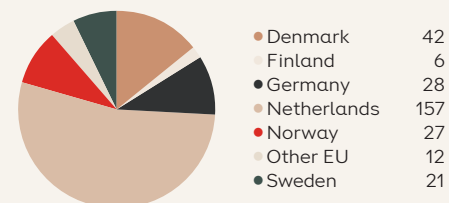
Production and supply chain

Plantasjen has two distinct supply chains: one for plants and one for complementary goods, such as gardening equipment and interior decoration. The two supply chains have different risks linked to sustainability and these risks are managed in different ways.

PRODUCTION – GROWING PLANTS

Plantasjen sources almost all plant products from Northern Europe, with a vast majority originating from Holland, Germany and the Nordic countries. Cut flowers – mainly roses – are sourced from Africa via trading companies in Europe. In total, we had 293 suppliers of plants in 2020.

Suppliers of plants



The production of plants has environmental impacts as it requires use of water, soil, energy as well as fertilisers and pesticides. Some seedlings are grown on other continents before they are brought to Europe, adding extra impact from transportation.

In terms of social impacts, there are risks linked to the use of migrant workers in suppliers' operations, working conditions and health and safety.

Number of suppliers	2020	2019*
Suppliers of non-plant products	218	228
Suppliers of plants	293	290
Total number of suppliers	511	518

*Due to our change of ERP systems (ERP, Enterprise Resource Planning), we have recalculated the numbers from 2019, which is why these figures differ from last year's report.

SUPPLIER ASSESSMENT

Sourcing from suppliers that have committed to sustainable standards is one way of reducing risk in the supply chain. The sustainable schemes within the horticultural sector are divided into Environmental, Social and Good Agricultural Practice (GAP), the latter correlating to production methods and measures for safe and healthy products. There is a wide range of sustainability schemes available on the market, among which MPS, Global GAP, Svenskt Sigill and KSL are the most frequently used by Plantasjen's plant suppliers. For roses sourced in Africa, we only purchase Fairtrade-certified products to ensure that social risks are addressed.

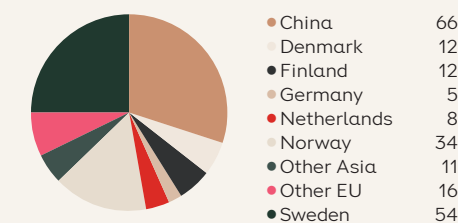
Since 2019, Plantasjen is a member of the Floriculture Sustainability Initiative, FSI. This is an international collaboration with other companies and organisations within the floriculture industry that aims to improve practices and drive positive change towards sustainable production and trade of flowers and plants. Plantasjen is working to achieve full alignment with the FSI principles.

In 2021, we aim to take significant steps with regards to responsible supply chain management, with a focus on conducting a human rights risk assessment to better understand the risks and gather information for our work going forward. In parallel to this work, we will increase our focus on suppliers also in low-risk countries to develop a systematic approach for managing potential risks related to the use of migrant workers and sub-suppliers in risk countries. Also, we will strive to align with the FSI principles in 2021 to live up to our commitment.

Complementary goods: managing impacts on the environment and people

Plantasjen sources many of its complementary products from China, India and Vietnam, and increasingly also from Europe. In general, we are working to shift production more to European suppliers over the coming years. In total, Plantasjen purchased goods from 218 suppliers in 2020, a decline of 4 percent from 2019.

Suppliers of non-plants products



The production of complementary goods entails a range of environmental and social risks. Environmentally, there are risks linked both to sourcing and production of materials such as paint, glaze, plastics, wood and metals, and to the actual production of the goods such as emissions to waters, air and soil.

In terms of social impacts, there are risks linked to working conditions, labour rights, health and safety, child labour and several human rights risks associated with both suppliers and sub-suppliers.

To address these risks, Plantasjen works with amfori BSCI (Business Social Compliance Initiative) to ensure that all our suppliers in high-risk countries are systematically and regularly reviewed through social audits. Audits are to be performed with an interval of 6 to 24 months. A social sustainability certificate (amfori BSCI or similar) is also a pre-requisite for starting up new collaborations with producers in risk countries.

In 2020, Plantasjen made changes to its set-up. We closed down Plantasjen's China office, which has previously been responsible for our sourcing from China, Vietnam and India. To ensure effective oversight of our suppliers going forward, we have partnered up with a local trading company to engage with suppliers. Our local partner conducts systematic follow-ups to ensure that suppliers live up to the amfori BSCI requirements. Going forward, we will also look for European suppliers who can replace overseas suppliers of non-plant products.

The share of suppliers and production units of suppliers in risk countries¹ that have been third-party socially audited (amfori BSCI or similar) is shown below.

Social audits	2020	2019	2018
Share of suppliers in risk countries ¹ that have been socially audited in 2020 (amfori BSCI or similar)	93.5%	83.1%	84.8%
Share of suppliers in risk countries that have been socially audited (with a valid 3 rd party social audit protocol).	96.1%	90.4%	84.8%
Share of production units (factories) of suppliers in risk countries that have been socially audited in 2020	96.6%	89.8%	81.7%

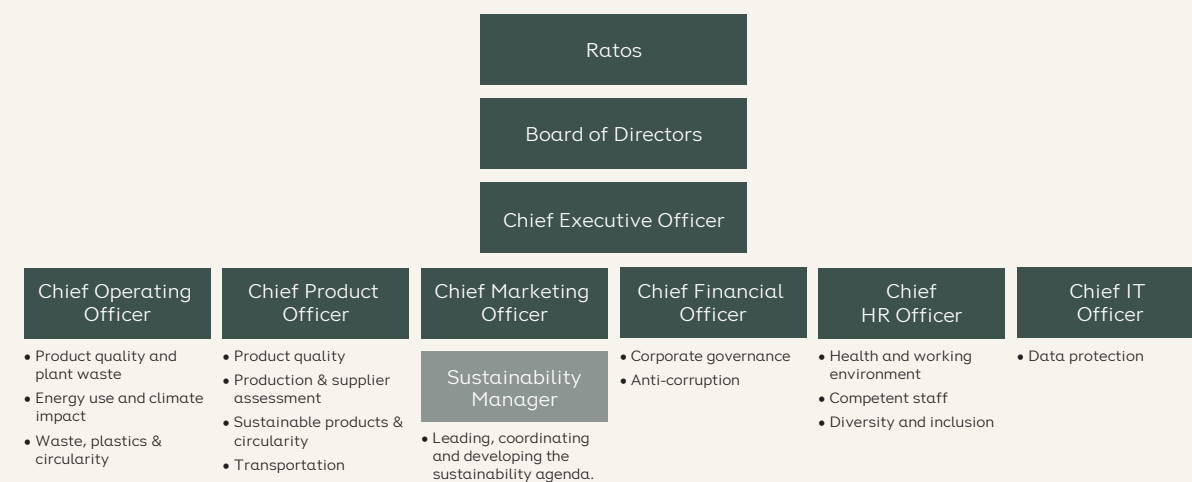
¹ Definition of risk country according to amfori BSCI, Business Social Compliance Initiative

Governance

The Chairman of the Board is, together with our Board of Directors, ultimately responsible for Plantasjen’s work on sustainability and the highest governance body. Ratos, the owner of the company, is active in directing Plantasjen’s sustainable development work as a member of the Board. An example of

Ratos’s active engagement has been the urging for systematic environmental processes, which resulted in the development of an Environmental Policy. This policy was launched in 2020 as a complement to Plantasjen’s governing policies.

Governance structure



Within the business, overall responsibility rests with Plantasjen’s CEO and Management Team. Plantasjen strives to integrate sustainability in all parts of the company. The Sustainability Manager is responsible for leading, coordinating and developing the sustainability agenda within Plantasjen. The business units are responsible for acting responsibly and continuously improving the work on sustainability.

LEGISLATION

The world around us is changing. This is also reflected in sustainability legislation, where the EU taxonomy regulation¹ is important. We have reviewed the existing objectives and activities of the EU taxonomy. Our analysis is that Plantasjen, as of February 2021, is not eligible for any of the activities listed under Climate change mitigation, nor Climate change adaptation. We are closely following the development of the framework and will evaluate the remaining objectives and activities when they are added.

¹ Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment

GRI Content Index

GRI Standard	Number of Disclosure	Disclosure	Page	Comments
GRI 102: General Disclosures	102-1	Name of the Organisation	11	Plantasjen Holding AS
	102-2	Activities, brands, products and services	10	
	102-3	Location of headquarters	10	Kongsvinger, Norway
	102-4	Location of operations	10	
	102-5	Ownership and legal form	10	
	102-6	Markets served	10	Norway, Sweden, Finland
	102-7	Scale of the organization	11	
	102-8	Information on employees and other workers	48	
	102-9	Supply chain	52	
	102-10	Significant changes to the organisation and its supply chain	53	New logistics center in Moss, Norway. Logistics center in Westerstede, Germany, closed. Sourcing office in Ningbo, China, closed.
	102-11	Precautionary Principle or approach	56	Plantasjen strives to apply a precautionary approach. Examples in 2020; – stopped sales of fireworks on all markets – organic tomato fertilizer was withdrawn from the market due to risk for containing traces of pesticides aminopyralid and clopyralid – continuous work with monitoring and handling risks for invasive species
	102-12	External initiatives	38	Good for bees
	102-13	Membership of associations	56	amfori BSCI (Business Social Compliance Initiative) FSI (Floriculture Sustainability Initiative) Virke, the Enterprise Federation of Norway Svensk Handel, the Swedish Trade Federation Kauppa, Finnish Commerce Federation The Association of Swedish Advertisers
	102-14	Statement from senior decision-maker	16	
	102-16	Values, principles, standards and norms of behaviour	12	The amfori BSCI Code of Conduct is communicated to suppliers. All employees are subject to Plantasjen's Governing Policies.
	102-18	Governance structure	54	
	102-40	List of stakeholder groups	42	
	102-41	Collective bargaining agreements	48	All employees (100%) in Norway and Sweden are covered by collective bargaining agreements. No data available for Finland as employees pay their subscriber privately.
	102-42	Identifying and selecting stakeholders	41	

All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016, unless otherwise stated.

GRI Standard	Number of Disclosure	Disclosure	Page	Comments
GRI 102: General Disclosures	102-43	Approach to stakeholder engagement	41	
	102-44	Key topics and concerns raised	42	
	102-45	Entities included in the consolidated financial statements	9	The report covers the activities of Plantasjen Holding AS and its subsidiaries.
	102-46	Defining report content and topic Boundaries	9	
	102-47	List of material topics	42	
	102-48	Restatements of information		None
	102-49	Changes in reporting	9	2020 is the first year of a combined financial and sustainability annual report.
	102-50	Reporting period	9	The report concerns the fiscal year 2020.
	102-51	Date of most recent report	57	The most recent Sustainability Report was published 31 March 2020.
	102-52	Reporting cycle	57	Annual
	102-53	Contact point for questions regarding the report		Charlotte Gjone, Communications Manager, +47 975 293 42, charlotte.gjone@plantasjen.no
	102-54	Claims of reporting in accordance with the GRI Standards	9	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index	56–59	
	102-56	External assurance	9	This report has not been assured by an independent third party. However Plantasjen's accountants have reviewed the report to secure that it meets the legal requirements regarding non-financial reporting.
	Economic standards			
	GRI 201: Economic Performance	103-1	Explanation of the material topic and its Boundary	60–62
		103-2	The management approach and its components	60–62
		103-3	Evaluation of the management approach	60–62
GRI 205: Anti-corruption	201-1	Direct economic value generated and distributed	60–62	Tax payments are not reported by country.
	103-1	Explanation of the material topic and its Boundary	51	Topic boundary: Within the organisation and through business relations with suppliers of goods sold at Plantasjen. Plantasjen's involvement: It can potentially cause directly, contribute to or be linked to via business relationships.
	103-2	The management approach and its components	51	
	103-3	Evaluation of the management approach	51	

All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016, unless otherwise stated.

GRI Standard	Number of Disclosure	Disclosure	Page	Comments
GRI 205: Anti-corruption	205-2	Communication and training on anti-corruption policies and procedures	51	a) and b) and d) and e) Communication and training of anti-corruption policy and procedures. No measurement of the number of governing body members and employees to whom the anti-corruption policy have been communicated. No governing body member or employee have received training on anti-corruption and business ethics during 2020. An e-learning training on the topic, including a monitoring system, will be implemented during 2021. c) Plantasjen communicates anti-corruption policies and procedures via purchasing agreements and follow up activities (audits of suppliers in risk countries).
	205-3	Confirmed incidents of corruption and actions taken	51	None
Environmental standards				
GRI 302: Energy	103-1	Explanation of the material topic and its Boundary	46–47	Topic boundary: Property and vehicles owned or used by Plantasjen.
	103-2	The management approach and its components	46–47	
	103-3	Evaluation of the management approach	46–47	
	302-1	Energy consumption within the organisation	46–47	The total energy consumption includes all electricity and fuel consumed in Plantasjen stores, offices, logistics centres and production unit as well as in vehicles owned or used by Plantasjen. Data on energy consumption is not available for Plantasjen's operations in the Netherlands.
GRI 305: Emissions	103-1	Explanation of the material topic and its Boundary	46–47	Topic boundary: The topic boundary for emissions are Scope 1 and 2 and goods transport and business travel from Scope 3.
	103-2	The management approach and its components	46–47	
	103-3	Evaluation of the management approach	46–47	
	305-1	Direct (Scope 1) GHG emissions	46	Data on energy consumption is not available for Plantasjen's operations in the Netherlands. Emission factors - Emission factors for fuels in transportation and stationary combustion are gathered from the well-renowned DEFRA database.
	305-2	Energy indirect (Scope 2) GHG emissions	46	Emission factors - Electricity is calculated with a market-based approach where emission factors for national residual mixes are used. - District heating is calculated using emission factors for national average values for district heating. This is due to national average data being the best available emission data which is available overall for all locations.
	305-3	Other indirect (Scope 3) GHG emissions	46	Scope 3 categories included are goods transportation and business travel. Emission data for Scope 3 are gathered from suppliers.
Social standards				
GRI 401: Employment	103-1	Explanation of the material topic and its Boundary	48–50	Topic boundary: All permanent employees
	103-2	The management approach and its components	48–50	

All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016, unless otherwise stated.

GRI Standard	Number of Disclosure	Disclosure	Page	Comments
GRI 401: Employment	103-3	Evaluation of the management approach	48–50	
	401-1	New employee hires and employee turnover	48–50	Office in Ningbo, China closed during 2020. Chinese employees (17) not included in data for employee turnover.
GRI 403: Occupational Health and Safety (2018)	103-1	Explanation of the material topic and its Boundary	48–50	Topic boundary: All employees
	103-2	The management approach and its components	48–50	
	103-3	Evaluation of the management approach	48–50	
	403-1-403-7	Management approach (topic specific)	48–50	
	403-9	Work-related injuries	48–50	
GRI 414: Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary	52–53	Topic boundary: Suppliers in risk country from which Plantasjen purchases directly.
	103-2	The management approach and its components	52–53	
	103-3	Evaluation of the management approach	52–53	
	414-2	Negative social impacts in the supply chain and actions taken	52–53	
	Own topics			
Own topic: Product quality	103-1	Explanation of the material topic and its Boundary	44–45	Topic boundary: Plantasjen's product range
	103-2	The management approach and its components	44–45	
	103-3	Evaluation of the management approach	44–45	
	Own topic	Product quality	44–45	Own indicator: Plant shrinkage
Own topic: Sustainable products	103-1	Explanation of the material topic and its Boundary	45	Topic boundary: Plantasjen's product range
	103-2	The management approach and its components	45	
	103-3	Evaluation of the management approach	45	
	Own topic	Sustainable products	45	Own indicator: Share of sustainable products of total range. Plantasjen's definition of sustainable products includes products that are certified organic, "Good for bees", Fairtrade-certified, products made of recycled materials and Ecolabelled products.
Own topic: Cultivation of products	103-1	Explanation of the material topic and its Boundary	52–53	Topic boundary: Plantasjen's plant suppliers
	103-2	The management approach and its components	52–53	
	103-3	Evaluation of the management approach	52–53	
	Own topic	Cultivation of plants	52–53	Own indicator: Share of plant suppliers with environmental certificate. No data available. In 2021, we will rework our processes and strive to align with the FSI (Floriculture Sustainability Initiative) principles.

All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016, unless otherwise stated.

Plantasjen Holding AS Directors' Report

The Board of Directors of Plantasjen Holding AS, 917 763 933, hereby submit the 2020 Annual Report for the Parent Company and the Group.

The company's activities and summary of the year

Plantasjen Holding AS is the holding company for Plantasjen's retail and wholesale plants business and was established in September 2016. The company's business is to invest in companies operating in the plants industry and companies supporting the plants business. The office of the Board is registered in Kongsvinger, Norway.

The Plantasjen Group consists of the Parent Company Plantasjen Holding AS, and its subsidiaries Plantasjen Group AS, Plantasjen Norge AS, Plantagen Sverige AB, Plantagen Finland OY, Plantasjen Source AS, Plantagen Logistik AB and Plantagen Source GmbH, together referred to as "the Group" or "Plantasjen".

Plantasjen was founded in 1986 and is today a leading retailer of plants and accessories in the Nordics (Norway, Sweden and Finland). The Group offers a wide range of plants (including outdoor plants, indoor plants and cut flowers) and accessories (such as soil, fertilisers, pots and artificial plants). In addition, the Group has expanded to adjacent categories, such as garden living products, garden equipment, interior decorations and pet supplies). In May 2017, Plantasjen acquired Saba Blommor AB, a Swedish wholesaler of plants. The company, which has been renamed Spira Blommor AB, was divested by Plantasjen in October 2019.

Plantasjen operates a network of stores with a footprint focused on key population centres in Norway, Sweden and Finland. As of 31 December 2020, the Group operated 131 (142) stores, with 75 (80) stores in Norway, 42 (48) stores in Sweden and 14 (14) stores in Finland. Sourcing is central to the Group's operations, and Plantasjen has developed a direct sourcing model with focus on quality, efficiency and innovation. Over the last few years, the Group has worked to re-focus its business on plants and accessories through a reduced range of products – but with increased differentiation in design and pricing – and through improved store layouts and new store formats which promote sales steering and enhance the shopping experience.

Following a period of weak results in 2018 and 2019, Plantasjen accelerated a transformation of the company, involving improvement of the fundamentals for increased stability and control, as well as improved profitability in the short and long term. In late 2019, the Group implemented a new ERP system,

which affected and changed many of the enterprise processes in Plantasjen. During 2020, the Group has further adapted and improved processes to further realize the potential of the new ERP system. In parallel, the Group has successfully continued to perform profit improvement activities affecting both gross margin and general cost levels.

In 2020, the Group has seen a growing increase in demand for plants and accessories. This is driven by an improved product assortment, a general shift in customer interest for plants and gardening and by the changes in lifestyle caused by the Covid-19 pandemic. Increased sales coupled with stronger gross margins and improved cost control, has resulted in Plantasjen Group delivering an all time high result for 2020.

On 25 May 2020, the former CEO of Plantasjen Olav Thorstad left the Group. On 27 May 2020, Nina Jönsson was appointed new Group President & CEO.

Financial results

Income statement for the Group

Amounts in NOK million for the period 1 January to 31 December, from continuing operations

Overview of profit and loss	2020	2019
Revenue	4,728.8	3,836.5
Gross margin	51.6%	49.2%
Adj EBITDA (excl leasing adj)	555.4	110.3
Adj EBITDA (excl leasing adj) %	11.7%	2.9%
Operating costs excl cogs	–1 867.7	–1 713.8
Operating profit	574.0	171.9
Operating profit %	12.1%	4.4%
Profit/Loss before tax	232.2	–156.5

Revenues for 2020 were MNOK 4,728.8, which is 23.5 percent higher than in 2019. The growth was driven an increase in demand in our markets compared to previous years. The like-for-like sales growth was 24.0 percent.

Gross margin was 51.6 percent in 2020, which is an increase of 2.5 percentage units compared to 2019. Operating costs excl cogs increased by 9 percent mainly due to the increased volumes and changes in foreign exchange rates.

The operating profit for 2020 was MNOK 574.0, compared to 171.9 in 2019. This increase is driven by the large increase in revenue and gross profit improvements.

Net financial items for 2020 were MNOK –341.8 (–328.4).

Profit before tax in 2020 was 232.2 (–156.5).

Balance sheet for the Group

Total assets were MNOK 6,997.9, an increase of MNOK 588.7 from 2019. The increase is caused by an increase in right of use assets of MNOK 629.3, due to renegotiated and prolonged store rental contracts. Inventories amounted to MNOK 355.1 at the end of the year, a decrease of MNOK 30.3. Cash and cash equivalents were MNOK 179.9 at year-end, which is an increase of MNOK 64.3 compared to 2019 and driven by the high results in 2020.

Total equity at the end of 2020 was MNOK 985.5 (514.0). The equity ratio in December 2020 was 14.1 (8.0) percent. During 2020 a new share issue was made in the parent company of the Group increasing the equity by MNOK 300. The injected cash was used to down pay existing interest-bearing debt to credit institutions. Interest-bearing debt to credit institutions was at year-end 2020 MNOK 1,193.5 (1,781.5). The total debt for leases was at the end of 2020 MNOK 4,037.3 (3,317.3). The increase in leasing debt is an effect of prolonged contracts, renegotiated contracts and KPI adjustment of the leases. The Group had, at year-end, unused revolving credit facility and overdraft facility amounting to MNOK 650.0 (200.0).

Cash flow for the Group

Cash flow from operations was in 2020 MNOK 1,136.0 (675.2). The increase of MNOK 460.8 is mainly driven by the stronger profit before tax. Following the implementation of IFRS16, the cash flow from operations has increased with the leasing payments affected by IFRS16 (since the leasing payments have been reclassified to cash flow from financing). Cash flow from operations, after interest payments on leases and installments on leasing liabilities, was in 2020 MNOK 586.4 (150.4).

Cash flow from investments in 2020 was MNOK –115.6 (–130.4) and was primarily related to store maintenance, expansion of the store network and IT investments.

Cash flow from financing was MNOK –1,007.2 (–518.2), affected by repayments of bank debt of MNOK –641.0 (–86.5) and installments and interest on leasing liabilities of MNOK –549.7 (–524.8). During 2020, the Plantasjen Holding AS made a new issue of shares increasing the equity by MNOK 300 which increased the cash flow from financing.

Net change in cash and cash equivalents was MNOK 13.2 (26.6).

Financial risks

The Group is exposed to financial risks in its operations: foreign exchange risks, interest rate risks, credit risks and liquidity risks.

Currency risk

A significant portion of the Group's sold goods, and some services, are purchased in foreign currencies, primarily plants from Europe in EUR and DKK and dry goods from Asia in USD. This risk is reduced through currency hedging when purchase volumes are committed. Equity in foreign subsidiaries, mainly in Sweden, is hedged through loans in SEK. Other effects from translating foreign subsidiaries to the Group's presentation currency are not hedged, but closely monitored as changes in foreign exchange rates may impact the Group's financial covenants. The Group holds also a risk related to revolving credit facilities which is partly utilized in SEK and a small credit facility for export goods from China which is held in USD.

Interest rate risk

The Group has both long-term and short-term financial debt. The interest is currently fixed to between 3 and 6 months. A change in interest rate would have impact on the Group's interest costs. As a result, the Group monitors changes in interest rates on regularly basis to be able to initiate necessary actions.

Liquidity and credit risk

The Group's exposure to credit risk is limited, as sales are essentially to the end user and payments are made in cash or by credit card directly to the Group's stores or on-line via an internet payment supplier.

The nature of the business is seasonal, with a large portion of the yearly sales taking place in the second quarter and where inventory is built up in preparation for the second quarter sales. As a result, the Group is exposed to liquidity risks, which are managed with a revolving credit facility, a multi-currency overdraft facility and trade finance facilities.

Employees

The Group had an average of 1,158 employees (full-time equivalents) during 2020 (1,031 during 2019).

The Parent Company had no employees in 2020.

The Group supports equal opportunities for women and men. At the end of December 2020, the gender distribution in the Group was 72 (75) percent women and 28 (25) percent men. On management positions the gender distribution was 54 (33) percent women and 46 (67) percent men. At the end of December 2020, 40 percent of the Board of Directors were women and 60 percent were men.

The Group strives to provide a safe and healthy working environment for all employees and the Group takes actions to prevent accidents and illness related to the workplace. The total sick leave in the Group was 5.9 percent in 2020 (4.0). The total number of work-related injuries was 42 during 2020 (16).

Environment

Plantasjen's operations have an impact on the environment. Our main environmental impacts are connected to production of products, energy use and waste in our own operations, as well as transportation of both goods and people. Read more about environmental impact in our Sustainability Report on pages 40–59.

Outlook

The Group continues to develop its existing stores and new sales channels in order to improve the shopping experience and meet new customers and competitive challenges. The product range will continue to evolve with a strong focus on plants and unique offerings. Initiatives which aim at increasing the Group's control over the supply chain and improve margins continue. With the new ERP system in place, we see a new situation where we can improve our product offering and decrease cost levels using automation and standardisation throughout most of our business processes. We see also positively on continued sales growth due to the increased interest that our customers show in our products. See also "Events after the balance sheet date" below, regarding the effects of further restrictions on society as a result of the pandemic. The business is exposed to risks relating to weather, particularly during peak season, and earnings may vary from year to year as a result.

The Board of Directors are of the view that the Group has a solid position for continued creation of strong results and value for customers and shareholders.

All forecasts regarding future financial development are connected with a high level of uncertainty.

Events after the balance sheet date

The Covid-19 pandemic continues to affect our societies. With leisure activities restricted, people are spending more time at home and devoting relatively more time to plants and gardening. While this has benefitted Plantasjen's business through 2020 and into 2021, recent restrictions on movement and trade by especially Norwegian authorities has led to the closure of several stores. The Group has taken measures to respond to this development, including to ensure that significantly strengthened e-commerce capabilities are in place in the affected areas. The impact of the store closures is by mid-March not critical for Plantasjen's ability to meet its present and future obligations.

Going concern

The Board of Directors are of the opinion that the business will continue to be profitable and deliver operating cash flow on at least the level generated in recent years, going forward. Considering the profitability, available capital and liquidity, the business' ability to generate cash and the risks associated with the operations, the Directors are of the view that the Group can meet its present and future obligations.

The Group is financed through the Company's cash flow and bank financing (senior facilities agreement and loans, a revolving credit facility agreement, and including a multi-currency overdraft facility. In addition, RatOS AB have guaranteed MNOK 400 for all of Plantasjen Group AS's bank borrowings.

The company's equity was MNOK 1,048.9 (751.2) at 31 December 2020, after testing the value of shares in group companies. The Group's equity was MNOK 985.5 (514.0) at 31 December 2020, giving an equity-to-assets ratio of 14.0 percent (8.0). Based on the above, the Board of Directors confirm that the assumption of going concern is present and that the financial statements have been prepared on a such basis.

Proposed distribution of profit

The Board of Directors propose that the Parent Company's net result of kNOK –2,236 be carried forward in the share premium account.

(Amounts in NOK thousand)

Share premium account	600,667
Other equity	270,000
Profit/loss for the year	–2,236
Total share premium and other equity	868,431
To be carried forward	868,431

Kongsvinger, March 2021

Anders Slettengren	Jacob Landén
<i>Chairman of the Board</i>	<i>Board Member</i>

Terese Åhrén	Christer Åberg
<i>Board Member</i>	<i>Board Member</i>

Hege Brandhaug	Nina Jönsson
<i>Board Member</i>	<i>CEO</i>

Consolidated Statement of Profit and Loss

	Notes	2020	2019
<i>(Amounts in NOK million)</i>			
Revenue	2	4 682.3	3 789.2
Other operating income		46.2	46.9
Profit from associated companies		0.2	0.3
Total revenue		4 728.8	3 836.5
Cost of goods sold	11	–2 287.1	–1 950.8
Personnel expenses	3	–862.6	–756.4
Other operating expenses	3, 4	–497.7	–485.6
Net gain/loss	5	–12.1	–8.6
Depreciation, amortisation and impairment	8, 9	–495.4	–463.2
Total operating costs		–4 154.8	–3 664.6
Operating profit		574.0	171.9
Financial income	6	7.2	11.2
Financial expenses	6, 15	–349.0	–339.6
Net financial items		–341.8	–328.4
Profit before tax		232.2	–156.5
Income tax expense	7	–53.8	–48.2
Profit/(loss) from continuing operations		178.4	–204.8
Profit/(loss) from discontinued operations, net of tax	20	0.0	–35.8
Net Profit/(loss)		178.4	–240.6
Profit/(loss) is attributable to:			
Equity holders of the parent company		178.4	–239.0
Non-controlling interests		0.0	–1.5

Consolidated Statement of Comprehensive Income

Notes	2020	2019
<i>(Amounts in NOK million)</i>		
Profit/(loss)	178.4	-240.6
Other comprehensive income		
Items which may be reclassified to profit or loss		
Cashflow hedges	-5.7	-2.9
Tax attributable to cashflow hedges	1.2	0.9
Net-investment hedge	-18.8	10.8
Tax attributable to net investment hedges	4.1	-2.6
Foreign currency rate changes	12.2	-12.1
Other comprehensive income, net of tax	-7.0	-5.9
Total comprehensive income	171.5	-246.5
Total comprehensive income is attributable to:		
Equity holders of the parent company	171.5	-244.9
Non-controlling interests	-	-1.5

Consolidated Balance Sheet

	Notes	31.12.2020	31.12.2019
(Amounts in NOK million)			
Non-current assets			
Deferred tax assets	7	63.1	50.2
Goodwill	8	1 588.9	1 580.3
Intangible assets	8	868.7	829.8
Buildings and land	9	175.8	165.9
Machinery and equipment	9	78.0	120.1
Right of use asset	16	3 572.4	2 943.1
Investments in associated company	10	4.1	4.0
Other non-current receivables		1.4	3.0
Total non-current assets		6 352.3	5 696.4
Current assets			
Inventories	11	355.1	385.4
Accounts receivable	12	11.5	14.2
Other current receivables	12	99.1	117.1
Cash and cash equivalents	13	179.9	115.6
Total current assets		645.6	712.9
Total assets		6 997.9	6 409.2
Equity and liabilities			
Share capital	14	180.5	150.5
Other equity		805.0	363.5
Non controlling interests		–	–
Total equity		985.5	514.0
Deferred tax	7	56.4	61.4
Pension liabilities	3	3.1	2.1
Bank borrowings, long-term	15	1 027.5	1 049.0
Leases, long-term	16	3 732.2	2 985.8
Total long-term liabilities		4 819.2	4 098.3
Bank borrowings, short-term	15	166.1	732.5
Leases, short-term	16	305.1	331.5
Trade and other payables		308.3	337.3
Tax payable	7	53.9	5.8
Accrued public taxes		107.7	100.3
Other short term liabilities	16, 18	252.2	208.8
Total current liabilities		1 193.3	1 796.9
Total equity and liabilities		6 997.9	6 409.2

Kongsvinger March 2021

Anders Slettengren
Chairman of the Board

Christer Åberg
Deputy Chairman of the Board

Jacob Landén
Board Member

Terese Ahrens
Board Member

Hege Brandhaug
Board Member

Nina Jönsson
CEO

Consolidated Statement of Changes in Equity

	Notes	Share capital	Hedging reserves	Translation reserves	Other reserves	Other equity*	Total attributable to owners of parent	Non-controlling interest	Total equity
<i>(Amounts in NOK million)</i>									
Equity 31-Dec-2018		130.5	-18.0	-13.5	466.6	435.1	565.6	-3.4	562.2
Effect of implementation IFRS 16	16	-	-	-	-8.6	-8.6	-8.6	0.0	-8.6
Equity 1-Jan-2019		130.5	-18.0	-13.5	458.0	426.5	557.0	-3.4	553.6
Profit/(loss) for the year		-	-	-	-239.0	-239.0	-239.0	-1.5	-240.6
Other comprehensive income for the year		-	6.2	-12.1	-	-5.9	-5.9	-0.1	-6.0
Total comprehensive income for the year		0.0	6.2	-12.1	-239.0	-244.9	-244.9	-1.6	-246.5
<i>Transaction with owners:</i>									
Group contribution		-	-	-	1.9	1.9	1.9	-	1.9
Share issue		20.0	-	-	180.0	180.0	200.0	-	200.0
Derecognition of non controlling interest discontinued operations		-	-	-	-	-	-	5.0	5.0
Total transactions with owners, recognised directly in equity		20.0	-	-	181.9	181.9	201.9	5.0	206.9
Equity 31-Dec-2019	14	150.5	-11.8	-25.6	400.9	363.5	514.0	-	514.0

	Notes	Share capital	Hedging reserves	Translation reserves	Other reserves	Other equity*	Total attributable to owners of parent	Non-controlling interest	Total equity
<i>(Amounts in NOK million)</i>									
Equity 1-Jan-2020		150.5	-11.8	-25.6	400.9	363.5	514.0	-	514.0
Profit/(loss) for the year		-	-	-	178.4	178.4	178.4	-	178.4
Other comprehensive income for the year		-	-19.2	12.2	-	-7.0	-7.0	-	-7.0
Total comprehensive income for the year		-	-19.2	12.2	178.4	171.5	171.5	-	171.5
<i>Transaction with owners:</i>									
Group contribution		-	-	-	-	-	-	-	-
Share issue		30.0	-	-	270.0	270.0	300.0	-	300.0
Total transactions with owners, recognised directly in equity		30.0	-	-	270.0	270.0	300.0	-	300.0
Equity 31-Dec-2020	14	180.5	-30.9	-13.5	849.4	805.0	985.5	-	985.5

*Other equity is the sum of hedging reserves, translation reserves and other reserves.

Consolidated Statement of Cash Flows

	Notes	2020	2019
<i>(Amounts in NOK million)</i>			
Cash flow from operating activities			
Profit before tax from continuing operations		232.2	-156.5
Profit before tax from discontinued operations	20	-	-35.8
Profit before tax		232.2	-192.3
Adjustment for:			
Taxes paid in the period	7	0.1	-
Gain (-)/loss (+) from sale of fixed assets	8, 9	-	26.1
Depreciation and impairment	8, 9	495.4	463.7
Non-cash effect foreign exchange		4.2	3.0
Items with non-cash effect		-1.7	0.3
Accrued interest	15, 16	300.6	287.8
Items classified as financing activities	6	41.2	41.1
Change in inventory	11	30.2	21.4
Change in accounts receivable	12	2.8	19.7
Change in trade payables		-33.9	11.9
Change in other accruals	15, 18	65.0	-7.4
Net cash flow from operations		1 136.0	675.2
Cash flow from investments			
Proceeds from fixed assets		-	1.2
Purchase of fixed assets	8,9	-118.0	-142.9
Proceeds from sale of shares			
Net cash flow from investments from discontinued operations	20	2.3	11.3
Net cash flow from investments		-115.6	-130.4
Cash flow from financing			
Repayments bank borrowings	15	-300.0	-240.0
Repayments of shareholder loans	19	-1.1	-
Repayments of trade finance loans	15	-15.1	-0.4
Net changes in revolving credit facility and overdraft	15	-341.0	153.5
Installments on leasing liabilities	16	-318.2	-323.2
Interests bank borrowings	15	-77.3	-83.4
Interests on lease	16	-231.5	-201.6
Other financial items		-17.3	-12.7
Bank fee related to refinancing of bank borrowings		-	-10.4
Repayments of loans to other members of Ratos Group		-5.6	-
Shareholders' paid-up capital	14	300.0	200.0
Net cash flow from financing		-1 007.2	-518.2
Net Change in Cash and Cash Equivalents		13.2	26.6
Cash and cash equivalents at the beginning of the period	13	115.5	73.8
Effect of foreign currency rate changes on cash and cash equivalents		51.1	15.1
Cash and cash equivalents at the end of period	13	179.9	115.5

Notes to the Consolidated Financial Statements

NOTE 1 ACCOUNTING PRINCIPLES

1.1 General information

Plantasjen Holding AS and its subsidiaries (together “Plantasjen Holding Group” or the “Group”) sell plants and accessories. The Group’s sales are made primarily from the Group’s physical store locations in Norway, Sweden and Finland.

The Group’s head office is located at Norvalds Strands veg 43, 2212 Kongsvinger, Norway. The ultimate parent of the Group is Ratos AB.

1.2 Basis of preparation

The consolidated financial statements are prepared on a historical cost basis, except for financial instruments which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.20.

The functional currency of Plantasjen Holding AS is the Norwegian krone (NOK). The Group accounts are presented in NOK.

These consolidated financial statements have been prepared under the assumption of a going concern.

As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

Presentation and classification of items in the financial statements is consistent for the periods presented, unless otherwise stated.

1.3 Significant accounting policies

The consolidated financial statements of Plantasjen Holding AS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU) and Norwegian authorities and are effective as of 31 December 2020. Plantasjen Holding Group also provides the disclosures as specified under the Norwegian Accounting Law (Regnskapsloven).

The significant accounting policies applied in the preparation of the Group’s 2020 consolidated financial statements, including all comparative figures, are given below.

1.4 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control of an entity occurs 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 day on which control is transferred to the Group. They 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 value of the assets transferred, the liabilities incurred from the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, the non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of profit or loss.

Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting principles.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of movements in the associates’ Other comprehensive income. The carrying amount of equity-accounted investments includes any implicit goodwill identified at the time of purchase.

Inter-company transactions, balances and unrealized gains/losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. When necessary, amounts reported by associates have been adjusted to conform with the Group’s accounting principles.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.5 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the individual entities within the Group 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 Norwegian kroner (NOK), which is the Group’s presentation currency.

b) Transactions and balance sheet items

Transactions in foreign currencies at the entity level are translated into the entity’s functional currency using the exchange rate prevailing at the date of the transaction. 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 profit or loss.

Currency gains and losses related to loans and cash and cash equivalents, except cash pool balances, are presented (net) as financial income or financial expense. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within Operating profit.

c) Group companies

The results and balances for all Group entities (none of them with hyperinflation) that have a functional currency different from the Group’s presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) Income and expenses for each statement of profit or loss presented are translated at the average exchange rate for the reporting period. In a period when the exchange rate fluctuates significantly special efforts are put into analysing and describing the translation effects on the profit and loss statement; and
- c) All resulting exchange differences (net) are recognized in the consolidated statement of 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.

d) Other foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in Other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.6 Revenue

Plantasjen Holding Group recognises revenue from customers in accordance with IFRS 15 Revenue from contracts with customers. The Group runs a retail chain within sales of plants and accessories to customers. Revenue is recognised at the point in time of the sale with payment upon retail sale immediately in the form of cash or by the use of payment cards. Upon selling to the end user, it is the Group’s policy to provide the customer with right of return within 7–30 days on dry goods, five days on cut flowers and twelve months on all perennial outdoor plants. The Group has a loyalty program in the form of a “Plantasjen Customer Club”.

1.7 Non-current tangible assets

Non-current tangible assets consists of machinery and equipment, as well as Buildings and land. See note 1.17 Leasing for the accounting principles for the leased non-current tangible assets. Non-current tangible assets are initially recognised at acquisition cost and subsequently measured at historical cost, less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the tangible asset. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the specific tangible asset will flow to the Group and the cost of the asset can be measured reliably. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other operating income and Other operating expenses in the consolidated statement of profit or loss.

Land is not depreciated. Depreciation on other non-current tangible assets is calculated using the straight-line method to allocate the cost less the residual value over the estimated useful life, as follows:

Buildings (owned, not leased): 5–27 years
Machinery and equipment: 3–10 years

The non-current tangible assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual 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. See note 1.9 Impairment of non-current tangible and intangible assets.

1.8 Goodwill and intangible assets

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill and trademark are calculated as the sum of the consideration and the book value of non-controlling interest and the fair value of previously owned shares, minus net value of identifiable assets and liabilities at acquisition date. Goodwill is not amortised but is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to geographical business units. Each unit to which 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 level of geographical business units.

Goodwill impairment reviews are undertaken annually at year-end or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the relevant unit including goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment of goodwill is recognised immediately as an expense and is not subsequently reversed.

Intangible assets

Acquired intangible assets are capitalised on the basis of the costs incurred to acquire and put the intangible asset into use. Intangible assets acquired in a business combination that qualify for separate recognition are initially recognised as intangible assets at their fair value.

a) Trademark

Trademark is capitalized and has an indefinite useful life and is tested for impairment annually, either individually or as part of a cash-generating unit. Trademark is not amortised as the Group is operating under the brand name “Plantasjen” and “Plantagen”. The Group continuously maintain its Plantasjen brand value through marketing efforts which management consider to be successful. The Group operates and trades using the Plantasjen brand name and continues to do so for the foreseeable future. Consequently, it is management’s assessment that the trademark “Plantasjen/Plantagen” is correctly classified as an indefinite lived intangible asset. Management reviews the trademark annually to determine whether the indefinite useful life assumption is valid.

b) Customer relations

Customer relations relates to the Swedish customer club.

The customer club consist of customers who have signed up as members. The relationships are expected to contribute positively to the future cash flow of the Group.

Customer relations is amortized over 10 years in the case of the Swedish customer club and over the length of the agreement in the case of customer contracts. See note 1.9 Impairment of non-current tangible and intangible assets.

1.9 Impairment of non-current tangible and intangible assets

Non-current tangible and intangible assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Right-of-use assets recognised under IFRS 16 are also subject to the same IAS 36 rules for testing and recognition of impairment losses. 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 cost of disposal and value in use. For the purposes of assessing an impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-current

tangible and intangible assets subject to annual amortisation are reviewed for possible reversal of the recognised impairment loss at each reporting date.

1.10 Financial assets

Classification

When an entity at first recognises a financial asset, it classifies it based on the entity’s business model for managing the asset and the asset’s contractual cash flow characteristics, as follows:

- Amortised cost—a financial asset is measured at amortised cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income (FVOCI) – financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss (FVOPPL)—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

The classification of financial assets is determined in accordance with IFRS 9 Financial Instruments and is dependent on the business model for managing the financial assets and the characteristics of the cash flows as solely payments of principle and interest (SPPI) or not SPPI. Derivative contracts are always at FVOPPL unless the contracts are designated as a hedging instrument. Management determines the classification of all financial assets at initial recognition.

- Financial assets at fair value over profit or loss (FVOPPL) Financial assets at fair value over profit or loss do not meet the SPPI criteria. For the group derivatives are always measured at fair value in the balance sheet and over the profit or loss if not designated in a cash flow hedge.

- Financial assets at fair value over other comprehensive income (FVOCI)

Derivatives designated as hedging instruments are at FVOCI. For the group derivatives designated as hedge accounting instruments are accounted for in accordance with IFRS 9.

c) Amortised cost

Financial assets are initially recognised at fair value. Financial assets subsequently measured at amortised cost meet the SPPI criteria and are managed with a business model of Hold to collect. All Group financial assets, except derivatives and the investment in associates, meet the SPPI criteria. The Group’s financial assets at amortised cost include accounts receivable and cash and cash equivalents.

Recognition and Measurement

All financial assets are initially measured at fair value. Depending on the classification it is then remeasured over profit and loss, other comprehensive income or amortised cost. Transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial as-

sets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. All financial assets in the group are measured at amortised cost except from derivative financial instruments used for hedging foreign currency effects. Derivatives financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value each reporting period. Changes in the fair value of derivative instruments are recognized in net gain/loss unless they are designated as cash flow hedge accounting instruments in accordance with IFRS 9, in which case the changes in fair value are recognized as Other comprehensive income (OCI).

Impairment of financial assets

A financial asset or a group of financial assets is impaired using the expected credit loss 3-stage model (ECL) or the practical expedient of lifetime ECL for accounts receivable in accordance with IFRS 9.

Evidence of a change in the probability of default may include indications that the debtor or a portfolio of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and/or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Hedge accounting

General

The Group has implemented hedge accounting for cash flow hedges as part of its risk management and accounting reporting procedures. The Group applies hedge accounting in regards to its hedging of future purchases of inventory in foreign currency (cash flow hedges). The Group has also implemented hedge accounting for net investment hedges in foreign currency.

The Group documents at the inception of the hedging transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis each reporting period, of whether the derivatives that are designated as hedging instruments in the hedging transactions will continue to be highly effective in offsetting changes in the cash flows of the hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge instrument is recognized in other comprehensive income (OCI) and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss as part of net financial items.

Amounts accumulated in OCI are reclassified when the forecasted transaction that is hedged results in the recognition of a non-financial asset (inventory). The gains and losses previously deferred in OCI are reclassified from equity and included in the initial measurement of the inventory. The deferred amounts are ultimately recognized in profit or loss as cost of goods sold as the inventory is sold.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately reclassified to profit or loss.

Net investment hedge

The effective portion of changes in the fair value of borrowings in foreign currency that are designated and qualify as a net investment hedge instrument is recognized in other comprehensive income (OCI) and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss as part of Net financial items.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognized in profit or loss.

The fair value of the various types of derivative financial instruments used for hedge accounting purposes are disclosed in note 17. Movements in the hedging reserve in shareholders’ equity are shown in the consolidated statement of equity. The fair value of a hedging derivative is classified as a current asset or current liability or a non-current asset or non-current liability. Derivatives not designated as hedging instruments are classified as FVOPPL and reported as a current asset or a current liability, with all gains or losses immediately recognized in the consolidated statement of profit or loss.

1.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises direct costs, import duty and freight. It excludes borrowing costs and warehouses/storage costs which are classified as Other operating expenses. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.12 Accounts receivable

Accounts receivable are initially recognised at their transaction price when the Group has an unconditional right to receive the consideration and the payment is only dependent on the passage of time. Accounts receivable are subsequently measured at amortised cost less any loss allowance. Accounts receivable are managed as held for collection and meet the criteria for SPPI. The loss allowance is based on the lifetime expected credit loss model and adjusted for market and economic conditions based on management judgement.

If collection is expected in one year or less, they are classified as current assets. If not, they are classified as a non-current asset.

1.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three-months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are included within other short-term liabilities.

1.14 Equity

Ordinary and preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases shares in the parent company, the consideration paid for such shares, including any directly attributable incremental costs (net of tax) is deducted from equity attributable to the equity holders of the parent company until the shares are cancelled, or reissued. If such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the equity holders of the parent company.

1.15 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses before the expiration date if applicable.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other in equity, respectively.

1.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.17 Leasing

Plantasjen leases properties that include both land and building elements, as well as leasing of machinery and equipment.

Identifying a lease

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

Separating components in the lease contract

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

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

- Short-term leases (defined as 12 months or less)
- Low-value assets (lower than 5 kUSD)

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). 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 recognised, initial direct costs incurred, if any, and lease payments made at or before the commencement date less any lease incentives received.

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

Lease liabilities

At the commencement date of the lease, the Group recognises 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense 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 the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group remeasures the lease liability upon the occurrence of certain events (e.g. a change in the lease term, or a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The Group presents its current and non-current lease liabilities as separate line items in the statement of financial position.

Incremental borrowing rate

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the Group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk.

1.18 Financial liabilities

Classification

Financial liabilities are classified in the following categories: at fair value through profit or loss (FVOP) or at amortised cost.

a) Financial liabilities at fair value through profit or loss
Derivatives that are liabilities are measured at FVOP unless they are designated as a hedge accounting instrument. Derivatives designated as cash flow hedge accounting instruments are shown at fair value in the balance sheet and at fair value over OCI.

b) Amortised cost

Borrowings and other financial liabilities, such as trade payables are included in this category. The liabilities are measured at amortized cost. Trade and other payables that have a short anticipated maturity are measured at nominal amounts without discount.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan 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.

1.19 Employee benefits

The company has various pension schemes, both defined contribution plans and defined benefit plans.

Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. A defined benefit plan is a pension scheme that is not a defined contribution plan. For defined contribution plans, the Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

1.20 Critical accounting estimates and judgements

Management prepares estimates and makes judgements related to the future. By definition, the accounting estimates that are made now will rarely be fully consistent with the final outcome in the future. Estimates and assumptions or conditions that represent a significant risk of material changes in the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group conducts annual tests to assess impairment on goodwill (see note 8 Intangible assets). The recoverable amount from cash-generating units is determined from calculations based on the value-in-use method. These calculations require the use of estimates.

Inventories

Plantasjen reviews the age distribution, movement in inventories, historical sales value as well as estimated future sales value in order to assess a provision for obsolescence. The calculations partly require the use of estimates.

Leases – significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise an option to renew a lease contract, considering all relevant factors that create an economic incentive for the Group to exercise the renewal. The threshold for being reasonably certain is lower than virtually certain and higher than more likely than not under IAS 37 Provisions, Contingent liabilities and Contingent Assets.

A significant portion of the Group's lease contracts are leases for retail space (buildings and attached outdoor areas). Based on an assessment of the current term of the leases before including the extension options, management has concluded that it is reasonably certain the extension options will not be exercised. This assessment will be reevaluated on a regular basis as the timing for the expiration of the extension option approaches. The lease term is therefore established as the non-cancellable lease term, which is less than the expected life of the leased assets.

When a lease contract is modified a reassessment of the lease term, contract length and the new discount rate is made. The discount rate used in such a reassessment is based on the current marginal borrowing rate for the new length of the lease contract.

The level of certainty for establishing the lease term requires a higher level of certainty than for establishing the useful life for depreciation purposes. Hence, the determination of the lease term does not affect the Group's determination of useful life of own assets determined for the purposes of depreciation charges.

Deferred tax asset

Deferred interest deductions in Norway have been recognized as a deferred tax asset in the consolidated balance sheet to the extent that is likely that these deferred interest deductions can be utilized before they expire. Based on the current plans and financial projections all deferred interest deductions will be utilized over the coming years. Certain judgement has been made when making these financial projections such as expected taxable profits and expected paid interests over the relevant time period (maximum 10 years). In Norway tax losses carried forward have been utilized to offset taxable profits in Group companies in recent years.

Tax losses in Sweden and Finland have not been recognized as a deferred tax asset. In Sweden tax losses carried forward have been utilized to offset taxable profits in Sweden.

1.21 Standards, amendments and interpretations to existing standards that have been adopted as of 1 January 2020

There are no major changes applied in the financial statements of 2020.

NOTE 2 REVENUES

In accordance with IFRS 15 Revenues from contracts with customers management analyses the revenue contracts with customers and disaggregates the revenue into the two types of sales channels: retail and wholesale. Revenue from retail sales is further disaggregated into the geographical areas Norway, Sweden and Finland. The Group have generated revenues from wholesale through the former subsidiary Spira Blommor AB (formerly Saba Blommor AB) in Sweden. In September 2019 the Group sold it's shares in Spira Blommor AB (see note 20 discontinued operations for further details). The disaggregation of revenue is shown in the table below.

(Amounts in NOK million)

Disaggregation of revenue 2020	Retail			Wholesale	Total
	Norway	Sweden	Finland	Spira Blommor AB (formerly Saba Blommor AB)	
Revenue from customers	2 779.3	1 586.0	317.0	–	4 682.3
Disaggregation of revenue 2019	Retail			Wholesale	Total
	Norway	Sweden	Finland	Saba Blommor AB	
Revenue from customers	2 311.2	1 217.4	260.6	237.3	4 026.5

Disaggregaton of revenue based on channel

In 2020 online sales represented 0.4 percent (0.2 percent) of total retail revenues.

Revenue recognition

The Group provides plants, cut flowers and plant accessories to its customers. Customers within the retail sales channel are individuals who shop at Plantasjen stores. Within the wholesale sales channel, grocery chains represent Spira Blommor's customers.

Each contract with a customer, both within retail and wholesale, consist of one or more products, and each product or batch order of the same product constitute one performance obligation, since the customer can benefit from each good or batch on its own or together with other resources already available. The fixed transaction price, which represents the stand alone selling price of each product, is separately stated for each product or batch of products within the contract.

Revenue from sales of goods to retail and wholesale customers is recognized at a point in time, when a Group entity has sold the product to the customer. Control of the good transfers immediately at the point of sale (retail in store) or delivery (wholesale). Payment within the retail sales channel is performed in the form of cash purchase, by the use of payment cards and invoicing. On-line payment is performed via internet based solution. Revenue of online sales is recognized at a point in time when the control of the good transfers to the online customer. Wholesale customers are invoiced on a regular or daily basis with payment terms of 10–35 days. A receivable is recognised for the delayed payment terms, which is included in the line item Accounts receivable in the consolidated balance sheet.

The table below shows the gross revenue total from both continuing and discontinued operations. For the financial year 2020 gross revenue from continuing operations as presented in the income statement is recognised with a total of MNOK 4682.3. In 2019 gross revenue from continuing operations as presented in the income statement is recognised with a total of MNOK 3 789.2. Loss from the discontinued operation Spira Blommor AB is presented net of tax in the income statement and further specified in note 20.

The Group's policy is to provide the customer with a right of return (on all sales independent on sales channel) within 7–30 days on dry goods, 5 days on cut flowers and 12 months on all perennial outdoor plants. As a consequence, revenue is reduced by any rebates and right to return. The right to return goods is estimated based on historical information and is accrued on a monthly basis. The liability is recognised in the line item Other short-term liabilities in the consolidated balance sheet.

Customers can also purchase gift cards. Revenue for gift cards is recognised at the point in time when the gift card is redeemed. At the point of sales of the gift card, a liability is recognised. Management estimates the expected value of gift cards that will expire unused on a monthly basis. Based on the result of the evaluation and on historical information, the amount not expected to be redeemed is recognized as revenue each month. The gift card liability is part of Other short-term liabilities in the consolidated balance sheet. As at 31 December 2020 the liability for non-redeemed gift cards was MNOK 20.1 (in 2019: MNOK 17.6).

Loyalty program

The Group offers a loyalty program to its customers in Sweden, called "Plantasjen Customer Club". Members of the customer club earn points on each purchase, for which a voucher can be reedemed. This voucher can be used in Plantasjen stores in Sweden. A liability is recognised on actual purchases, for the vouchers expected to be reclaimed before expiration. The liability for the loyalty program is recognised in the line item Other short-term liabilities in the consolidated balance sheet. As at 31 December 2020 the liability was MNOK 11.7 (In 2019: MNOK 8.9).

NOTE 3 PERSONNEL EXPENSES

Personnel expenses	2020	2019
<i>(Amounts in NOK million)</i>		
Salary expenses	664.5	577.0
Social security cost	136.4	121.5
Pension costs	38.1	35.5
Other costs	23.6	22.5
Total personnel expenses	862.6	756.4
Number of full time equivalents	1 158	1 031

Due to the pandemic in 2020 the Group had lower costs related to personnel due to changes in government compensation for sick-leave costs and generally reduced pay roll tax. These compensations are not classified as government grants according to IAS 20. The total amount received of MNOK 8.3 is distributed as follows:

Norway: Compensation for sick leave costs (0.9 MNOK), Reduced payroll tax (3.6 MNOK)

Sweden: Compensation for sick leave costs (2.5 kNOK), Reduced payroll tax (1.3 MNOK)

Finland: None.

The compensations are recognized under Other costs in note 3.

Pensions**Norway**

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act. The pension plans cover all employees and are reported as defined contribution under IFRS.

Sweden

Swedish companies are not required to provide occupational pension plans by Swedish law. However, employers covered by a Swedish collective bargaining agreement (CBA) are required to provide an occupational pension plan in accordance with the CBA. The Swedish legal entities' pension plans satisfy the requirements stipulated in the Swedish CBA. The pension plans cover all employees and are reported as defined contribution under IFRS

Finland

Finnish companies are required to have occupational pension arrangements according to the laws and rules that apply to Finland. The Finnish companies' pension plans meet the requirements according to Finnish laws and regulations. The pension plans cover all employees and are reported as defined contribution under IFRS.

The Group also has pension obligations related to employees in senior management positions. As of 31 December 2020, the Group had obligations of MNOK 12.2. The Group also had related pension assets of MNOK 9.1 and the net liability of MNOK 3.1 is recognized in the balance sheet. As of 31 December 2020, the scheme covered five employees and three former employees.

Remuneration to executive personnel						
<i>(Amounts in NOK thousand)</i>						
			Bonus and severance pay		Other benefits	
Financial year 2020		Salary		Pension		Total
Nina Jönsson	Group CEO and General Manager	2 861.3	2 452.6	818.0	37.8	6 169.7
Olav Thorstad	former Group CEO and General Manager	1 437.5	2 564.5	22.0	244.3	4 268.3
Group Management		11 319.5	4 655.0	1 012.0	271.7	17 258.2
Financial year 2019		Salary	Bonus	Pension	Other benefits	Total
<i>(Amounts in NOK thousand)</i>						
Olav Thorstad	Group CEO and General Manager	681.2	–	11.6	42.5	735.4
Christer Åberg	Group CEO and General Manager (interim)	2 212.0	–	–	–	2 212.0
Daniel Juhlin	former Group CEO and General Manager	261.5	3 553.2	758.8	–	4 573.5
Group Management		6 279.1	–	1 165.7	152.6	7 597.3

The salary of the Group CEO is determined by the Board. The salary of all member of the general management is determined by the Group CEO in consultation with the Chairman of the Board. The organizational structure of Plantasjen Group was changed during 2020 in order to get a flatter organization. The effect is that more persons are included in group management in 2020 than 2019.

Bonus is based on performance targets in Plantasjen Holding Group. The maximum size of bonus payment to the Group CEO is determined by the Board and has an upper limit of 50 percent of annual base salary. The maximum size of the bonus pay to the general management is determined by the Group CEO in consultation with the Chairman of the Board and has an upper limit of 50 percent of annual base salary.

The Group CEO has up to 6 months paid termination notice if the company terminates the employment relationship.

No loans or pledges have been given to the Group CEO, Chairman of the Board or other related parties. No share-based remuneration has been given to executive personnel or the

Board of Directors as of December 2020.

Olav Thorstad left his employment with Plantasjen Holding AS on 25th of May 2020. On the 27th of May Nina Jönsson was appointed new Group President & CEO.

Board of Directors' compensation				
<i>(Amounts in NOK thousand)</i>				
Financial year 2020		Board remuneration	Other benefits	Total
Anders Slettengren	Chairman of the Board	–	–	–
Christer Åberg	Deputy Chairman of the Board	250	–	250
Terese Ahrens	Board member	–	–	–
Jacob Landén	Board member	–	–	–
Hege Ekelund Brandhaug	Board member, employee representative	25	–	25
Kay Jilali Hoff Quaar	Employee representative	10	–	10
Financial year 2019				
Anders Slettengren	Chairman of the Board	–	–	–
Hilde Britt Mellbye	Former Chairman of the Board	396	1	397
Christer Åberg	Deputy Chairman of the Board	–	–	–
Kristine Landmark	Board member	250	–	250
Terese Svensson	Board member	–	–	–
Jacob Landén	Board member	–	–	–
Lars Åström	Former Board member	125	–	125

Auditor's remuneration

(Amounts in NOK thousand)

EY replaced PwC as the Group's auditor from the fiscal year 2019.

EY Expensed auditor fees, ex. VAT:	2020	2019
Statutory audit (including technical assistance - annual accounts)	3 409	2 114
Other audit services	–	–
Tax advice (including technical assistance corporate tax papers)	71	126
Other assistance	0	50
Total	3 480	2 290
PwC Expensed auditor fees, ex. VAT:	2020	2019
Statutory audit (including technical assistance - annual accounts)	–	2 489
Other audit services	–	80
Tax advice (including technical assistance corporate tax papers)	–	210
Other assistance	–	426
Total	–	3 205

NOTE 4 OTHER OPERATING EXPENSES

Other operating expenses	Notes	2020	2019
<i>(Amounts in NOK million)</i>			
Lease expense for low-value and short term leases	16	10.8	14.3
Electricity and heating		62.2	76.6
Other property related expenses		83.9	74.9
Advertising		113.7	114.4
IT costs		54.9	57.3
Income from subletting right of use assets		-33.5	-38.3
Other expenses		205.7	186.4
Total other operating expenses		497.7	485.6

NOTE 5 NET GAIN/LOSS

Net gain/loss	2020	2019
<i>(Amounts in NOK million)</i>		
Net gain/loss derivatives (see note 17 – Financial Risk Factors)	-14.6	6.3
Other items	2.5	-14.9
Total Net gain/loss	-12.1	-8.6

Net gain/loss consists of foreign exchange gains and losses on purchases, accounts receivable and payable, cash pool accounts related to operating companies and currency future contracts. Revaluation of financial items such as bank debt are recorded under financial items.

NOTE 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses	Notes	2020	2019
<i>(Amounts in NOK million)</i>			
Financial income			
Other interest income		0.8	5.2
Other financial income		0.0	0.9
Foreign exchange gains		6.4	5.1
Total financial income		7.2	11.2
Financial expenses			
Interest expense on leases	16	231.5	201.6
Interest expense on bank loan		69.1	86.2
Other interest expense		14.8	16.5
Other financial expenses	15	7.9	34.4
Foreign exchange losses		25.7	0.8
Total financial expenses		349.0	339.5

NOTE 7 TAX

Tax expense/(income)	2020	2019
<i>(Amounts in NOK million)</i>		
Tax payable	-59.8	-14.7
Change in deferred tax/tax asset as a result of the changed tax rate	-	-
Other items	-0.4	-
Change in deferred tax assets/liabilities	6.4	-33.6
Total tax expense/ (income)	-53.8	-48.2
Tax expense from discontinued operations	-	0.0
Tax expense from continuing operations	-53.8	-48.2

Deferred tax	2020	2019
Below is a specification of the tax effects of temporary differences and losses carried forward:		
Deferred tax		
Trademark	180.3	153.1
Other	1.6	5.9
Total deferred tax relating to temporary differences	181.8	159.0
Carrying value deferred tax liabilities	181.8	159.0
Set-off of deferred tax liabilities pursuant to set-off provisions*	-125.4	-97.6
Net deferred tax liabilities	56.4	61.4
Deferred tax assets		
2020		
Non-current tangible assets	77.0	23.3
Leasing liabilities	63.6	44.3
Inventories	11.7	4.3
Other	12.0	20.3
Losses carried forward	24.2	55.5
Total deferred tax assets relating to temporary differences and losses carried forward	188.5	210.5
Carrying value deferred tax assets	188.5	147.8
Set-off of deferred tax liabilities pursuant to set-off provisions	-125.4	-97.6
Net deferred tax assets	63.0	50.2
Non-recognised portion of deferred tax assets relating to losses carried forward	55.1	62.5

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for un-

used tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the credits. The tax rate in Norway is 22 percent, the tax rate in Sweden is 21.4 percent for 2019 and 2020 and 20.6 percent from 2021 and going forward. The tax rate for Finland is 20 percent.

Losses carried forward as of 31 December

Expiration:	2020	2019
Within one year	9.5	43.8
After one year but within two years	33.0	9.1
After two years	280.7	261.0
Unlimited carry forward period	217.3	223.9
Total losses carried forward	540.5	537.8

Reconciliation of tax expense

	2020	2019
Profit before tax (including discontinued operations, see note 20)	232.2	-192.1
22% tax	-51.1	42.3
Tax effect of:		
Difference in tax rates	0.5	0.3
Permanent differences	-30.2	-24.9
Change in non-recognised deferred tax asset	26.3	-14.9
Write-down of previously capitalised tax losses	-1.2	-44.7
Change in deferred tax/tax asset due to changes in tax rate	-0.3	-
Other/Currency	2.1	-6.4
Calculated tax expense/(income)	-53.8	-48.3
Tax expense from discontinued operations	-	0.0
Tax expense from continuing operations	-53.8	-48.2

Reconcillation of payable taxes in the balance sheet

	2020	2019
Payable tax in the tax charge	59.8	14.7
Tax effect of group contribution	-	-7.5
Taxes paid in the period	-	-1.4
Payable tax in the balance sheet	59.8	5.8

NOTE 8 GOODWILL AND INTANGIBLE ASSETS

Financial year 2019	Goodwill	Trademark	Customer relations	Business systems	Other intangible assets	Total intangible assets
<i>(Amounts in NOK million)</i>						
Opening balance 01.01.2019	2 176.0	665.9	57.9	90.6	6.8	821.2
Investment during the year	-	-	-	80.5	-	80.5
Sale/disposals	-6.8	-	-14.9	-	-	-14.9
Reclassifications	-	-	-	1.5	-1.5	-
Effect of changes in foreign exchange	-9.6	-	-2.1	-0.3	-0.1	-2.5
Closing balance 31.12.2019	2 159.6	665.9	40.9	172.2	5.3	884.3
Accumulated amortisation and impairment						
Opening balance 01.01.2019	586.0	-	17.4	7.8	4.3	29.5
Sale/disposals	-	-	-10.6	15.0	-	4.4
Amortisation	-	-	-	14.3	1.0	15.3
Amortisation of assets identified in PPA	-	-	6.2	-	-	6.2
Reclassifications	-	-	-	1.5	-1.5	-
Impairment	-	-	-	-	-	-
Effect of changes in foreign exchange	-6.7	-	-0.7	-0.2	-0.1	-1.0
Closing balance 31.12.2019	579.3	-	12.4	38.4	3.7	54.5
Net book value as at 31.12.2019	1 580.3	665.9	28.5	133.9	1.5	829.8

Financial year 2020	Goodwill	Trademark	Customer relations	Business systems	Other intangible assets	Total intangible assets
<i>(Amounts in NOK million)</i>						
Opening balance 01.01.2020	2 159.6	665.9	40.9	172.2	5.3	884.3
Investment during the year	-	-	-	70.1	-	70.1
Sale/disposals	-	-	-	-11.0	-	-11.0
Effect of changes in foreign exchange	30.7	-	4.4	1.5	0.3	6.2
Closing balance 31.12.2020	2 190.4	665.9	45.3	232.8	5.5	949.6
Accumulated amortisation and impairment						
Opening balance 01.01.2020	579.3	-	12.4	38.4	3.7	54.5
Sale/disposals	-	-	-	-6.9	-	-6.9
Amortisation	-	-	-	24.7	1.2	25.9
Amortisation of assets identified in PPA	-	-	4.5	-	-	4.5
Impairment	-	-	-	-	-	-
Effect of changes in foreign exchange	22.1	-	1.5	1.3	0.2	2.9
Closing balance 31.12.2020	601.4	-	18.3	57.4	5.1	80.8
Net book value as at 31.12.2020	1 588.9	665.9	27.0	175.4	0.4	868.7

Useful life	10 years	5 years	2-20 years
Amortisation method	Straight-line	Straight-line	Straight-line

General

Goodwill, trademark and customer relations relate to the acquisitions of Plant Topco AS. Plantasjen Holding AS acquired 100 per-cent of the shares in Plant Topco AS through its subsidiary Plantasjen Group AS on 30 November 2016. Business systems relates to investments in ERP and IT-systems.

Trademark:

Trademark relates to the Group's brand name "Plantasjen" and "Plantagen" which is capitalised and which has an indefinite useful life. Trademark is not amortised as the Group is operating under the brand name "Plantasjen". The Group continuously maintains its Plantasjen brand value through marketing efforts which management consider to be successful. The Group operates and trades using the Plantasjen brand name and continues to do so for the foreseeable future. Consequently, it is management's assessment that there is no need to amortise this brand asset. The value is instead tested annually for impairment. The impairment assessment of trademark is included in the goodwill impairment test.

Customer relations:

Customer relations relates to the Swedish customer club. The customer club consist of customers who have signed up as members. The relationships are expected to contribute positively to the future cash flow of the Group. Customer relations is amortised over 10 years in the case of the Swedish Customer club and over the length of the customer contracts in the case of Spira Blommor AB. The value is also tested annually for impairment. The impairment assessment of customer relations is included in the goodwill impairment test.

Allocation of goodwill and imparment test of intangible assets

Each unit to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Each store is considered to be a cash generating unit. However, management moni-

tors goodwill and trademark from groups of cash generating units (CGUs) at the level of geographical business units. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to geographical business units. The recoverable amount from the group of CGUs is calculated using historical figures, taking into account expectations for moderate growth in the Norwegian, Swedish and Finnish markets.

Intangible assets has been tested for impairment at the end of 2020. When testing the book value (carrying amount) of intangible assets, management has used a 5-year discounted cash flow with a growth rate of 2.0 percent in terminal value for Norway and Sweden. Estimated future EBITDA (operating profit before depreciation, amortisation and impairment) is based on business plans approved by the board. Impairment tests assumes continuing operation of CGUs. The recoverable amount of the CGU is calculated based on a "value in use" method. Present value of estimated future cash flows for each CGU is calculated using a discount rate after tax. For Plantasjen's businesses the discount rate after tax is estimated at 7.7 percent for Norway and 7.0 percent for Sweden. This is based on a risk-free rate, plus a risk premium and small business premium. The forecasts used for impairment testing assumes a revenue growth of 2–3 percent per annum and EBITDA margins between 9.2–11.4 percent in Norway and 3.8–8.2 percent in Sweden. Calculated headroom for the value in use over carrying amounts of intangible assets are MNOK 442 in Norway and MNOK 381 in Sweden.

(Amounts in million NOK)

The carrying amount was distributed as follows per 31.12.2020:	Sweden	Norway	Total
Goodwill	88.4	1 500.5	1 588.9
Trademark	86.6	579.3	665.9
Customer Relations	27.0	0.0	27.0
Total	202.0	2 079.8	2 281.8

	Sweden	Norway	Total
Sensitivity to the discount rate			
Discount rate after tax	7.04%	7.67%	–
Of which risk-free rate	0.35%	1.01%	–
Increase in the discount rate before impairment, if any	8.5 %	1.0%	–
Decrease in EBITDA (in MNOK) before impairment loss, if any	25.0	33.0	–

The carrying amount was distributed as follows per 31.12.2019:	Sweden	Norway	Total
Goodwill	79.3	1 501.0	1 580.3
Trademark	86.6	579.3	665.9
Customer relations	28.5	0.0	28.5
Total	194.4	2 080.3	2 274.7

NOTE 9 NON-CURRENT TANGIBLE ASSETS

Non-current tangible assets 2019	Financial lease buildings	Buildings and land	Total buildings and land*	Machinery and equipment
<i>(Amounts in NOK million)</i>				
Opening balance 01.01.2019	596.8	406.9	1 003.7	853.0
Investment during the year	–	33.4	33.4	29.0
Sale/disposals from discontinuing operations	–	–	–	–6.1
Sale/disposals from continuing operations	–	–	–	–17.5
Reclassifications at implementation of IFRS 16 (see note 16)	–596.8	–	–596.8	–
Effect of changes in foreign exchange	–	–3.5	–3.5	–16.1
Closing balance 31.12.2019	–	436.8	436.8	842.4
Accumulated amortisation and impairment				
Opening balance 01.01.2019	164.2	252.5	416.7	702.7
Reclassifications at implementation of IFRS 16 (see note 16)	–164.2	–	–164.2	–
Depreciation charges	–	20.7	20.7	49.9
Sale/disposals	–	–	–	–3.7
Accumulated depreciation sold/dispoused	–	–	–	–13.7
Effect of changes in foreign exchange	–	–2.2	–2.2	–12.9
Closing balance 31.12.2019	–	271.0	271.0	722.3
Net book value at 31.12.2019	–	165.9	165.9	120.1

Non-current tangible assets 2020	Lease buildings	Buildings and land	Total buildings and land*	Machinery and equipment
<i>(Amounts in NOK million)</i>				
Opening balance 01.01.2020	–	436.8	436.8	842.4
Investment during the year	–	27.0	27.0	20.8
Sale/disposals from continuing operations	–	–45.8	–45.8	–340.7
Reclassifications	–	45.8	45.8	–49.5
Effect of changes in foreign exchange	–	11.2	11.2	52.6
Closing balance 31.12.2020	–	475.1	475.1	525.6
Accumulated amortisation and impairment				
Opening balance 01.01.2020	–	271.0	271.0	722.3
Reclassifications	–	26.7	26.7	–26.8
Depreciation charges	–	29.6	29.6	36.6
Sale/disposals	–	7.4	7.4	14.8
Accumulated depreciation sold/dispoused	–	–43.3	–43.3	–343.5
Effect of changes in foreign exchange	–	8.0	8.0	44.3
Closing balance 31.12.2020	–	299.3	299.3	447.7
Net book value at 31.12.2020	–	175.8	175.8	78.0

Useful life	15 years (average)	5–27 years	3–10 years
Depreciation method	Straight line	Straight-line	Straight-line

*Land consists of MNOK 28.5 and MNOK 28.3 as of 31 December 2020 and 2019, respectively.

NOTE 10 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES**Investments in subsidiaries and associated companies**

The consolidated financial statements include the following companies as of 31 December 2020

Subsidiaries	Business Country	Voting Office	Ownership percentage	Voting percentage
Plantasjen Group AS	Norway	Kongsvinger	100%	100%
Plantasjen Norge AS	Norway	Kongsvinger	100%	100%
Plantasjen Norge AS and subsidiaries:				
Plantagen Sverige AB	Sweden	Köping	100%	100%
Plantagen Finland OY	Finland	Vantaa	100%	100%
Plantasjen Poland Sp. Z o. o	Poland	Warsaw	100%	100%
Plantasjen Source Norge AS	Norway	Kongsvinger	100%	100%
Plantagen Logistik AB	Sweden	Köping	100%	100%
Plantasia Hong Kong Limited	Hong Kong	Hong Kong	100%	100%
Plantagen Sverige AB and subsidiaries:				
Växus i Bromma AB	Sweden	Köping	100%	100%
Växus i Stockholm AB	Sweden	Köping	100%	100%
Plantagen Source GmbH	Germany	Westerstede	100%	100%
Hortus AB	Sweden	Köping	100%	100%
Associated company				
Andøytorg AS	Norway	Dverberg	20%	20%

On 30 September 2019, Plantasjen sold the remaining 92 percent of the shares in Spira Blommor AB (former Saba Blommor AB) through its subsidiary Plantagen Sverige AB, in accordance with the agreement signed in September 2019. The selling price amounted to MNOK 13.7. Profit and loss and cash

flows from discontinued operations are presented in note 20. No other changes in ownership or control in 2020 as compared to 2019.

In December 2020 Plantasjen AS and Plantasjen Logistikk AS was merged into Plantasjen Norge AS.

NOTE 11 INVENTORIES

Net inventories	2020	2019
<i>(Amounts in NOK million)</i>		
Inventory at purchase cost	383.8	410.6
Reserve for inventory obsolescence	-28.7	-25.2
Total net inventories	355.1	385.4

Inventory is measured at purchase costs for goods and infreight including handling costs in warehouses

Dissagregation of cost of goods sold	2020	2019
Purchased goods and infreight to warehouse	-1 802.3	-1 492.9
Logistics costs from warehouse to stores	-261.7	-253.2
Waste	-211.3	-193.8
Change in provision for obsolence	-11.8	-10.9
Recognized loss on inventories in cost of goods sold	-2 287.0	-1 950.8

NOTE 12 ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

The Group applies IFRS 9 and measures the impairment loss on accounts receivable using simplified lifetime expected credit loss (ECL) model. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. In 2020 the Group has recognised a loss allowance of 1.0 MNOK and 1.1 MNOK in 2019 based on the ECL model. No bad debt losses have incurred in 2019 and 0.4 MNOK losses in 2020.

The maximum exposure to credit risk at the balance sheet date is the carrying value of accounts receivables as disclosed in the tables below. Accounts receivable consists of many small accounts and therefore there is no single account that poses a material credit risk.

(Amounts in NOK million)

Aging of accounts receivable 2020

	Gross carrying amount	Loss allowance (ECL)	Net carrying amount
Up to 2 months	11.3	-0.2	11.1
More than 2 months	1.2	-0.8	0.4
Total accounts receivable	12.5	-1.0	11.5

Aging of accounts receivable 2019

	Gross carrying amount	Loss allowance (ECL)	Net carrying amount
Up to 2 months	13.8	0.0	13.8
More than 2 months	1.6	-1.1	0.5
Total accounts receivable	15.4	-1.1	14.2

Other current receivables

	2020	2019
Derivatives (see note 17 – Financial risk factors)	0.2	0.3
Marketing contribution	11.6	11.2
VAT receivables	9.4	5.4
Prepaid costs	19.2	26.2
Other	58.7	74.0
Total other current receivables	99.1	117.1

NOTE 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2020	2019
<i>(Amounts in NOK million)</i>		
Cash and cash equivalents	179.9	115.6
<i>Of which are restricted cash</i>		
Restricted bank deposits for employee tax withholdings	0.1	0.1
Deposit account	1.0	1.3

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalent as disclosed above.

NOTE 14 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital and shareholder information						
As of 31.12.2020, share capital amounts to NOK 180,491,609 consisting of 1,804,916,090 shares at a face value NOK 0.1 per share.						
<i>Overview of the largest shareholders as of 31 December 2020:</i>						
Shareholder	A shares	B shares	C shares	D shares	Total number of shares	Ownership
Blomster Intressenter AB	383 014 827	911 901 263	200 000 000	300 000 000	1 794 916 090	99.45%
Shares owned by management or former management	2 660 000	1 540 000	–	–	4 200 000	0.23%
Other	5 800 000	–	–	–	5 800 000	0.32%
Total	391 474 827	913 441 263	200 000 000	300 000 000	1 804 916 090	100.0 %

Each class A-share (ordinary shares), each class B-share (preference shares) , each class C-share (preference shares) and each class D-share (preference shares) has equal voting rights at the General Assembly. All shares are fully paid.

Preference shares set the limit on the amount of dividends that can be paid. C- and D-shares have priority over B-shares, and

B-shares have priority for A-shares for repayment of the issue price and accrued dividends when repayments are made to shareholders upon dissolution, liquidation, insolvency or bankruptcy. Owner of A-shares do not have any obligations to cover the negative value on their shares, and this will reduce the amount payable to B-shares, C-shares and D-shares in any event of repayment.

Distribution of equity between shareholders of class A shares, B shares, C shares and D shares

<i>(Amounts in NOK million)</i>	A shares	B shares	C shares	D shares	All shares
Shareholders' equity 01.01.2019	–508.0	1073.6	–	–	565.6
Effect of IFRS 16 implementation	–2.6	–6.0	–	–	–8.6
Adjusted shareholders' equity 01.01.2020	–510.6	1 067.6	–	–	557.0
Capital increase settled in cash	–	–	200.0	–	200.0
Total comprehensive income for the year	–335.0	85.9	4.2	–	–244.9
Group contribution	0.5	1.2	0.3	–	2.0
Shareholders' equity 31.12.2019	–845.1	1 154.6	204.4	–	514.0
Shareholders' equity 01.01.2020	–845.1	1 154.6	204.4	–	514.0
Capital increase settled in cash	–	–	–	300.0	300.0
Total comprehensive income for the year	37.2	86.8	19.0	28.5	171.5
Shareholders' equity 31.12.2020	–807.9	1 241.4	223.4	328.5	985.5

Shares held by the board of directors and executive personnel

No shares are held by current board of directors or current executive personnel at 2020.12.31.

NOTE 15 INTEREST BEARING LIABILITIES**General**

The Group's activities are partially financed through external bank loans. Loans originate from the original loan agreement as of 30 November 2016, but has subsequently been renegotiated. At 30 December 2019 a new amendment agreement was signed. Changes includes new covenants and a change in payment profile, where a payment of MNOK 300 was due 30 June 2020. Under IFRS 9, this amendment agreement was treated as a new loan agreement under IFRS 9, based on a qualitative assessment. The effect on the financial statements resulted in a reclassification of MNOK 300 as bank borrowings, short term in 2019. In addition MNOK 33.5 in loan costs was in 2019 expensed as a financial expense, and all new loan costs are capitalised and amortised over the new loan period.

The new agreement signed in 2019 included a down payment of debt of 300 MNOK in June 2020 and an

agreement of new covenants at the latest in June 2020. Down payment of 300 MNOK was made in June 2020 and the parties agreed on new covenants for the rest of the loan period in June 2020.

Covenants: The covenants that were agreed in June 2020 includes the following financial key ratios: Leverage Ratio (Net debt/Consolidated EBITDA), Interest Cover Ratio (Consolidated EBITDA/Net interest expenses) and available liquidity. First measurement date for leverage ratio and interest cover ratio is June 2021 regarding the period July 2020-June 2021. At December 2020 the covenant regarding available liquidity was met.

See note 17 for information about financial risk factors related to borrowings, including contractual maturities of financial liabilities.

Bank borrowings		
<i>(Amounts in NOK million)</i>		
Long term liabilities due in 1–5 years	2020	2019
Gross bank borrowings, due in 1–2 years	160.0	140.0
Gross bank borrowings, due in 3–4 years	871.7	915.9
Gross bank borrowings, long term (> 5 years)	–	–
Prepaid Loan fees	–4.3	–6.9
Bank borrowings, long-term net of loan costs	1 027.5	1 049.0
Total	1 027.5	1 049.0
Short term liabilities due within one year		
Bank borrowings, short-term	166.1	732.5
Total	166.1	732.5
Total bank borrowings	1 193.5	1 781.5

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and

the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method

Loan facility			
Specification as of 31 December 2020	Loan origination date	Principal in local currency	Carrying value 2020
SFA (DNB, SEB, Swedbank)			
Facility A (NOK)	30.12.2019*	198.0	198.0
Facility B (NOK)	30.12.2019*	527.1	527.1
Facility B (SEK)	30.12.2019*	350.0	366.7
Revolving credit facility (SEK)	30.12.2019*	100.0	100.0
Overdraft			
DNB Cash Pool (NOK)	30.12.2019*	–	–
Trade finance			
Swedbank Import L/C and post financing facility (USD)	02.12.2015	–	–
Accrued interest			6.1
Total bank borrowing (gross amount)			1 197.8

*All loans originate from a loan agreement dated 30 November 2016, this agreement was renegotiated on 30 December 2019 and is treated as a new loan agreement under IFRS 9.

Specification as of 31 December 2019

	Loan origination date	Principal in local currency	Carrying value 2019
SFA (DNB, SEB, Swedbank)			
Facility A (NOK)	30.12.2019*	198.0	198.0
Facility B (NOK)	30.12.2019*	827.1	827.1
Facility B (SEK)	30.12.2019*	350.0	330.8
Revolving credit facility (SEK)	30.12.2019*	423.0	399.9
Overdraft			
DNB Cash Pool (NOK)	30.12.2019*	–	–
Trade finance			
Swedbank Import L/C and post financing facility (USD)	02.12.2015	1.6	15.1
Accrued interest			17.6
Total bank borrowing (gross amount)			1 788.5

The following table shows the installments profile of the Group's debt, based on the remaining loan period at the balance sheet date. For maturity table of all contractual cash flows, see note 17.

Payment profile on debts to credit institutions per 31 December 2020

Year	2021	2022	2023	2024	After 2024	Total
Facility A	60.0	80.0	58.0	–	–	198.0
Facility B (NOK)	–	–	22.0	505.1	–	527.1
Facility B (SEK)	–	–	–	366.7	–	366.7
Revolving credit facility (SEK)	100.0	–	–	–	–	100.0
Overdraft (NOK)	0.0	–	–	–	–	0.0
Trade finance	0.0	–	–	–	–	0.0
Accrued interest	6.1	–	–	–	–	6.1
Total installment	166.1	80.0	80.0	871.7	–	1 197.8

Payment profile on debts to credit institutions per 31 December 2019

Year	2020	2021	2022	2023	After 2023	Total
Facility A (NOK)	–	60.0	80.0	58.0	–	198.0
Facility B (NOK)	300.0	–	–	22.0	505.1	827.1
Facility B (SEK)	–	–	–	–	330.8	330.8
Revolving credit facility (SEK)	399.9	–	–	–	–	399.9
Overdraft facility (NOK)	0.0	–	–	–	–	0.0
Trade finance	15.1	–	–	–	–	15.1
Accrued interest	17.6	–	–	–	–	17.6
Total installment	732.5	60.0	80.0	80.0	835.9	1 788.5

Interest

Bank loans bear a weighted average interest rate in 2020 of 2.64 percent annually (3.99 percent in 2019). The interest margin is according to the loan agreement set quarterly based on the leverage ratio of the preceding quarter. The average interest period during 2020 was 3 months.

Pledges

– There are pledges for all shares in Plantasjen Group AS, Plantasjen Norge AS, Plantagen Sverige AB, Plantagen Logistik AB and Plantagen Finland Oy.
– Bank accounts in Plantasjen Group AS and the Norwegian subsidiaries are pledged. Most Norwegian bank accounts are part of the group multi-currency notional cash pool. If the balance of the top

account in the cash pool is negative, this would reflect in the overdraft facility. As per 2020.12.31 the balance of the cash pool is MNOK 151 and reported as cash in bank.

– In addition there are a company mortgage (företagsinteckning) of MSEK 150 in Plantagen Sverige AB.
– Finally, two intercompany balances between Plantasjen Norge AS (former Plantasjen AS) and Plantasjen Group AS (MNOK 193.1) and Plantasjen Holding AS and Plantasjen Group AS (MNOK 6.1) are pledged in favour of the bank consortium.

Gurantees

Ratos AB has as of December 2020 guaranteed MNOK 400 for all of Plantasjen Group AS bank borrowings.

Reconciliation of liabilities arising from financing activities

	Borrowings	Lease liabilities	Total
Liabilities 1 January 2019	1 854.9	598.2	2 453.1
Repayments bank borrowings	–240.0	–	–240.0
Net proceeds/repayments trade finance	–0.4	–	–0.4
Net changes in revolving credit facility and overdraft	153.5	–	153.5
Installments on financial lease liabilities (IAS 17)	–	–323.2	–323.2
Transactions with cash effect	–86.9	–323.2	–410.1
Change in interest accrued	2.8	–	2.8
Initial recognition of lease liability under IFRS 16	–	2 871.9	2 871.9
Additions and changes in lease liability under IFRS 16	–	219.1	219.1
Amortized cost effects	26.6	–	26.6
Foreign exchange rate changes	–15.9	–48.6	–64.5
Transactions without cash effect	13.5	3 042.4	3 055.9
Net debt as at 31 December 2019	1 781.5	3 317.4	5 098.9

Repayments bank borrowings	–300.0	–	–300.0
Net proceeds/repayments trade finance	–15.1	–	–15.1
Net changes in revolving credit facility and overdraft	–341.0	–	–341.0
Installments on leasing liabilities (IFRS 16)	–	–318.2	–318.2
Cash flow from financing activities	–656.1	–318.2	–974.3
Change in interest accrued	–11.5	–	–11.5
Initial recognition of lease liability under IFRS 16	–	–	–
Additions and changes in lease liability under IFRS 16	–	853.5	853.5
Amortized cost effects	2.6	–	2.6
Foreign exchange rate changes	77.0	184.6	261.6
Transactions without cash effect	68.1	1 038.1	1 106.2
Net debt as at 31 December 2020	1 193.5	4 037.3	5 230.8

NOTE 16 LEASING**General**

The Group has a significant amount of lease contracts related to store lease contracts, warehouse lease contracts, office lease contracts and contracts for cars and other smaller contracts. The Group applies IFRS16 on all lease contracts since 1st of January 2019. Smaller lease contracts (net present value lower than 5 kUSD is excluded) according to the simplification rules applicable to IFRS16. See note 1.21 for the practical expedients used upon adoption of IFRS 16 and note 1.17 and 1.20 for the accounting principles and significant judgements related to lease accounting for the Group.

The asset value of the lease contracts (right of use asset) is initially set by calculating the net present value of the contracted lease payments during the contract period. The discount rate used is the incremental borrowing rate at the point in time when the lease contract is entered.

The lease contracts normally include an option to prolong the contract. The use of the option has been included in the assessment of the lease contract if it is likely that the option will be used. Since the duration of the contracts are rather long (on average more than 10 years) and there is a large uncertainty on the rent levels to which the contract can be prolonged, the Group has chosen not to include the value of a prolongment in the net present value. Variable costs such as heat, electricity, cleaning and property tax has been excluded from the net present value calculation if the costs are splittable from the lease contracts.

The majority of the lease contracts are indexed on a yearly basis. The net present value of all lease contracts are recalculated annually (shown as remeasurement in the table below)

as the CPI is known. The duration of the lease contracts are between 1 and 20 years where the majority of the contracts are between 10 and 15 years.

The Group has 28 lease contracts where the payment is dependent on the turnover of the store. In 2020 due to high turnover in several stores, the provisions for turnover based lease payment was 6.2 MNOK (0.3 MNOK in 2019). In the calculation of the net present value of the future lease payments the turnover based lease payments have not been included since they were considered immaterial before 2020.

Modifications of lease contracts

In 2020 there have been modifications to the lease contracts in the Group. In 2020 the Group has renegotiated a number of contracts with landlords and changes to the rent levels and changes to the duration of the contracts have been made. In no cases have there been an increase or decrease of the size of the leased premises. According to IFRS16 these contracts have been subsequently treated as modified lease contracts where a reassessment of the net present value of the changed contract based on new duration, new rent level and discounted at the current discount rate for 2020. The changes of the net present value is then added to the right of use asset and the lease liability. The discount rates used in 2020 is 4.7–6.3 percent based on the incremental borrowing rate for the Group in 2020.

Leases are guaranteed by Plantasjen Norge AS or Plantasjen Group AS.

Right-of-use assets as of 31 December 2019	Property	Cars	Equipment	Total
Net leases previously accounted for as PP&E (finance leases) (note 9)	432.6	–	–	432.6
Right-of-use assets IFRS 16 implementation as at 1 January	2 689.1	9.9	14.4	2 713.4
Total acquisition cost right-of-use assets 1 January	3 121.7	9.9	14.4	3 146.0
Additions	53.9		0.9	54.8
Remeasurements	164.3	–	–	164.3
Assets in disposed companies	–1.6	–1.6	–0.3	–3.4
Effect of changes in foreign exchange rates	–52.7	–0.1	–0.2	–53.0
Total acquisition cost 31 December 2019	3 285.6	8.2	14.8	3 308.6
Accumulated depreciation 1 January 2019*	–	–	–	–
Depreciation charge	354.5	4.2	5.7	364.3
Accumulated depreciation assets in disposed companies	–0.8	–0.8	–0.1	–1.7
Effect of changes in foreign exchange rates	2.8	0.1	0.1	2.8
Accumulated depreciation 31 December 2019	356.5	3.4	5.6	365.5
Net carrying amount 31 December 2019	2 929.1	4.8	9.2	2 943.1

Right-of-use assets as at 31 December 2020	Property	Cars	Equipment	Total
Opening balance 01 January 2020	3 285.6	8.2	14.8	3 308.6
Additions	95.4	3.5	–	98.8
Modifications of lease contracts	654.3	–	–	654.3
Divestments, termination of contracts	–2.6	–4.9	–4.7	–12.2
Remeasurements and reclassifications	77.9	0.2	–	78.1
Effect of changes in foreign exchange rates	177.7	0.2	–	177.9
Total acquisition cost 31 December 2020	4 288.1	7.2	10.1	4 305.4
Accumulated amortisation and impairment				
Opening balance 01 January 2020	356.5	3.4	5.6	365.6
Divestments, termination of contracts	–2.6	–1.8	–3.1	–7.6
Depreciation for the year	366.8	–2.4	2.7	367.1
Impairment for the year	9.4	–	–	9.4
Reclassifications	–22.1	3.6	–	–18.5
Effect of changes in foreign exchange rates	17.0	0.1	–	17.0
Accumulated depreciation 31 December 2020	724.9	2.9	5.2	733.1
Net carrying amount 31 December 2020	3 563.2	4.3	4.9	3 572.3

	9.6 years Linear	1.7 years Linear	1.8 years Linear	
Average lease term				
Depreciation method				
Lease liabilities				
Carrying value	Long term	Short term		Total
Lease obligation under IAS 17	578.8	19.5		598.3
New lease obligations due to implementation of IFRS 16	2 458.6	413.1		2 871.7
Lease obligation as of 1 January 2019	3 037.4	432.6		3 470.0
Additions	54.8	–		54.8
Modifications of lease contracts	164.3	–		164.3
Interest expense on interest lease liability	–231.5	–		–231.5
Cash payment on interest on lease liability	231.5	–		231.5
Reclassification to short term	–222.5	222.5		–
Lease payments	–	–323.2		–323.2
Foreign currency translation	–48.2	–0.4		–48.6
Balance as of 31 December 2019	2 985.8	331.5		3 317.3
Lease obligation as of 1 January 2020	Long term 2 985.8	Short term 331.5		Total 3 317.3
Additions	97.8	–		97.8
Modifications of lease contracts	685.9	–		685.9
Interest expense on lease liability	201.0	–		201.0
Cash payment on interest on lease liability	–201.0	–		–201.0
Reclassification to short term	–269.0	269.0		–
Lease payments	–	–318.2		–318.2
Remeasurements	69.8	–		69.8
Foreign currency translation	161.9	22.8		184.7
Balance as of 31 December 2020	3 732.2	305.1		4 037.3

Lease liabilities maturity schedule	2020	2019
Within 6 months	271.1	249.7
Within 1 year	265.5	249.6
Within 2 years	520.7	480.6
Within 3 years	505.4	464.0
Within 4 years	471.6	426.2
Within 5 years	429.2	385.3
5 years or later	3 257.4	2 144.1
Total undiscounted future minimum lease payments	5 720.8	4 399.6

Amounts recognised in the consolidated statement of profit and loss	2020	2019
Depreciation charge on right-of-use assets	367.1	364.3
Impairment charge on right-of-use assets	9.4	–
Interest expense (included in finance expense)	231.5	201.6
Expense relating to short-term and low-value leases (included in other operating expense)	2.0	7.2
Turnover-based rent and other	8.8	7.1
Total amount recognised in consolidated statement of profit and loss	618.8	580.2

Amounts recognised in the statement of cash flows	2020	2019
Payment of principle portion of the lease liabilities	318.2	323.2
Payment of interest	231.5	201.6
Payment relating to short-term and low value leases (included in operating expenses)	2.0	7.2
Turnover-based rent and other	8.8	7.1
Total lease payments related to lease liabilities	560.5	539.1

NOTE 17 FINANCIAL RISK FACTORS**Overview**

Through its activities, the Group is exposed to different types of financial risks: market risk, credit risk and liquidity risk. This note presents information related to the Group's exposure to these risks, the Group's objectives, policies and procedures for risk management, as well as the Group's management of capital.

The Group's overall risk management plan is to ensure the on-going liquidity in the Group, defined as being able to meet its payment obligations at any point time. This also includes staying within the financial covenant restrictions related to the

Group's long-term borrowings.

Risk management of the Group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units.

Risk management policies and procedures are reviewed regularly to take into account changes in the market and the Group's activities.

Financial instruments by category

(Amounts in NOK million)

Financial instruments as of 31 December 2020	Fair value of hedges through profit and loss	Assets measured at amortised cost	Liabilities measured at amortised cost	Hedge Accounting through OCI	Total
<i>Accounts receivable</i>	–	11.5	–	–	11.5
Other current receivables (only derivatives)	0.0	–	–	0.2	0.2
Cash and cash equivalents	–	179.9	–	–	179.9
Total financial assets	–	191.4	0.0	0.2	191.6
Bank borrowings	–	–	1 193.5	–	1 193.5
Trade and other payables	–	–	308.3	–	308.3
Other short term liabilities (only derivatives)	4.5	–	–	6.4	10.9
Total financial liabilities	4.5	–	1 501.9	6.4	1 512.8

Financial instruments as of 31 December 2019	Fair value of hedges through profit and loss	Assets measured at amortised cost	Liabilities measured at amortised cost	Hedge Accounting through OCI	Total
<i>Accounts receivable</i>	–	14.2	–	–	14.2
Other current receivables (only derivatives)	–	–	–	0.3	0.3
Cash and cash equivalents	–	115.6	–	–	115.6
Total financial assets	0.0	129.8	0.0	0.3	130.1
Bank borrowings	–	–	1 781.5	–	1 781.5
Trade and other payables	–	–	417.9	–	417.9
Other short term liabilities (only derivatives)	–	–	–	0.9	0.9
Total financial liabilities	0.0	0.0	2 199.4	0.9	2 200.3

Determination of fair value

Due to the short-term nature of the current receivables and cash and cash equivalents, their carrying amount is considered to be the same as their fair value. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair value of right of use assets and lease liabilities is calculated as the present value of estimated cash flows discounted at the interest rate applicable for the corresponding assets and liabilities at the balance sheet date.

Recognised fair value measurements

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

– Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

– Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

– Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

The following categories of financial instruments are measured at fair value as of 31 December, 2020.

	Level 1	Level 2	Level 3
Financial assets at fair value			
Forward currency derivatives at fair value through profit and loss	–	0.0	–
Forward currency derivatives at fair value over OCI	–	0.2	–
Total	–	0.2	–

Financial liabilities at fair value

Forward currency derivatives at fair value through profit and loss	–	4.5	–
Forward currency derivatives at fair value over OCI	–	6.4	–
Total	–	10.9	–

The following categories of financial instruments are measured at fair value as of December 31, 2019.

	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Forward currency derivatives	–	0.3	–
Total	–	0.3	–

Financial liabilities at fair value through profit and loss

Forward currency derivatives	–	0.9	–
Total	–	0.9	–

a) Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. Market risk includes two types of risks: currency risk and interest risk.

Market risk is monitored continuously by Finance Function through a combination of natural hedges and derivative contracts.

Currency risk

The Group operates internationally and is exposed to changes in foreign currency exchange rate fluctuations. For risk management purposes, the Group has identified three types of currency exposures:

Exposure to the presentation currency

As an international group, Plantasjen is exposed to the risk associated with converting the currency related to legal entities with a functional currency different from the Group's presentation currency. Such translation exposure does not yield an immediate result on the cash flow. It can still affect the Group's financial covenants and is therefore closely monitored. Exposure of foreign subsidiaries' equity is partly secured through borrowings in corresponding currency.

Exposure to purchase of goods and services in different currencies

The Group's business model is such that the subsidiaries' sales and operating expenses are incurred in local currency. A portion of inventory (cost of good sold) is purchased in foreign currencies, mainly in DKK, EUR and USD from Asia. The EUR exposure is partly offset by the revenue in the Finnish en-

tity. The Group's strategy is to reduce the currency exposure through currency hedges using foreign currency derivatives.

Exposure to loans in foreign currency

The Group is exposed to changes in the exchange rate on the loans taken up by the subsidiaries in a currency other than their functional currency. These are mainly related to SEK loans as shown in note 15 Interest bearing debt. The exposure is partly offset by equity in Swedish subsidiaries.

Sensitivity analysis of exposure against purchases of goods in foreign currency and loan in foreign currency

The table below shows the currency effect on the Group's profit before tax and on equity if the exchange rate fluctuates with +/- 10 percent, all other variables held constant, and excluding the potential impact from currency hedging. The analysis shows the main currency effects of all entities in the Group against their functional currency. Exposure related to presentation currency is not included in the table, the same applies to internal transactions within the Group.

(Amounts in NOK million)

Foreign currency sensitivity	Changes in currency	Effect for 2020		Effect for 2019	
		Profit before tax	Profit after tax	Profit before tax	Profit after tax
SEK/NOK1	+10%	41.9	32.7	38.9	30.3
	–10%	–41.9	–32.7	–38.9	–30.3
EUR/NOK	+10%	22.0	17.2	7.1	5.5
	–10%	–22.0	–17.2	–7.1	–5.5
DKK/NOK	+10%	4.1	3.2	4.8	3.7
	–10%	–4.1	–3.2	–4.8	–3.7
EUR/SEK	+10%	33.0	25.9	41.1	32.3
	–10%	–33.0	–25.9	–41.1	–32.3
USD/SEK	+10%	25.1	19.7	21.2	16.7
	–10%	–25.1	–19.7	–21.2	–16.7
DKK/SEK	+10%	13.7	10.7	12.8	10.1
	–10%	–13.7	–10.7	–12.8	–10.1

1) MNOK 36.1 of the total effect relates to the SEK loan of MNOK 366.7 which is treated as a net investment hedge to which IFRS 9, hedge accounting, is applied. Any changes in the NOK value due to changed exchange rates between SEK and NOK will therefore be posted in Other comprehensive income. See comments on "Equity hedge".

Currency hedging

The Group reduces its exposure to the fluctuations in exchange rates related to the purchase of items in different currencies by entering into forward currency contracts. These

contracts qualify for hedge accounting. Included in the table are the outstanding forward currency contracts as of year-end.

Overview of forward currency contracts per 31 December 2020

Forward contract (Buy/From)	Amount in currency (' 000)	Average hedge rate	Unrealised gain/loss 31.12 in TNOK
DKK/NOK	15 200	1.46	–647
DKK/SEK	24 500	1.39	–1 176
EUR/NOK	10 350	10.66	–1 531
EUR/SEK	4 420	10.36	–1 515
NOK/SEK	–65 800	0.96	134
USD/SEK	12 400	8.65	–6 017

The fair value of the open forward contracts was an asset of MNOK 0.2 and a liability of MNOK 10.9 as of 31 December 2020. Forward contracts terminate during 2021.

Overview of forward currency contracts per 31 December 2019

Forward contract (Buy/From)	Amount in currency (‘ 000)	Average hedge rate	Unrealised gain/loss 31.12 in TNOK
DKK/SEK	1 050	1.44	–44
EUR/SEK	1 290	10.74	–393
NOK/SEK	–14 600	1.08	280
USD/SEK	1 680	9.60	–643

The fair value of the open forward contracts was an asset of MNOK 0.3 and a liability of MNOK 1.1 as of 31 December 2019.

Forward contracts terminate during 2020.

Net investment hedge of foreign subsidiary

(Amount in TNOK if not stated else)

2020	Amount in TSEK	Amount in TNOK	Unrealised gain/loss 31.12.2019	Unrealised gain/loss 2020 in profit and loss	Unrealised gain/loss 2020 over OCI	Unrealised gain/loss 31.12.2020 in total
SEK-Loan	350 000	366 660	–7 935	–17 000	–18 810	–43 745
2019	Amount in TSEK	Amount in NOK	Unrealised gain/loss 31.12 .2018	Unrealised gain/loss 2019 in profit and loss	Unrealised gain/loss 2019 over OCI	Unrealised gain/loss 31.12 2019 in total
SEK-Loan	350 000	330 849	–18 697	–	10 762	–7 935

The Group has a net investment hedge (a SEK bank loan) in order to hedge the net investment in the Swedish business.

If the efficiency of the net investment hedge is higher than 100 percent than the underlying asset the unrealized gains/loss of the hedge is recognized over profit and loss.

Interest rate risk

The Group's interest rate risk is mainly related to loans where an element of the interest rate is floating. See note 15 Interest-bearing liabilities for an overview of such loans.

Sensitivity analysis

An interest rate change of minus 0.5 percent given all other variables held constant, would lead to an increase in profit before tax of MNOK 6.0 in 2020.

An interest rate increase of 1 percent given all other variables held constant, would lead to a decrease in profit before tax of MNOK 11.9 in 2020.

An interest rate change of minus 0.5 percent given all other variables held constant, would lead to an increase in profit before tax of MNOK 8.8 in 2019.

An interest rate increase of 1 percent given all other variables held constant, would lead to a decrease in profit before tax of MNOK 17.5 in 2019.

b) Credit risk

Credit risk is managed at the Group level. Credit risk is very limited when the Group's sales, except for the wholesale business in Spira Blommor AB (Former Saba Blommor AB), is to the end user and occurs through cash or credit card payments directly at one of the Group's stores, at the time of the sales transaction. Spira Blommor AB was divested in 2019.

c) Liquidity risk

The Group's liquidity risk is characterized by the potential risk of not being able to meet obligations to vendors and loan creditors within payment deadlines. The ability to service the debt depends on the Group's cash flows from operating activities. Management regularly monitors the cash flow situation by setting up cash flow forecasts based on the forecasts of the liquidity reserves, including cash equivalents and borrowing facilities. The forecasts are set by the individual subsidiaries and are regularly monitored by the Group Finance Function.

To be able to maintain a sufficient flexibility in the sources of funding, the Group has borrowing facilities of MNOK 650 in 2020 (MNOK 200 in 2019) which has not been drawn down during 2020. As of year-end 2020 the Group has cash and cash equivalents of MNOK 179.9 (2019: MNOK 115.6).

See also note 15 Interest-bearing liability for information on funding sources and payment profiles.

Contractual maturities of financial liabilities at 31 December 2020	Less than 6 months	6–12 months	1–2 years	3–5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Trade and other payables	308.3	–	–	–	–	308.3	308.3
Bank borrowings	150.0	50.0	120.0	1 027.5	–	1 347.5	1 193.5
Lease liabilities	271.1	265.5	520.7	1 406.2	3 257.4	5 720.8	4 037.3
Total non-derivatives	729.5	315.5	640.7	2 433.6	3 257.4	7 376.6	5 539.1
Derivatives							
Forward fx contracts, cash flow hedges							
- inflow	383.7	–	–	–	–	383.7	0.2
- outflow	–394.4	–	–	–	–	–394.4	–10.9
Total derivatives	–10.7	0.0	0.0	0.0	0.0	–10.7	–10.7
Contractual maturities of financial liabilities at 31 December 2019							
	Less than 6 months	6–12 months	1–2 years	3–5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Trade and other payables	417.9	–	–	–	–	417.9	417.9
Bank borrowings	729.9	22.5	45.1	1 168.7	–	1 966.2	1 781.5
Lease liabilities	249.7	249.6	480.6	1 275.6	2 144.1	4 399.6	3 317.3
Total non-derivatives	1 397.5	272.1	525.7	2 444.3	2 144.1	6 783.7	5 516.7
Derivatives							
Trading derivatives	–0.9	–	–	–	–	–0.9	–0.9
Forward fx contracts, cash flow hedges							
- inflow	14.9	–	–	–	–	14.9	–
- outflow	–29.8	–	–	–	–	–29.8	0.3
Total derivatives	–15.8	–	–	–	–	–15.8	–0.6

Capital management and disclosure of capital

The Group's main goal is to maximize shareholder value while ensuring the Group's ability to continue operations and also make sure that covenant criterias are met according to the loan agreement. Due to the seasonality of the business, the company has policies and processes for short term capital management. The current capital structure is limited by the existing loan agreement and possibilities for capital injections for future prospects in the short and medium term. The existing loan agreement does not allow the Group to make dividends. The existing loan agreement sets conditions when it comes to leverage ratio (net debt / EBITDA), interest cover-

age ratio (EBITDA / interest) and available liquidity (cash and bank plus unused credit facilities). New covenants regarding leverage ratio and interest coverage ratio were agreed in June 2020 and the first measurement date is June 2021 concerning the period July 2020 – June 2021. The liquidity covenant has been prevailing since December 2020 and the Group has complied with the liquidity covenant since then. If the Group does not comply with the covenants then the Group is in default with the bank agreement. The shares in Plantasjen Group AS and its subsidiaries are pledged in favour of the bank consortium.

NOTE 18 OTHER SHORT TERM LIABILITIES

Other short term liabilities	2020	2019
<i>(Amounts in NOK million)</i>		
Accrued employee benefit expenses	104.6	58.7
Accrued vacation pay	75.5	64.4
Non-redeemed gift cards*	20.1	17.6
Loyalty program	11.7	8.9
Turnover-based rent	6.7	7.1
Accrued costs	20.2	49.9
Other current items	2.6	1.4
Derivatives (see note 17 – Financial Risk Factors)	10.9	0.9
Total other short term liabilities	252.2	208.8

*Gift cards expire after one year in Norway if not used and after two years in Sweden and Finland. As of 31 December the non-redeemed gift cards is distributed between the countries as follows:

<i>(Amounts in NOK million)</i>	2020	2019
Norway	7.4	6.5
Sweden	10.8	9.5
Finland	1.9	1.6

NOTE 19 RELATED PARTIES

Remuneration of executive staff and Board of Directors, share capital information are presented in note 3 and note 14.

Guarantees provided by RatOS AB for the Group's borrowings is described in note 15.

The Group has in 2020 paid TSEK 775 (750) in management fee to RatOS AB.

During a period between March and April 2020 Plantagen Sverige AB received a short term loan of MSEK 100 from Blomster Intressenter AB, which is the holding company of Plantasjen Holding AB.

No group contribution was granted to any subsidiary of RatOS AB outside Plantasjen Holding Group in 2020. In 2019 Plantasjen AS granted a group contribution with tax effect to Bilpriser AS of MNOK 34 and in return received a group contribution without tax effect of MNOK 28.4. Bilpriser AS is a Norwegian subsidiary of RatOS AB outside the Plantasjen Holding Group.

There have been no other transactions with shareholders, executive staff and directors of the board.

NOTE 20 DISCONTINUED OPERATIONS

On 30 September 2019 Plantasjen sold its subsidiary Spira Blommor AB (formerly Saba Blommor AB), a wholesale supplier of flower and plants to grocery retailers. Management signed an agreement to sell this subsidiary in September 2019, following a strategic decision to improve profitability and increase focus on Plantasjen's core operations. At the time of the disposal Plantasjen had an ownership percentage of 92 percent of the shares in Spira Blommor AB. The consideration received was MNOK 13.7 which resulted in a loss from sale of MNOK 26.1.

The subsidiary was not previously classified as held-for-sale asset or as a discontinued operation. The comparative consolidated statement of profit and loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance discontinued operations	2020	2019
<i>(Amounts in NOK million)</i>		
Revenue	–	237.3
Other operating income	–	0.3
Total revenue	–	237.6
Cost of goods sold	–	–151.2
Personnel expenses	–	–47.5
Other operating expenses	–	–45.2
Net gain/loss	–	–2.3
Depreciation, amortisation and impairment	–	–0.5
Total operating costs	–	–246.7
Operating profit	–	–9.2
Financial income	–	–
Financial expenses	–	–0.5
Net financial items	–	–0.5
Profit before tax	–	–9.6
Income tax expense	–	–
Loss from sale of discontinued operations	–	–26.1
Profit/(loss) from discontinued operation	–	–35.8
Cash flows from discontinued operation		
<i>(Amounts in NOK million)</i>		
Cash flow from operating activities	2020	2019
Profit before tax from discontinued operation	–	–9.6
Net cash flow from operations	–	–75.1
Net cash flow from investments	–	–1.2
Net cash flow from financing	–	–
Net Change in Cash and Cash Equivalents	–	–76.3
Cash and cash equivalents at the beginning of the period	–	76.6
Effect of foreign currency rate changes on cash and cash equivalents	–	–0.4
Cash and cash equivalents at the end of period	–	–
Details of the sale of the subsidiary		
<i>Consideration received or receivable:</i>	2020	2019
Cash	–	13.7
Fair value of contingent consideration	–	–
Total disposal consideration	–	13.7
Carrying amount of net assets sold	–	39.2
Effect of foreign currency rate changes on net assets sold	–	–0.6
Loss on sale before income tax	–	–26.1

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

The Covid-19 pandemic continues to affect our societies. With leisure activities restricted, people are spending more time at home and devoting relatively more time to plants and gardening. While this has benefitted Plantasjen's business through 2020 and into 2021, recent restrictions on movement and trade by especially Norwegian authorities has led

to the closure of several stores. The Group has taken measures to respond to this development, including to ensure that significantly strengthened e-commerce capabilities are in place in the affected areas. The impact of the store closures is by mid-March not critical for Plantasjen's ability to meet its present and future obligations.

Parent Company Financial Statements

Statement of profit and loss (Amounts in NOK thousand)	Notes	2020	2019
Personnel expenses	5	-375	-837
Other operating expenses		-2 971	-3 488
Operating profit		-3 346	-4 325
Financial income	8	614	11 051
Financial expenses	8	-135	-19
Net financial items		479	11 032
Profit before tax		-2 867	6 707
Tax	4	631	-1 476
Profit/(loss)		-2 236	5 232
Transfers			
Provided group contribution		-	9 185
Transfer to Share premium account		-2 236	-3 953
Total transfers		-2 236	5 232

Parent Company Balance Sheet

Balance Sheet (Amounts in NOK thousand)	Notes	31-Dec-2020	31-Dec-2019
Non-current assets			
Deferred tax assets	4	1 166	535
Participation in group companies	1	1 032 240	742 240
Long-term receivables from group companies	7	14 816	7 092
Total non-current assets		1 048 222	749 868
Current assets			
Receivables from group companies	7	998	11 160
Other current receivables		–	2 129
Cash and cash equivalents	6	898	3
Total current assets		1 895	13 292
Total assets		1 050 118	763 160
Equity and liabilities			
Share capital (1,804,916,090 shares at NOK 0.1)	2, 3	180 492	150 492
Share premium account	2	868 431	600 667
Total equity		1 048 923	751 159
LIABILITIES			
Long term liabilities			
Loan from Group companies	7	–	–
Total long-term liabilities		–	–
Current liabilities			
Accounts payable		91	2 284
Liabilities to group companies	7	–	9 185
Accrued public taxes		–	41
Other short term liabilities		1 104	491
Total Current liabilities		1 195	12 001
Total equity and liabilities		1 050 118	763 160

Kongsvinger March 2021

Anders Slettengren
Chairman of the Board

Christer Åberg
Deputy Chairman of the Board

Jacob Landén
Board Member

Terese Åhréns
Board Member

Hege Brandhaug
Board Member

Nina Jönsson
CEO

Parent Company Statement of Cash Flows

(Amounts in NOK thousand)	Notes	2020	2019
Cash flow from operating activities			
Profit before tax		–2 867	6 707
Adjustment for:			
Change in trade payables		–2 193	2 284
Change in other accruals		–15 046	–20 821
Net cash flow from operations		–20 105	–11 829
Cash flow from investments			
Investment in subsidiary		–290 000	–180 000
Net payment on loans from group companies		–	–8 190
Net cash flow from investments		–290 000	–188 190
Cash flow from financing			
Group contribution		11 000	–
Shareholders paid-up capital		300 000	200 000
Net cash flow from financing		311 000	200 000
Net Change in Cash and Cash Equivalents		895	–19
Cash and cash equivalents at the beginning of the period		3	22
Cash and cash equivalents at the end of period		898	3

Parent Company
Accounting Principles

The company’s accounts are prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted Norwegian accounting principles.

Operating expenses

Seasonal other operating expenses are accrued in such a way that these costs are recorded in the period to which they refer.

Balance sheet classifications

Assets intended for either permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be paid within one year are classified as current assets. Analogue criteria are applied when classifying current liabilities and long-term debt. The current year’s instalments on long-term debt are classified as current liabilities.

Valuation of assets and liabilities

Fixed assets are valued at acquisition cost but written down to fair price if the decline in value is not considered to be of a temporary nature. Any write-down of fixed assets is reversed when the basis for the write-down no longer exists. Fixed assets with limited useful economic lives are depreciated systematically. Long-term debt is recorded at nominal received amount at the time the debt was raised. Long-term debt is not re-valued to fair value as a result of changes in interest rates.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recorded at nominal received amount at the time the debt was raised. Short-term debt is not re-valued to fair value as a result of changes in interest.

Financial fixed assets

In the parent company’s company accounts the shares in subsidiaries and associated companies are valued at acquisition cost and written down to fair value if the decline in value is not considered to be of a temporary nature.

Cash and cash equivalents

Cash and cash equivalents at fair value, and items in foreign currencies are translated at the closing rate.

Taxes

Taxes are recorded in the period when the tax cost/ tax credit arises based on the period’s taxable income. The tax charge comprises taxes payable and changes in net deferred tax liability/deferred tax asset in the balance sheet. The tax charge is distributed between the ordinary result and the result of extraordinary items in accordance with the tax basis. Deferred tax liability/deferred tax asset in the balance sheet is calculated using a nominal tax rate on the basis of temporary differences that exist between values for accounting purposes and values for tax purposes, and losses to be carried forward at the end of the accounting year.

Deferred tax assets are recognized only if it is probable that future taxable income will be available to utilize those temporary differences and losses.

Foreign currency translation

Monetary items denominated in currencies other than Norwegian kroner are translated at the closing rate. Receivables and liabilities hedged by forward contracts are valued at forward rates. Income statement items are carried at invoice period fx rates, and fx differences are calculated by Bank rate at payment time, and are classified as financial items.

NOTE 1 INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Country	Business Office	Voting percentage	Ownership
Plantasjen Group AS	Norway	Kongsvinger	100%	100%
Plantasjen Norge AS	Norway	Kongsvinger	100%	100%

Plantasjen Norge AS and subsidiaries:

Plantagen Sverige AB	Sweden	Köping	100%	100%
Plantagen Finland OY	Finland	Vantaa	100%	100%
Plantasjen Poland Sp. Z o. o	Poland	Warsaw	100%	100%
Plantasjen Source Norge AS	Norway	Kongsvinger	100%	100%
Plantagen Logistik AB	Sweden	Köping	100%	100%
Plantasia Hong Kong Limited	Hong Kong	Hong Kong	100%	100%

Plantagen Sverige AB and subsidiaries:

Växus i Bromma AB	Sweden	Köping	100%	100%
Växus i Stockholm AB	Sweden	Köping	100%	100%
Plantagen Source GmbH	Germany	Westerstede	100%	100%
Hortus AB	Sweden	Köping	100%	100%

There are pledges for all shares in Plantasjen Group AS , Plantasjen Norge AS, Plantagen Sverige AB, Plantagen Logistik AB and Plantagen Finland Oy.

In December 2020 Plantasjen AS and Plantasjen Logistikk AS was merged into Plantasjen Norge AS.

Impairment losses on shares in subsidiaries (amounts in thousand)	2020	2019
Plantasjen Group AS	–	–

NOTE 2 EQUITY

(Amounts in NOK thousand)

Shareholders equity 01.01.2020	Share capital	Share premium account	Total
Opening balance	150 492	600 667	751 159
Paid-up share capital	30 000	270 000	300 000
Profit/(loss) for the year	–	–2 236	–2 236
Provided group contribution	–	–	–
Shareholders equity 31.12.2020	180 492	868 431	1 048 923

NOTE 3 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As of 31.12.2020, share capital amounts to NOK 180,491,609 consisting of 1,804,916,090 shares at a face value of NOK 0.1 per share.

Overview of the largest shareholders as of 31 Dec 2020:

Shareholder	A shares	B shares	C shares	D shares	Total number of shares	Ownership
Blomster Intressenter AB	383 014 827	911 901 263	200 000 000	300 000 000	1 794 916 090	99.45%
Other	8 460 000	1 540 000	–	–	10 000 000	0.55%
Total	391 474 827	913 441 263	200 000 000	300 000 000	1 804 916 090	100%

Each class A-share (ordinary shares), each class B-share (preference shares) , each class C-share (preference shares) and each class D-share al voting rights at the General Assembly. All shares are fully paid.

Preference shares set the limit on the amount of dividends that can be paid. Preference shares have priority for repayment of the issue price and accrued dividends when repayments are made to shareholders upon dissolution, liquidation, insolvency or bankruptcy. Size of dividends and dividend basis for preference shares are more specifically laid out in the company's articles of association.

Shares held by the board of directors and executive management:

None of the existing board of directors or executive management holds shares in Plantasjen Holding AS. Certain shares are held by former board of directors or key employees.

NOTE 4 TAX

(Amounts in NOK thousand)

	2020	2019
Deferred tax asset		
Temporary differences	–	–
Losses carried forward	1 166	535
Carrying value deferred tax assets	1 166	2 011
Reconciliation of tax expenses, change in deferred tax and tax payables	2020	2019
Net profit before tax	–2 867	6 707
Permanent differences	–	–
Basis for tax expense	–2 867	6 707
Change in losses carried forward	2 867	–6 707
Basis for tax payable on the income statement	–	–
+/- Received/given group contribution	–	–
Taxable income (basis for tax payable in the balance sheet)	–	–
Distribution of tax expenses	2020	2019
Payable tax on profit for the year	–	–
Too much, too little allocated last year	–	–
Total payable tax	–	–
Change in deferred tax/tax asset	–631	1 476
Change in deferred tax/tax asset due to changes in tax rate	–	–
Tax expense	–631	1 476
Reconciliation of tax expenses		
The accounting profit before tax	–2 867	6 707
Tax accoring to current tax rate, 22%	–631	1 476
Tax expense in the income statement	–631	1 476
Difference	–	–
The difference consists of the following:		
Change in deferred tax/tax asset due to changes in tax rate	–	–
Permanent differences	–	–
Total explained difference	–	–
Payable tax in the balance sheet	2020	2019
Payable tax in tax expense	–	–
Tax effect of group contribution	–	–
Payable tax in the balance sheet	–	–

NOTE 5 PERSONNEL EXPENSES**Board of Directors' compensation***(Amounts in NOK thousand)*

Financial year 2020		Board remuneration	Other benefits	Total
Anders Slettengren	Chairman of the Board	–	–	–
Christer Åberg	Deputy Chairman of the Board	250	–	250
Terese Ahrens	Board member	–	–	–
Jacob Landén	Board member	–	–	–
Hege Ekelund Brandhaug	Board member, employee representative	25	–	25
Kay Jilali Hoff Quaar	Employee representative	10	–	10

Financial year 2019		Board remuneration	Other benefits	Total
Anders Slettengren	Chairman of the Board	–	–	–
Hilde Britt Mellbye	Former Chairman of the Board	396	1	397
Christer Åberg	Deputy Chairman of the Board	–	–	–
Kristine Landmark	Board member	250	–	250
Terese Svensson	Board member	–	–	–
Jacob Landén	Board member	–	–	–
Lars Åström	Former Board member	125	0	125

Employee benefit expenses	2020	2019
<i>(Amounts in NOK million)</i>		
Salary expenses	292	709
Social security costs	84	128
Pension costs	–	–
Other costs	–	–
Total personnel expenses	375	837
Average number of employees	–	1

The company had no employees in 2020, and one in 2019. Salary costs consists of board remuneration. The company are required to have occupational pension schemes according to the law on compulsory occupational pension.

There are no loans / collaterals to the CEO, chairman or other related parties.

There is no obligation to provide special compensation upon termination or change of position of the Board member or CEO.

There is no single loan / security totalling more than 5 percent of the company's equity.

Auditor's remuneration*(Amounts in NOK thousand)*

	2020	2019
Expensed auditor fees, ex. VAT:		
Statutory audit (including technical assistance – annual accounts)	859	1 239
Other attestation services	–	–
Tax advice (including technical assistance corporate tax papers)	10	38
Other assistance	–	300
Total	869	1 577

NOTE 6 CASH AND CASH EQUIVALENTS

There are no restricted deposits.

NOTE 7 OUTSTANDING WITH COMPANY IN THE SAME GROUP*(Amounts in NOK thousand)*

Receivables	2020	2019
Loan to Plantasjen Group AS	14 816	7 092
Group contribution	–	11 000
Sum	14 816	18 092
Liabilities	2020	2019
Group contribution	–	9 185
Sum	–	9 185

All liabilities in the company have due date later than one year under normal circumstances, but all loans can be terminated with 2 days notice, and shall be repaid if the shares of the company are transferred to a company outside the Plantasjen Group. The average interest rate on group receivables and liabilities was 3.9 percent in 2020.

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES*(Amounts in NOK thousand)*

Financial income	2020	2019
Other interest income	408	1
Group contribution	–	11 000
Interest income on group companies	–	30
Foreign exchange gains	206	21
Total financial income	614	11 051
Financial expenses	2020	2019
Other interest expense	7	6
Other financial expenses	3	10
Foreign exchange losses	125	3
Total financial expenses	135	19

NOTE 9 EVENTS AFTER THE BALANCE SHEET DATE

The Covid-19 pandemic continues to affect our societies. With leisure activities restricted, people are spending more time at home and devoting relatively more time to plants and gardening. While this has benefitted Plantasjen's business through 2020 and into 2021, recent restrictions on movement and trade by especially Norwegian authorities has led to the closure

of several stores. The Group has taken measures to respond to this development, including to ensure that significantly strengthened e-commerce capabilities are in place in the affected areas. The impact of the store closures is by mid-March not critical for Plantasjen's ability to meet its present and future obligations.



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Plantasjen Holding AS

Report on the audit of the financial statements

Opinion

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

In our opinion,

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

Basis for opinion

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



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 concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)

