Annual report 2020

Content

The Glamox Group

Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. The Glamox Group is a leading supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The Group is organized with Glamox AS as the parent company.

The Glamox Group is a global organization, with around 2,300 employees within sales and production in several European countries, as well as Asia, North and South America. The turnover is NOK 3.5 billion. The Group owns a range of quality lighting brands including Glamox, Aqua Signal, Luxo, Norselight, LINKSrechts, Luxonic, ES-SYSTEM, LiteIP and Luminell. Glamox is committed to meeting customer needs and expectations by providing quality products and solutions, service and support.

Main points and key figures

- Order intake ended at NOK 3,484m (NOK 3,100m), an increase of 12.4%
- Revenue was NOK 3,490m (NOK 3,098m), an increase of 12.7%
- Operating result/margin of NOK 218m/6.2% down from NOK 307m/9.9% in 2019
- Adjusted operating result/margin of NOK 338m/9.7% compared to NOK 379m/12.4% in 2019
- Profit for the year was NOK 141m (NOK 239m)
- The operating result in 2020 was charged with NOK 120m as net special items. The corresponding figure in 2019 included net special items of NOK 72m
- Positive operating cash flow of NOK 416m in 2020 compared with NOK 221m the previous year
- Strong organizational performance and results in a challenging Covid-19 pandemic year
- Proposed ordinary dividend of NOK 1.955 per share

Key figures

		2020 IFRS	2019 IFRS	2018 IFRS	2017 IFRS	2016 IFRS	2016 NGAAP
Total revenue	MNOK	3 489.5	3 097.6	2 772.7	2 614.5	2 508.6	2 508.6
Operating profit	MNOK	218.1	307.3	273.1	292.7	267.8	263.1
Adjusted Operating profit	MNOK	337.7	379.2	364.6	337.0	284.4	279.8
Profit before tax	MNOK	178.9	309.1	270.3	302.8	255.8	251.5
Profit after tax	MNOK	140.9	238.5	212.6	258.2	194.9	191.1
Cash flow from activities	MNOK	334.4	-143.5	109.7	173.1	235.7	199.6
Total profitability	%	12.4	20.3	20.3	23.6	20.4	20.1
Equity ratio	%	31.0	31.7	42.1	45.6	48.2	41.5
Earnings per share	NOK	2.14	3.62	3.22	3.91	2.95	2.90

The lighting company

Our product brands

The Glamox Group owns ten international product brands.

GLAMOX

Glamox is a leading lighting brand for professional markets, onshore and offshore, established in 1947. The wide assortment of Glamox products is of superior technical quality, and available for a wide range of applications – including challenging environments.

aqua signal®

Aqua Signal has been delivering top-of-the-line marine lighting solutions since before the age of electricity, providing lighting products designed and manufactured to meet all relevant standards for quality and performance at sea.

NORSElight

Norselight delivers added safety and security by providing quality search light systems that work reliably even under the most extreme conditions.

LUXO

For more than 75 years Luxo has designed mainly arm-based innovative, ergonomic lighting products. Luxo products improve lighting conditions, taking particular care of individual needs.

LINKSrechts

LINKSrechts offers a comprehensive range of naval LED lighting systems, including design, integration and programming. The product range consists of specialized lighting products for all naval applications, including naval aviation.

ES-SYSTEM Light is Life

ES-SYSTEM's mission is to deliver energy- efficient, innovative and comprehensive lighting solutions while minimizing its negative impact on the natural environment and maximizing care for the users' comfort and health.

KÜTTEL

Küttel is a leading supplier of professional lighting solutions, based in Kriens in Switzerland. Products from Küttel combine quality, up-to-date technology and contemporary design.

LUXONIC

Since 1986, Luxonic has excelled in the design and manufacture of energy efficient, aesthetically pleasing lighting products, for the education, healthcare, commercial, retail and industrial sectors.

LITE iP

LiteIP provides modern lighting control systems that are easy to specify, easy to install and easy to operate. The company offers planning, programming and commissioning of lighting control systems. Commercial lighting control systems save energy, and help create indoor environments that are comfortable and pleasant to live and work in.

luminell® Light Matters

Established in 2010, Luminell is as a high-quality developer and supplier of floodlights, searchlights and lighting controls in the marine and offshore lighting market. Luminell is known for being user-focused and developing excellent and appreciated visibility solutions for demanding use.

Our mission

To be the preferred supplier of lighting solutions to defined market segments.

Our values

Customers
We value the importance of understanding customer needs and expectations.

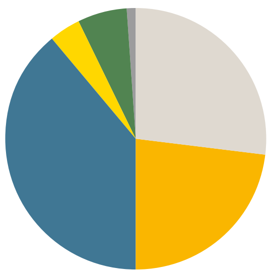
Cooperation
We team up with customers and colleagues to find the best solutions.

Commitment
We are committed to deliver as promised, within the agreed time frame, and with the right quality.

Quality
We deliver the product quality and level of service and support that our customers expect from us.

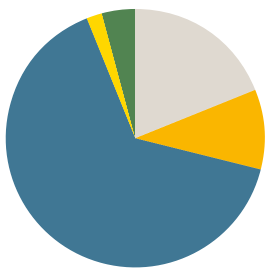
Ethics
We treat customers, colleagues, suppliers and all others with respect and dignity. We respect laws and regulations, and take pride in our consideration for the environment.

Revenues by market: 3 490 MNOK



22 % Norway
22 % Nordic Region ex. Norway
46 % Europe ex. Nordic Region
4 % North-America
4 % Asia
1 % Others

Man-years (average) by market: 2 208



19 % Norway
10 % Nordic Region ex. Norway
65 % Europe ex. Nordic Region
2 % North-America
4 % Asia

Group organisation

During 2020 the Group's operations were divided between four operational divisions: Professional Building Solutions (PBS), Global Marine & Offshore (GMO), Sourcing, Production and Logistics (SPL) and ES-SYSTEM Group. From the beginning of 2021, ES-SYSTEM is integrated into the PBS and SPL divisions. Each division is responsible for its group of companies.

Professional Building Solutions

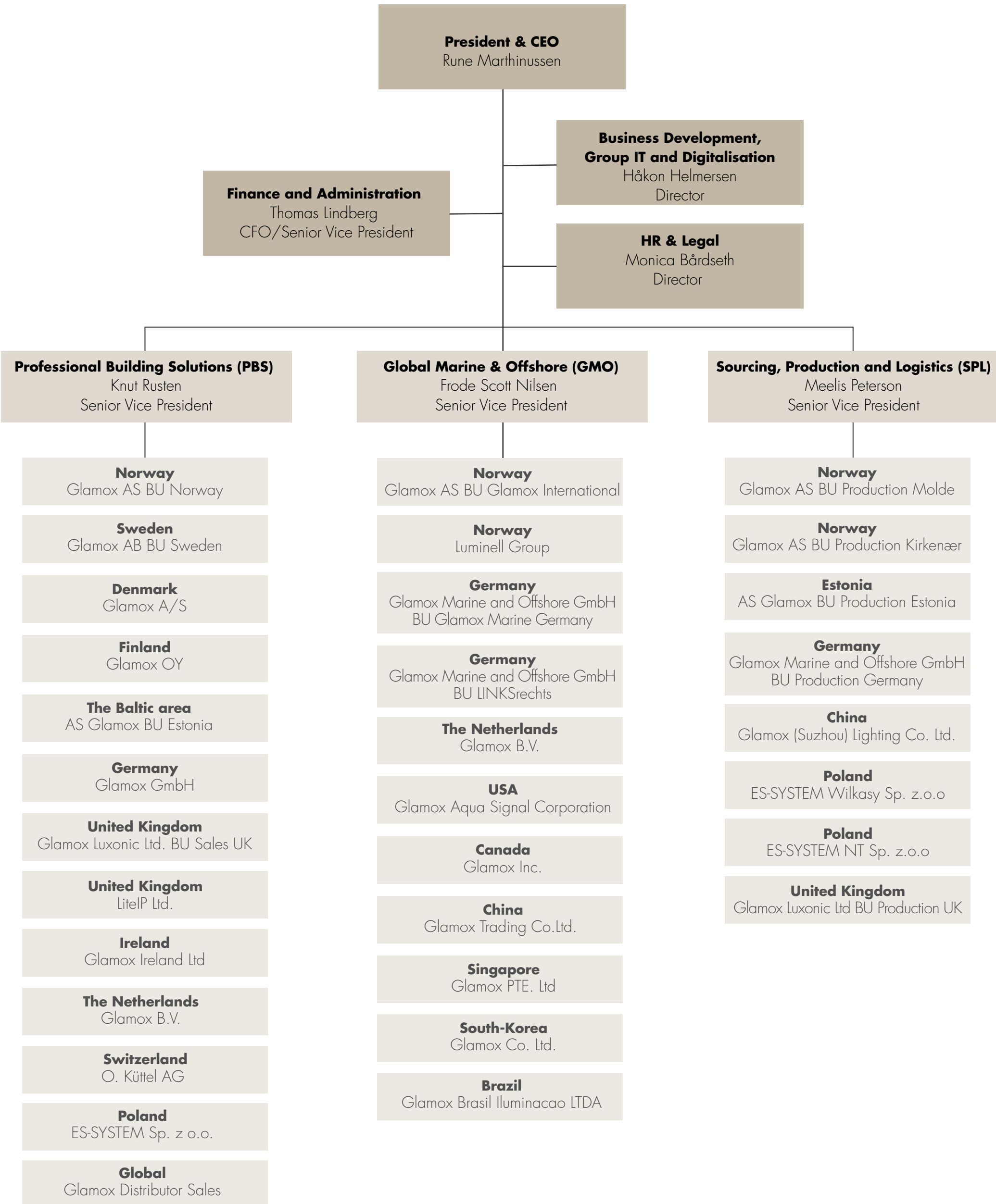
Professional Building Solutions concentrates on the European market for non residential lighting. The division offers the market complete solutions, including luminaires, systems and services, for office and commercial buildings, industrial buildings, educational establishments, retail and shopping centres, hotels and restaurants and health institutions.

Global Marine & Offshore

Global Marine & Offshore is one of the world's leading suppliers of light fittings to the global marine and offshore market. The division offers the market total solutions within the following segments: Commercial marine, cruise & ferries, offshore energy, onshore energy, recreational boats and navy.

Sourcing, Production and Logistics

Sourcing, Production and Logistics has a key role in the Glamox value chain. Responsibilities include order handling, procurement, manufacturing of goods, warehousing and distribution. The division operates production units in eight different locations in Europe and China. Its prime objective is to serve the sales units and their customers with excellent services and products.

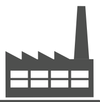


Main points from the divisions

Professional Building Solutions (PBS)

The division offers total solutions within the following market segments: Office and commercial buildings, industrial buildings, educational establishments, health institutions, retail, and shopping centers.

Office and commercial buildings



Industrial buildings

Educational establishments

Health institutions

Retail and shopping centers

Hotels and restaurants

The Professional Building Solutions (PBS) division has sales and marketing responsibilities toward defined market segments, the division is responsible for product development and product management of own products. These products are manufactured by production units organized in Division SPL.

PBS develops and sells lighting solutions for non-residential market segments. The most important markets served by this division are Central- and Northern Europe. We are also operating in the other markets in collaboration with distributors. PBS has 6 strong brands: Glamox, ES-System, Luxo, Luxonic, Küttel and LiteIP. In some of PBS' markets, electrical convector heaters are also marketed and sold under the brand name Glamox Heating.



PBS has expanded its product range and geographical representation in recent years through acquisitions and product development. The Division offers a wide range of products and solutions for non-residential buildings including interior lighting, architectural lighting, and industrial lighting, as well as customized luminaries and arm-based tasks lights and illuminated magnifiers. PBS is offering complete lighting solutions, including both systems and service in addition to the luminaires. This includes services such as commissioning and monitoring. Over the last years the development and sales of Human Centric Lighting solutions has contributed significantly to the business within the Division.

PBS has its own sales companies in Norway, Denmark, Sweden, Finland, Estonia, Great Britain, Ireland, Germany, the Netherlands, and Switzerland. Glamox is represented through distributors in the other markets. The main market segments are office and commercial buildings, industrial buildings, educational buildings, and health institution sectors. Lighting solutions are also delivered to hotels, shops/shopping centers and for outdoor use. Glamox is the market leader in professional lighting in Norway and holds strong market positions in the other Nordic countries, as well as Estonia. We serve all important links in the sales and distribution chain, including architects, consultants, building owners, developers, contractors, and electrical wholesalers. Our table-lamps are mainly sold through office furniture dealers. In all markets, Glamox aims to be specified by architects and electrical engineers.

In 2020, PBS has total revenues of NOK 2,245m compared to NOK 2,167m in 2019, an increase of 3.6%. At year-end 2020, the number of man-labour years in PBS was 488, of which 78% were employed in businesses outside Norway.

Main points from the divisions

Global Marine & Offshore (GMO)

The division offers total solutions within the following market segments: Commercial Marine, Cruise & Ferries, Navy, Recreational boats, Offshore- and Onshore Energy.

Commercial marine

Cruise & ferries

Navy

Recreational boats

Offshore Energy

Onshore Energy and Petrochemical Industry

The Global Marine & Offshore (GMO) division has sales and marketing responsibilities toward defined market segments, the division is responsible for product development and product management of own products. These products are manufactured by production units organized in Division SPL and in the division's Canadian production unit.

GMO is one of the world's leading suppliers of lighting solutions to the global marine and offshore markets. The division has 6 strong international brands: Aqua Signal, Glamox, Luxo, Norselight, LINKSrechts and Luminell.

The division is represented on all continents through its own sales companies, agents, and distributors. The division has sales units in Norway, Germany, Finland, England, Scotland, the Netherlands, Singapore, China, South Korea, United States, Canada and Brazil. In addition, the division has the responsibility for our production unit in Canada.

GMO delivers a wide range of complete lighting solutions to most markets and market segments worldwide. All products being developed have been based on LED-technology designed to satisfy market requirements and specifications across the industry segments.

GMO operates within the commercial marine, cruise and ferries, navy, recreational boats, offshore energy and onshore energy segments. The division is the global leader in the commercial marine sector. GMO also holds a strong position within the navy segment through our combined lighting and systems competence within this field.

In the offshore segment, GMO has a strong position with regard to installations in Europe and Asia. Further, GMO has a strong position in the recreational boat sector in Europe and the United States within navigation lights.

The most important factor in terms of demand for our products is new building of ships and offshore constructions. We also see demand from upgrades of existing installations with LED solutions on both ships and offshore installations.

In 2020, GMO had a total revenue of NOK 813m compared with NOK 853m in 2019, a decrease of 4.8%. At year-end 2020, the number of total man-years in GMO was 192 of which 85% of this are employees in business units outside Norway.

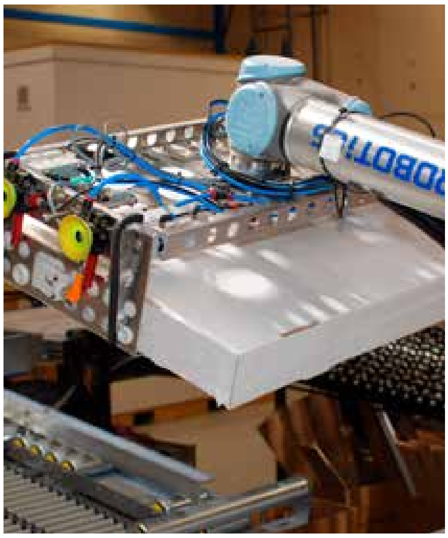
Main points from the divisions

Sourcing, Production and Logistics (SPL)

The division operates production units in six different locations, and is responsible for procurement, manufacturing, warehousing, and distribution within the Glamox Group.

The division has a key role in the Glamox value chain. Responsibilities include order handling, procurement, manufacturing of goods, warehousing, and distributions. The division operates production units in five different locations in Europe and one in China. Its prime objective is to serve the sales units and their customers with competitive products, good delivery capability, high quality, and good technical support.

The production units within SPL are product owners of our Group developed products. They are responsible for the production of



five product brands in the Glamox Group: Aqua Signal, Glamox, Norselight, and Luxo. The Glamox Group is a leading supplier of lighting solutions, providing products of superior technical quality that work reliably even under challenging conditions. The products are manufactured and certified in accordance with relevant quality and standards.

Glamox Group operates modern testing laboratories in Norway, Germany, and the UK for the simulation of a wide variety of environmental conditions and tests required to meet the various standards.

As part of the Group's business concept, Glamox will position itself as an environmental company through systematic and long-term efforts. The Group's production units in Molde, Kirkenær, Sweden, Estonia, Poland, and UK are certified in accordance with EN ISO 14001.

At year-end 2020, the number of man-labour years in Sourcing, Production and Logistics was 675, of which 65% were employed in businesses outside Norway.

Main points from the divisions
ES-SYSTEM Group

ES-SYSTEM is the largest manufacturer and distributor of lighting solutions in Poland with an increasing international presence. We determine the direction of the Polish industry's development in the areas of innovative technological solutions, energy saving and design.

The company's portfolio includes a full range of modern and specialist products for architectural, industrial, commercial, and urban environments. ES-SYSTEM has extensive experience in carrying out non-standard projects and manufacturing and delivering intriguing, customized products. This kind of creativity and flexibility results in non-standard luminaires constituting more than 30% of the yearly sales.

Our original lighting control systems have been created to provide active, convenient, and safe lighting management. To bring out the best of the potential of IoT, ES-SYSTEM has developed advanced lighting control systems that allow for active lighting management, which results in electricity costs being as much as 80% lower compared to conventional solutions lacking lighting control and improvement of the efficiency of

people's everyday activities.

The Research and Development Department located within the company's structures constantly conducts research, improves, develops, and implements the latest Human Centric Lighting solutions. In an effort to minimize the negative consequences of a disrupted circadian rhythm, ES-SYSTEM introduced luminaires with CIRCADIAN technology to its product offer. ES-SYSTEM is a premium trusted brand and winner of multiple prestigious lighting awards, including the German Design Award, Lux Award, and Iconic Award.

All products are manufactured in 2 modern production facilities located in Poland. With its own factories, ES-SYSTEM has full control over the entire production process. ES-SYSTEM NT production facility has a total area of 6,400 sqm, is located in Dobczyce and is equipped with the latest technologies. ES-SYSTEM NT manufactures complex integrated circuits and electronic modules. ES SYSTEM WILKASY with a total area of over 30,000 sqm has remarkable traditions and produces impressive non-standard solutions for users all over the world. Currently, the main focus is placed on the production of luminaire housings made of plastic and sheet metal. The machining center in Wilkasy is one of ES-SYSTEM's largest investments.

ES-SYSTEM has its own laboratory that is accredited by the Quality Research Office of the Association of Polish Electrical Engineers and holds the status of a Supervised Manufacturer's Testing laboratory. It is one of four private research institutions of this class in Poland operating in the lighting industry. Numerous tests and measurements are performed there on the manufactured luminaires. The laboratory also carries out tests associated with the photobiological safety of luminaires. ES SYSTEM has spent years undertaking activities to promote and spread awareness of the concept of photobiological safety among users.

In 2020 ES-SYSTEM has total revenues of PLN 183m compared to PLN 214m in 2019, a decline of 14.5%. At year end 2020 the number of man-labour years in ES-SYSTEM was 761 of which 31 was temporary employees and 100% employed in Poland. From the beginning of 2021, ES-SYSTEM is integrated into the PBS and SPL divisions.

Annual statement

Main points and key figures

- Order intake ended at NOK 3,484m (NOK 3,100m), an increase of 12.4%
- Revenue was NOK 3,490m (NOK 3,098m), an increase of 12.7%
- Operating result/margin of NOK 218m/6.2% down from NOK 307m/9.9% in 2019
- Adjusted operating result/margin of NOK 338m/9.7% compared to NOK 379m/12.4% in 2019
- Profit for the year was NOK 141m (NOK 239m)
- The operating result in 2020 was charged with NOK 120m as net special items. The corresponding figure in 2019 included net special items of NOK 72m
- Positive operating cash flow of NOK 416m in 2020 compared with NOK 221m the previous year
- Strong organizational performance and results in a challenging Covid-19 pandemic year
- Proposed ordinary dividend of NOK 1.955 per share

About Glamox

Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. Glamox has approximately 2,300 employees and the Group's operations have in 2020 been divided between four operational divisions: Professional Building Solutions (PBS), Global Marine & Offshore (GMO), Sourcing Production Logistics (SPL) and ES-SYSTEM. Glamox operates production units in nine different locations in Europe, Canada and China, and an extensive network of sales offices and agents in Europe as well as in Asia, USA, Canada and Brazil to ensure access to attractive markets. The head office is in Oslo, Norway.

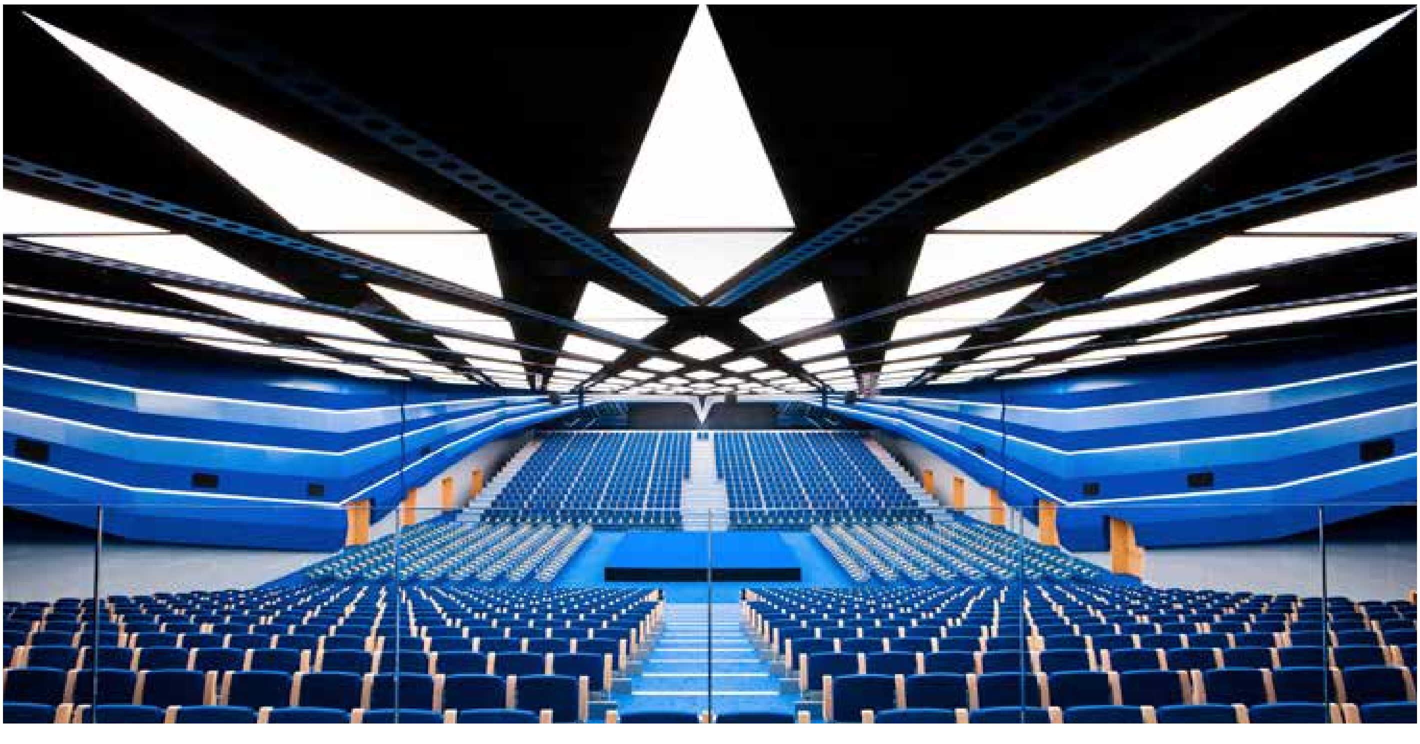
Financial results

In 2020, Glamox had order intake of NOK 3,484m compared to NOK 3,100m in 2019, an increase of 12.4%. Revenues were NOK 3,490m compared to NOK 3,098m in 2019, an increase of 12.7%. The comparable year-on-year order intake, adjusted for acquisitions, special items, and currency effects, decreased by 8.4% while comparable revenue decreased by 7.3% in 2020.

Market development within the land-based business area (PBS) is governed by activities within new-build and modernisation of non-residential buildings. All markets in the PBS division experienced weaker market conditions and lower demand in 2020 due to the Covid-19 pandemic. At the end of 2020, the market situation stabilized in most geographies. The business area managed to increase the market share in most of the target markets during 2020.

Market trends within the maritime and offshore-related business area (GMO) are dictated by the level of activity within new build, refurbishment, and rehabilitation of all types of maritime vessels and offshore installations. The Covid-19 pandemic and decline in oil prices in the first half of 2020 led to lower activity levels and delays in both newbuild investment decisions and decisions around refurbishments of existing fleet and offshore objects. This led to a challenging market situation within the commercial marine, cruise and ferry and offshore segments. This was partly offset by a continued positive market trend within the navy- and recreational segments.

The Group's operating result was NOK 218m in 2020 compared to NOK 307m in 2019, representing a decrease of 29.0%. Operating margin in 2020 was 6.2% compared to 9.9% in 2019. The accounts in 2020 were charged with special items with a negative effect of NOK 120m, compared to NOK 72m in 2019. Adjusted for special items, the Group's operating result in 2020 was NOK 338m compared to NOK 379m in 2019, representing a decrease of 11.0%. Adjusted operating margin was 9.7% compared to 12.4% in 2019. The decrease in adjusted operating result is mainly due to lower achieved sales margins explained by a combination of price pressure and product mix in the PBS business area and a negative product mix effect in the GMO business area. Increased depreciations and amortisations also had a negative impact on adjusted operating profit compared to 2019. These negative effects were partly offset by reduced permanent and temporary operational cost reductions like temporary



Annual statement

and permanent lay-offs, salary reductions and other cost reducing measures.

The Group had net financial cost of NOK 39m in 2020 compared to net financial income of NOK 2m in 2019. The increase in net financial cost is mainly explained by higher interest expenses including interest on lease liabilities, and lower financial income as the 2019 accounts included a positive effect of NOK 18m related to the reversal of the earn-out on the Luxonic Lighting acquisition. Profit before tax was NOK 179m in 2020 compared to NOK 309m in 2019. Profit after tax was NOK 141m in 2020 compared to NOK 239m in 2019.

As of 31.12.2020, the Group has a tax deficit carry forward of NOK 155m (NOK 143m), and an untaxed profit of NOK 276m (NOK 309m).

The Group generated a positive cash flow of NOK 188m in 2020, compared with NOK 53m in 2019. Cash flow from operations was NOK 416m, compared with NOK 221m in 2019. Lower operating profit than last year was more than offset by positive effects from changes in working capital and other operating items. Investments in tangible fixed assets and intangible assets totalled NOK 54m in 2020 compared to NOK 82m in 2019. The Group continued its strategic investments in digitalization initiatives including the implementation of the new ERP system in several business units and started the roll-out of a new CRM system and other supporting systems. Acquisition of subsidiaries totalled NOK 37m and is related to the earn-out on the Luxonic Lighting acquisition. Net cash flow from financing activities was negative by NOK 146m including NOK 99m of net proceeds from new debt, a dividend distribution of NOK 141m and other financial items with a negative effect of NOK 105m mainly related to lease payments and interest paid.

The Board wishes to thank all Glamox employees for their strong efforts in this extraordinary year. The Covid-19 pandemic has affected almost all the Group's markets negatively leading to strong cost measures also affecting many of our employees. In this very challenging environment, the Glamox Group has performed well, has managed to keep a high delivery capability and has managed to increase its market share in most of its target markets. The Group has a strong position going into 2021.

Financial position

The Glamox Group's financial position was strong at the end of 2020. At the end of the year, the Group's equity capital was NOK 801m. The equity ratio was 31.0%, down from 31.7% in 2019. Leverage ratio decreased from 1.1x adjusted EBITDA at the end of 2019 to 1.0x adjusted EBITDA at the end of 2020.

The net interest-bearing debt was NOK 476m as of 31 December 2020, compared to NOK 532m as of 31 December 2019. The Group does not have any material debt maturities in 2021. Cash and cash equivalents amounted to 500m while the total liquidity reserve in the Group was NOK 1,106m at the end of 2020, compared with NOK 1,025m in total liquidity reserve at the end of 2019. In addition to cash and cash equivalents, the liquidity reserve mainly consists of the undrawn portion of the Group's revolving credit facility with Danske Bank and DNB.

The Board of Directors confirms that the accounts have been prepared on a going concern basis and that this assumption is appropriate at the date for the accounts, and that the Group, after the proposed dividend of NOK 1.955 per share, has sufficient equity and liquidity to fulfil its obligations.

Financial risk

The Group is exposed to credit risk, interest risk and exchange risk in its day-to-day business operations and aims to keep risk at an acceptable level in these areas. The underlying loan contracts are instrumental for managing interest risk. Currency risk is managed through internal invoicing rules, matching income against expenses in the same currency and loans against equity in the same currency, as well as the use of financial instruments. For further details, see note 5.5 in the Annual Accounts.

Development by business areas and divisions

The Group has two business areas - Professional Building Solutions (PBS) and Global Marine & Offshore (GMO). They operate in strategically different markets, have different sales channels, marketing strategies and risks. Each of the two business areas represent a complete value chain and are supported by the Sourcing, Production and Logistics (SPL) division implying that all cost of the SPL division is distributed between the two operating segments based on the products sold. In addition, ES-SYSTEM has operated as a separate business area and division in 2020. Operationally, the Group was organized in four divisions - PBS, GMO, SPL and ES-SYSTEM, see note 1.1 and 2.1 for more details. From the beginning of 2021, ES-SYSTEM is integrated into the PBS and SPL divisions and will report as part of the PBS business area.

Professional Building Solutions

Professional Building Solutions (PBS) is a leading supplier of lighting solutions to the European non-residential building market. PBS develops and supplies complete lighting solutions for educational and healthcare institutions, commercial and industrial buildings. PBS achieved an order intake of NOK 2,298m in 2020, an increase of 4.9% from NOK 2,190m in 2019. In the same period, total revenue was NOK 2,245m, an increase of 3.6% from NOK 2,167m in 2019. The comparable year-on-year order intake, adjusted for acquisitions and currency effects, decreased by 3.9% while comparable revenue decreased by 6.0% in 2020. The business area achieved an adjusted EBITDA result in 2020 of NOK 321m (14.3%) compared to NOK 359m (16.6%) in 2019. The main explanation for the fall in adjusted EBITDA is lower achieved sales margins explained by a combination of price pressure and product mix, and slightly higher operating expenses.

The most important markets for PBS are Northern- and Central-Europe. All markets experienced a significant decline in demand in 2020 due to the Covid-19 pandemic. Although PBS managed to increase its market share in almost all target markets, the business area experienced a year-on-year fall in comparable order intake and revenue. Large positive currency effects and acquisitions supported the order intake and revenue growth in 2020.

Global Marine & Offshore

The GMO division is responsible for lighting solutions for the maritime and offshore-related markets, plus onshore energy, and the petrochemical industry. GMO achieved an order intake of NOK 754m in 2020, a decrease of 15.2% from NOK 889m in 2019. In the same period, total revenue was NOK 813m, a decrease of 4.8 % from NOK 853m in 2019. The comparable year-on-year order intake, adjusted for currency effects, decreased by 19.6% while comparable revenue decreased by 10.0% in 2020. The adjusted EBITDA result in 2020 was NOK 78m (9.5%) compared to NOK 91m (10.6%) in 2019. Lower revenue and a negative product mix effect are the

main reasons for the decrease in adjusted EBITDA, partly offset by lower operating cost.
The fall in order intake is mainly explained by a slow-down in activity level due to the Covid-19 pandemic. There were delays in both newbuild investment decisions and decisions around refurbishments of existing fleet and offshore objects. Despite a challenging market situation within commercial marine, cruise and ferry and offshore segments, GMO experienced a continued positive market trend within the navy- and recreational segments. The long-term commitments in the navy segment were relatively unaffected by the pandemic and within the Recreational segment increased interest in leisure boats did cause more demand for our products.

Sourcing, Production and Logistics (SPL)
The SPL division is operational responsible for the purchase of raw materials and trading products, production of the products the Group has developed itself and for logistics throughout the Group. In 2020 it operated production units at six different sites in Europe and one in China. Two of the European sites are in Norway, one in Germany, one in Sweden, one in Estonia, and one in the UK.

In order to align the production capacity to the reduced market demand in 2020, and as part of an ongoing strategic review of its production capacity, the Group decided to consolidate parts of its manufacturing network to create an even more cost-efficient operation. A decision was made to discontinue the factory in Målilla, Sweden and relocate the production in Målilla to the Group's factories in Keila, Estonia and Kirkenaer, Norway. The transfer of products started in 2020 and was completed by the end of the first quarter 2021.

ES-SYSTEM
ES-SYSTEM is the largest manufacturer and distribution of lighting solutions in Poland with an increasing international presence. ES-SYSTEM achieved an order intake of NOK 432m, total revenue of NOK 433m and adjusted EBITDA of NOK 38m (8.9%) in 2020. In 2019, ES-SYSTEM was part of the Glamox Group from 10th December and contributed with an order intake of NOK 21m, total revenue of NOK 31m and adjusted EBITDA of NOK 2m.

From the beginning of 2021, ES-SYSTEM is integrated into the PBS and SPL divisions and will report as part of the PBS business area.

Glamox AS
Glamox AS is the parent company of the Glamox Group. The company's accounts have been presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway. Revenue in Glamox AS was NOK 1,414m in 2020, compared to NOK 1,505m in 2019. Operating result was NOK 45m in 2020 compared to NOK 92m in 2019. The decrease in the operating result is mainly due to lower revenues. Operating expenses decreased slightly while depreciations and amortisations experienced a small

increase compared to 2019. Profit before tax was NOK 141m in 2020, compared to NOK 269m in 2019. The profit before tax is negatively impacted by an increase in net financial expenses. In accordance with the Group's currency policy, the parent company takes currency exchange positions to hedge exchange rate exposure arising at group level, primarily as a result of equity values in subsidiary companies.

Net change in cash and cash equivalents amounted to NOK 93m. Glamox AS' equity was NOK 552m at the end of 2020. The equity ratio ended at 30%. Cash and cash equivalents amounted to NOK 200m.

Acquisitions

The Glamox Group has an ambitious growth strategy supported by both organic growth initiatives and acquisitions. The Group did not complete any acquisition in 2020 but has made two acquisitions during the first four months of 2021.

- LiteIP is located in the UK and designs, manufactures and supplies wireless lighting control systems. The acquisition of Lite IP will provide Glamox with a strong platform to strengthen its offering within the Lighting Control Systems market. The acquisition was closed on 2nd March 2021. LiteIP will operate as part of the PBS division.

- Luminell is a Norwegian company which has achieved a strong position as a high-quality developer and supplier of floodlights, searchlights, and lighting controls in the marine and offshore lighting market. Luminell is known for being user-focused and developing excellent lighting solutions for demanding applications. Glamox signed an agreement to acquire Luminell on 19th April 2021 and the transaction is expected to close during Q2-21. Luminell will be part of the GMO division.

Please see note 9.4 Events after the reporting period for more details on the acquisitions.

Environment, Social and Governance

ESG is increasingly important among our stakeholders and the Glamox Group has further strengthened its focus on ESG during 2020. The ambition is to be in the forefront in our industry.

The Group has an established ESG program with a target to secure focus on compliance and risk management as part of the value protection of our business and align to ESG market expectations to allow further value creation. We have a compliance management system in place which we are continuously developing. This system incorporates, amongst other things, our existing Group's values, our policy for corporate social responsibility, code of conduct and a range of other policies including a responsible business partner policy, whistleblowing policy, crisis management policy, sanctions and export control procedure and a health safety and environmental (HSE) policy.

Focus on sustainability

In 2020 the Group launched a project to establish a holistic sustainability strategy. The project aims to build on the existing programs and expand it to create value both for our business as well as for our customers and other stakeholders, via operational efficiencies, sustainable products and solutions, and other targeted actions. We aim to be among the leading players within our industry – our goal with the strategy is to set high ambitions and identify the sustainability aspects which are synergistic with our core business in order to be a responsible corporate citizen. The strategy will be finalized and implemented in 2021, and carried out, evaluated, and adapted continuously onward.

The first steps were already taken in 2020 with; (i) ISO 14001 and ISO 50001 certifications of our production units in Wilkasy, Poland and Keila, Estonia respectively, (ii) ensuring 100% renewable energy supply in the Norwegian (Molde and Kirkenær) and Estonian (Keila) production units from 2021, (iii) solidifying a sustainable value chain by increasing our supply chain transparency, and (iv) becoming fully CO2 neutral in 2020 via a combination of energy efficiency measures as well as obtaining quotas to offset the remaining emissions.

Responsible business partner

The Group is committed to responsible business practices and conducting business with the highest ethical standards. Glamox wants to maintain stable and honest business relationships with all its business partners, including, but not limited to, suppliers, advisers, agents, and clients.

The Group wants all our business partners to view us as their preferred business partner. As such, we strive to achieve a positive reputation in all aspects of our business. We respect the laws, cultures, dignity, and rights of individuals in all countries where we operate. Compliance with national, regional, and international rules, laws and conventions is compulsory and business ethics extend beyond simple compliance. We conduct our business with integrity which makes our employees and business partners proud to work for and with us. In 2020, the Group has initiated a project to increase our supply chain transparency, to ensure responsible business practices throughout our value chain.

Environment, health and safety

The Group's goal is to produce energy-efficient products, manufactured through energy-efficient and environmentally friendly processes. The company supports a precautionary approach to environmental challenges, undertakes initiatives to promote greater environmental responsibility, and encourages the development of environmentally friendly technologies.

The environmental aspects are an important part of our product development. Through energy-efficient products and solutions we contribute to the green shift. LED technology combined with sensors and light management systems can reduce the energy consumption in many application areas up to 80-90% compared to conventional solutions. A broad range of products enables the Group to offer high-quality and energy-efficient lighting solutions within the majority of application areas.

In 2020 the Group's production unit in Wilkasy, Poland was certified in accordance with EN ISO 14001, while the production unit in Keila, Estonia was certified in accordance with EN ISO 50001. The Group's production units in Norway (Molde and Kirkenær), Sweden, the UK, and Estonia have already been certified in accordance with EN ISO 14001. During 2020 the Group took actions to ensure that the Norwegian and Estonian production units will have 100% renewable energy supply from 2021.

The Group has a zero-accident ambition and focus on a safe working environment is a continuous process. The Group has an established reporting routine for lost time accidents and require all lost time accidents to be reported, investigated and mitigated. Seventeen lost time accidents were reported in 2020. This gave an accident ratio in the Group (H-value) of 4.5 accidents per 1 million worked hours, which is an increase from 0.9 in 2019. Twelve of the lost time accidents in 2020 were reported in ES-SYSTEM. As part of our integration activities, we are implementing new routines and processes in ES-SYSTEM to decrease lost time accidents.

Absenteeism due to illness in the Group was 2.7% in 2020, compared to 4.9% in 2019. In Glamox AS it was 4.5% in 2020, compared to 6.1% in 2019.

Equal opportunities and working environment

The Group is committed to an inclusive work culture and shall provide equal opportunities and treat all employees fairly. Glamox recognize that every individual is unique and valuable and should be appreciated based on his or her individual skills and abilities. Glamox does not accept any form of harassment or discrimination on the basis of race, colour, religion, gender, sexual orientation, national origin, age, disability, or veteran status. This is clearly stated in our code of conduct and supported by our whistle-blower policy.

The Group's policy is that the same skills and length of service are rewarded on an equal basis regardless of gender. Women and men in all job categories are given the same opportunities to qualify for all types of assignments and career prospects. Female employees made up 41.8% of the Group's workforce at the end of 2020. In Glamox AS, the number of female employees was 33.8% and the number of women in leadership positions was 27.9%. The female share of part time employees in Glamox AS was 60.0% and the female share of temporary hires was 23.8%. The percentage of women among board members elected by shareholders was 14%, while the percentage of women among employee-elected board members was 33%.

Parental leave is only tracked in Glamox AS for 2020, eligible women took on average 32 weeks leave, and men took on average 10 weeks leave, out of the maximum of 52 weeks regulated by the government.

The Group strongly believes in providing the opportunity to qualify for all types of work and opportunities for promotion regardless of ethnic background. At the end of 2020, Glamox AS had employees originating from more than thirty countries.

We are working to further develop our understanding of diversity, while implementing measures related to our strategy for social sustainability. These concepts will receive increased focus in 2021 and we will investigate how we can express this into specific targets.

Glamox currently has no reports from employees, safety representative or union representatives that discrimination has been experienced as part of our work processes. We have a long and strong tradition for cooperation with our working environment committee (AMU) through formal forums that we will continue in 2021 with a specific focus on equality and discrimination.

The number of full-time employee equivalents (FTEs) was 2,174 at the end of 2020, down from 2,366 at the end of 2019. In Glamox AS the number of full-time employee equivalents increased from 427 at year-end 2019 to 434 at the end of 2020.

Shareholder situation

Please see note 5.7 to the Annual Accounts for information on the shareholder situation.

Proposal for allocation of profit

The Board proposes that the year's profit in Glamox AS of NOK 147m is allocated as follows:

Proposed ordinary dividend of (NOK 1.955 per share):	NOK 129m
Transferred to other equity capital:	NOK 18m

The parent company has interest cost obligations related to its bond that match the dividend amount to be received.

Outlook

The Glamox Group's fundamental long-term growth prospects are positive. The demand for Glamox' products is driven by activities within new-build and modernisation of non-residential buildings and the activity level within new build, refurbishment, and rehabilitation of all types of maritime vessels and offshore installations. The demand is supported by mega trends such as an increased focus on energy efficiency and digitalization. The development of new products and systems including Light Management Systems also creates attractive growth opportunities.

The Glamox Group is entering 2021 from a strong position. In the PBS business area, the market situation has stabilized in most geographies, and we have managed to increase the market share in most of the target markets during 2020. We expect a gradual improvement in the PBS business area in 2021. In the GMO business area, we expect to see a recovery in our largest market segments during 2021. However, there is still high uncertainty in both business areas related to the effects of the development of the Covid-19 infection rates and the consequences of the infection-reducing measures still being implemented and maintained.

The Glamox Group's financial position is strong with solid equity and liquidity. The Group will continue to improve its strong position within the lighting industry by making investments in new products and systems, as well as increasing the capacity, competence and efficiency of the organization. The Group's strategy is supported by organic growth initiatives, continuous cost focus and acquisitions.

Oslo, 27 April 2021

Mikael Aro
Chairman of the Board

Gustaf Backemar
Board member

Joachim Espen
Board member

Torfinn Kildal
Board member

Arild Nysæther
Board member

Helene Egebøl
Board member

Lars Ivar Røiri
Board member

Sigmund Monrad Johansen
Board member

Henny S. Eidem
Board member

Espen Ytterstad
Board member

Rune E. Marthinussen
CEO & President

Glamox – Consolidated statement of profit and loss

Profit and loss

For the years ended 31 December

NOK 1000	Notes	2020	2019
Revenue	2.1, 2.2	3 435 506	3 005 333
Other operating income	2.2	54 042	92 312
Total revenues		**3 489 548**	**3 097 644**
Raw materials and consumables used		1 673 305	1 427 347
Payroll and related costs	2.4	1 124 175	930 208
Depreciation and amortisation	3.1, 3.3, 4.2	159 617	107 211
Impairment of non-current assets	3.1, 3.2	7 996	-
Other operating expenses	2.5	306 404	325 626
Total operating expenses		3 271 497	2 790 393
Operating profit		**218 051**	**307 252**
Financial income	5.11	96 044	114 404
Financial expenses	5.11	135 184	112 506
Net financial items		-39 140	1 898
Profit before tax		**178 911**	**309 149**
Taxes	6.1	38 013	70 609
Profit for the year		**140 898**	**238 540**
Profit/loss attributable to equity holders of the parent		140 898	238 559
Profit/loss attributable to non controlling interests		-	-19
Other comprehensive income			
Profit for the year		**140 898**	**238 540**
Items that subsequently will not be reclassified to profit or loss:			
Gain/loss from remeasurement on defined benefit plans	7.2	-3 509	-6 348
Tax effect on remeasurements on defined benefit plans	7.2	517	718
Total items that subsequently will not be reclassified to profit or loss		-2 993	-5 629
Items that subsequently may be reclassified to profit or loss:			
Currency translation differences		51 038	-952
Net gain/loss on hedge of foreign subsidiaries	5.5	-51 026	4 272
Tax effect from hedge of foreign subsidiaries	6.1	11 226	-940
Total items that subsequently may be reclassified to profit or loss		11 237	2 380
Other comprehensive income for the period		**8 245**	**-3 249**
Total comprehensive income for the period		**149 142**	**235 291**
Total comprehensive income attributable to equity holders of the parent		149 142	235 310
Total comprehensive income attributable to non controlling interests		-	-19
Earnings per share attributable to equity holders of the parent			
Weighted average number of ordinary shares outstanding (in thousands):			
Basic		65 989	65 989
Diluted		65 989	65 989
Per ordinary share in NOK:			
Basic		2.14	3.62
Diluted		2.14	3.62

Glamox – Consolidated statement of financial position

NOK 1000	Notes	31.12.2020	31.12.2019
ASSETS			
Intangible non-current assets			
Goodwill	3.2	115 650	114 680
Intangible assets	3.3	190 091	193 171
Total intangible non-current assets		**305 741**	**307 851**
Tangible non-current assets			
Land, buildings and other property	3.1	200 712	217 723
Machinery and plant	3.1	89 595	118 608
Fixtures and fittings, tools, office equipment etc.	3.1	67 225	69 926
Right-of-use assets	4.2	198 091	179 652
Total tangible non-current assets		**555 622**	**585 908**
Deferred tax assets	6.1	72 345	56 898
Other non-current assets		15 472	2 777
Total non-current assets		**949 181**	**953 435**
Current assets			
Inventories	2.3	611 045	587 244
Trade receivables	5.9	431 801	525 045
Other receivables	5.9	87 304	114 167
Cash and cash equivalents	5.8	500 347	324 571
Total current assets		**1 630 497**	**1 551 027**
TOTAL ASSETS		**2 579 677**	**2 504 462**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.7	65 989	65 989
Share premium		27 253	27 253
Retained earnings and other reserves		707 443	699 359
Non-controlling interests		0	67
Total equity		**800 684**	**792 668**
Non-current liabilities			
Pension liabilities	7.2	74 233	65 575
Interest bearing liabilities to financial institutions	5.1, 5.2	744 878	634 894
Long-term lease liabilities	4.2	148 115	133 167
Other long-term loans	5.1	288	1 621
Deferred tax liabilities	6.1	89 188	96 499
Provisions and other liabilities	4.1	47 788	34 257
Total non-current liabilities		**1 104 490**	**966 012**
Current liabilities			
Trade payables	5.10	264 719	284 656
Income tax payable	6.1	15 106	13 777
Other payables	5.10	116 469	93 494
Short-term interest bearing liabilities	5.1, 5.2	14 781	22 770
Short-term lease liabilities	4.2	51 204	46 744
Provisions and other liabilities	4.1, 5.1,7.2	212 224	284 340
Total current liabilities		**674 503**	**745 781**
Total liabilities		**1 778 993**	**1 711 793**
TOTAL EQUITY AND LIABILITIES		**2 579 677**	**2 504 462**

Oslo, 27 April 2021

Mikael Aro
Chairman of the Board

Gustaf Backemar
Board member

Joachim Espen
Board member

Torfinn Kildal
Board member

Arild Nysæther
Board member

Helene Egebøl
Board member

Lars Ivar Røiri
Board member

Sigmund Monrad Johansen
Board member

Henny S. Eidem
Board member

Espen Ytterstad
Board member

Rune E. Marthinussen
CEO & President

Glamox – Consolidated statement of cash flows

For the years ended 31 December (NOK 1000)

Cash flows from operating activities	Notes	2020	2019
Profit before tax		178 911	309 149
Taxes paid		-61 580	-83 833
Depreciation, amortisation and impairment	3.1, 3.3, 4.2	167 613	107 211
Profit from sale of assets	3.1	423	-36 783
Changes in inventory	2.3	-23 801	-15 104
Changes in accounts receivable	5.9	93 244	-6 085
Changes in accounts payable	5.10	-19 938	11 228
Changes in pension scheme assets/liabilities	7.2	6 176	8 018
Changes defined benefit plan recognized directly in equity	7.2	-3 509	-6 348
Net financial items		39 587	11 539
Changes in other balance sheet items		38 625	-77 754
Net cash flows from operating activities		**415 750**	**221 238**
Cash flows from investing activities			
Interests received		8 920	9 424
Proceeds from sale of tangible fixed assets and intangible assets		1 282	61 504
Purchase of tangible fixed assets and intangible assets	3.1, 3.3	-54 220	-81 554
Acquisition of subsidiary, net of cash acquired*		-37 850	-355 369
Payment (-) / proceeds (+) on long term receivables		514	1 188
Payment (-) / proceeds (+) on other investments		-	41
Net cash flow from investing activities		**-81 354**	**-364 766**
Cash flow from financing activities			
Proceeds from issuance of debt	5.2	350 000	405 137
Lease principal	4.2	-54 895	-32 206
Lease interest paid	4.2	-5 492	-3 655
Interest paid		-35 924	-21 639
Repayment of long-term debt	5.2	-250 547	-12 166
Payment of dividends to shareholders	5.7	-141 059	-141 059
Other cash flow from financing activities		-8 531	1 970
Net cash flow from financing activities		**-146 447**	**196 382**
Net change in cash and cash equivalents		187 949	52 854
Cash and cash equivalents, beginning of period		324 571	265 554
Effect of change in exchange rate		-12 173	6 163
Cash and cash equivalents, end of period		**500 347**	**324 571**

* On 30 April 2019, Glamox acquired all the shares in Luxonic. An earn-out of up to GBP 6.75m was agreed conditional on the company`s performance in 2019 and 2020. NOK 37.9m was paid in 2020 based on the performance in 2019.

Glamox – Consolidated statement of changes in equity

NOK 1000	Share capital	Share premium reserve	Retained earnings	Currency translation differences	Net investment hedge reserve	Total share-holders equity	Non-controlling interests	Total equity
Balance as of 31 December 2018	**65 989**	**27 253**	**582 463**	**71 414**	**-48 767**	**698 351**	**86**	**698 436**
Profit (loss) for the year			238 559			238 559	-19	238 540
Other comprehensive income			-5 629	-952	3 332	-3 249		-3 249
Total comprehensive income			232 930	-952	3 332	235 310	-19	235 291
Dividends			-141 059			-141 059		-141 059
Balance as of 31 December 2019	**65 989**	**27 253**	**674 333**	**70 462**	**-45 435**	**792 602**	**67**	**792 668**
Profit (loss) for the year			140 898			140 898	-	140 898
Other comprehensive income			-2 993	51 038	-39 801	8 245		8 245
Total comprehensive income			137 905	51 038	-39 801	149 142	-	149 142
Changes in non-controlling interests							-67	-67
Dividends			-141 059			-141 059		-141 059
Balance as of 31 December 2020	**65 989**	**27 253**	**671 179**	**121 500**	**-85 237**	**800 684**	**0**	**800 684**

Notes

1.1 Corporate information

Glamox AS is a company incorporated and domiciled in Norway. The registered address is Birger Hatlebakksvei 15 in Molde. Glamox AS is a leading lighting supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The registered office is located in Molde, Norway. GLX Holding AS is the parent company with 76.17% ownership. Beneficial owner of Glamox AS is Triton fond IV, located at Jersey.

A consolidated financial statement is prepared for the GLX Holding Group, and it may be obtained by contacting Glamox AS.

The Glamox Group is organised with three divisions: Professional Building Solutions (PBS), Global Marine & Offshore (GMO) and Sourcing, Production and Logistics (SPL). In addition, ES-System, acquired 10th December 2019, has been operating as an independent division since the acquisition date. The PBS division has the responsibility of developing, marketing and sale of lighting solutions for the land-based lighting segment, with focus on the European market. The GMO division has the responsibility of developing, marketing and sale of lighting solutions to the global marine and offshore market. The SPL division consist of the production units in the Glamox Group and has the responsibility of procurement, manufacturing, warehousing and distribution. The prime objective of the SPL division is to serve the sales units (within PBS and GMO division) and their customers. The sale from the SPL division is only internal to business units within PBS and GMO.

The two sales divisions, PBS and GMO, have to a large extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. To be able to monitor and follow up the profitability of the complete value chain of these two business areas, Glamox has an operating segment reporting where PBS and GMO each represents a complete value chain, in addition to ES-System.

1.2 Basis of preparation

The consolidated financial statements of Glamox AS and subsidiaries comprise of consolidated statements of profit and loss, other comprehensive income, financial position, cash flows, changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company. All figures are rounded to the nearest thousand (000), except when otherwise specified. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, daily exchange rates are applied for significant transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Glamox AS and its subsidiaries as at 31 December 2020. See note 8.1 for subsidiaries included in the consolidation. The subsidiaries are consolidated when control is achieved, that is, when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, Glamox' presumption is that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Uniform accounting policies are applied to all group companies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.3 Estimation uncertainty, judgments and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below.

Sources of estimation uncertainty

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value. Details of recognised goodwill are provided in note 3.2, including sensitivity disclosures.

Warranties

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. Details related to warranty provisions are provided in note 4.1.

Deferred tax assets

Deferred tax assets are recognised when it is probable that the company will have a sufficient taxable profit in subsequent periods to utilise the tax asset. Assessment of future ability to utilise tax positions is based on judgements of the level of taxable profit, the expected timing of utilisation, expected temporary differences and strategies for tax planning.

Capitalised product development

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. Further it is only cost related to development of products for a new application and/or with new technology that will be capitialized. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development are capitalised is highly subjective, as the outcome of these projects may be uncertain.

Economic life of property, plant and equipment and intangible assets

The useful life of each item, which is assessed at least annually, is determined as the period over which the asset is expected to be available for use.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation or amortisation expense on assets with finite lives is recognised in the statement of comprehensive income.

Inventory

A provision for obsolescence is included in the inventory when necessary. The criteria for assessing the needs and level of the provision are based on objective calculations and management judgements. Turnover of the goods is the base of the objective calculation. Depending on the turnover rate (3 months, 6 months or 12 months) the Group has set specific obsolesce rates to be used.

1.4 Adjusted profit and special items

The table below gives an overview of special items included in profit and loss for 2020 and 2019.

	2020	2019
Total revenues	3 489 548	3 097 644
Total revenues - Adjusted	3 488 654	3 050 625
EBITDA [1]	385 664	414 463
EBITDA margin	11.1 %	13.4 %
Adjusted EBITDA [2]	497 290	486 455
Adjusted EBITDA margin	14.3 %	15.9 %
Operating profit (EBIT)	218 051	307 252
Operating profit (EBIT) margin	6.2 %	9.9 %
Adjusted Operating profit (EBIT)	337 672	379 244
Adjusted Operating profit (EBIT) margin	9.7 %	12.4 %
Special items:		
Profit from sale of property	-	-36 638
Restructuring cost	48 489	52 675
Claim cost related to specific product	4 057	23 683
Acqusition and integration cost	29 708	25 807
ERP Integration	16 894	-
ESG Compliance	3 544	-
Order cancellation	-	8 366
Reversal of provision	-	-6 750
Other	8 933	4 849
Total Special items	**111 625**	**71 992**
Adjusted EBITDA	**497 290**	**486 455**
Impairment of non-current assets	7 996	-
Total Special items	**119 621**	**71 992**
Adjusted Operating profit (EBIT)	**337 672**	**379 244**

[1] Operating profit/loss before income taxes, net financial items, depreciation, amortisation and impairment charges.

[2] Operating profit/loss before income taxes, net financial items, depreciation, amortisation and impairment charges adjusted for special items.

Special items reprecents profit and loss items that are material and outside ordinary business of Glamox Group. The table give an overview of the profit adjusted for the special items. In order to present the profit of the ordinary business of the Group.

2.1 Segment information

Operating segments within Glamox Group

In 2020, Glamox has the following operating segments (business areas);
- Professional Building Solutions (PBS)
- Global Marine & Offshore (GMO)
- ES-System

Each of these segments represents a complete value chain. For the two segment PBS ang GMO all cost of goods sold (COGS) and administration cost of the SPL division is distributed between the two operating segments, based on the products sold. Group functions are also distributed between the two operating segments, based on allocation keys. As ES-System was organized as a complet value chain, only minor group fuctions has been allocated to this segment.

The segments offer different products, operate in strategically different markets and therefore have different sales channels and marketing strategies, including risks. PBS offers products to office, industry, health, education, retail, hotels and resturants mainly in Europe. Their main sales channels are direct to installers and wholesalers. ES-System have much of the same segments and sales channels as PBS, but differs geographically. During 2021 ES-System will be integrated into the PBS segment. GMO offers its products in the global market within commercial marine, energy (offshore and onshore), navy, recreational, cruise and ferry. The customer base of GMO consist of vessel owners, yards, electrical installers, engineering companies and oil companies.

Segment performance is evaluated based on EBITDA (operating profit /loss before income taxes, net financial items, depreciation, amortisation and impairment charges)*. Management believes this information is the most relevant in evaluating the results of the respective segments. Reconciliation from EBITDA to operating profit according to the statement of total comprehensive income is shown below. The Group's financing activities (including finance costs and finance income) and income tax expense are managed on a Group basis and are not allocated to the operating segments.

The internal managment reporting of operating segments does not include any balance sheet items. Consequently, the overview of financial information per operating segment does not include assets and liabilites. None of the operating segments had sales to a single customer that exceeded 10 % of revenues in 2020.

Year ended 31 December 2020	**Professional Building Solutions (PBS)**	**Global Marine & Offshore (GMO)**	**ES-System**	**Other**	**Total**
Revenues	2 245 137	812 697	432 607	-894	**3 489 548**
EBITDA	321 000	77 509	38 395	-51 239	**385 664**
in %	14.3 %	9.5 %	8.9 %		11.1 %

Year ended 31 December 2019	**Professional Building Solutions (PBS)**	**Global Marine & Offshore (GMO)**	**Other**	**Total**
Revenues	2 166 801	853 323	77 520	**3 097 644**
EBITDA	358 885	90 532	-34 954	**414 463**
in %	16.6 %	10.6 %		13.4 %

EBITDA for PBS, GMO and ES-System, presented in the table above is adjusted for special items.
Other item in 2020 refers to special items and IFRS 16 effects.
In 2019 PBS includes Luxonic from 30. April 2019, which corresponds to the owner period. Other item in 2019 refers to special items, IFRS 16 effects, and ES-System from 10. December 2019.

See note 1.4, 2.2, 2.4, 2.5, and 4.2 for further information.

Reconciliation of profit	**2020**	**2019**
EBITDA	385 664	414 463
Depreciation and amortisation	167 613	107 211
Operating profit	**218 051**	**307 252**

Geographic information	**2020**	**2019**
Nordics	1 563 165	1 548 340
Europe, excl. Nordics	1 616 682	1 192 762
North America	131 055	126 605
Asia	148 812	197 140
Other	29 834	32 797
Total revenues from external customers	**3 489 548**	**3 097 644**

The geographic split is based on the location of the customer.
The Group's definition of EBITDA may differ from other definitions of EBITDA in certain other jurisdictions.

2.2 Revenues from contracts with customers

The group derives revenue from sale of goods at a point in time, see note 2.1 for disaggregation of revenues by segments and geographical regions.

The group is a global provider of lighting solutions for a wide variety of applications, on land and offshore. All significant revenue streams relates to production and sales of goods. Glamox`s main performance obigation is related to sale of goods where the performance obligations are the delivery of an agreed volume of products within the agreed specification. The accounting policies for the group`s revenue from contracts with customers are explained in note 10.1.

Revenues from sales	**2020**	**2019**
Sale of goods	3 435 506	3 005 333
Total revenues from sales	**3 435 506**	**3 005 333**

Other operating income		
Other operating income	54 042	92 312
Total other operating income	**54 042**	**92 312**

Other operating income mainly consist of freight invoiced to customers.

In 2019, Other operating revenue included profit from sale of property of NOK 36.8 million and reversal of provision of NOK 6.8 million.

2.3 Inventories

Inventories	**31.12.2020**	**31.12.2019**
Raw materials	335 512	298 595
Work in progress	44 133	43 937
Finished goods	231 400	244 711
Total inventories	**611 045**	**587 244**

Provision for obsolete inventories	**2020**	**2019**
At January 1	**98 561**	**67 821**
Currency effect	2 879	-92
Provision used	-23 128	-6 164
Provision reversed	-2 634	-2 459
Addition through acquisition of subsidiary	-	20 054
Additonal provision	31 010	19 401
At December 31	**106 688**	**98 561**

The provision for obsolete inventories covers all inventory classifications (Raw material, Work in progress and Finished goods). The provision is primarily a consequence of the objective calculation based on stock turn at component level. The increase is mainly related to phase out of many product families produced in Germany. In addition, over the past 2-4 years, we have had to stock up on a number of components as some suppliers have stopped producing coventional components. Many of these components are now on the list of slow movers and obsolete. In Sweden some product families are finally phased out from assortment due to the closing of the factory.

Note 5.2 shows that part of the Group's inventory is pledged as security for secured liabilities.

2.4 Employee benefit expenses

Payroll and related costs	**2020**	**2019**
Salaries	893 869	738 276
National insurance	148 224	121 021
Pension costs	45 209	42 411
Other remuneration	36 873	28 501
Total payroll and related costs	**1 124 175**	**930 208**

Average number of Full Time Employee (FTE)	2 208	1 502

In 2020, salaries and national insurance include special items of NOK 43 million. Of this, NOK 23.0 million is related to restructuring, NOK 7.8 million is related to business integration, NOK 8.5 milion is related to ERP integration and NOK 3.7 million related to other items.

In 2019, salaries and national insurance include items of NOK 17.0 million related to restructuring.

See note 7.1 for management remuneration.

2.5 Other operating expenses

Other operating expenses	**2020**	**2019**
Sales and marketing expenses	18 807	29 918
Energi and housing	74 199	61 651
Repair and maintenance	23 135	18 790
Travel and transport	36 210	51 037
Claims	18 340	12 562
Special items	63 430	75 430
Other	66 438	77 433
Bad debts	5 845	-1 194
Total other operating expenses	**306 404**	**325 626**

Auditor	**2020**	**2019**
Fee for statutory audit	4 866	3 472
Audit-related fees	877	895
Tax compliance services	476	353
Other fees	429	98
Total	**6 648**	**4 818**

Special items
Total operating expenses for 2020 includes special items of total NOK 63.4 million. Of this, NOK 20.0 million is related to restructuring, NOK 22.6 million is related to business integration, NOK 6.4 milion is related to ERP integration, NOK 4.0 relates to claim towards specific products and NOK 10.4 million related to other items.

Total operating expenses for 2019 includes special items of total NOK 75.4 million. Of this, NOK 25.8 million relates to acqusition cost, NOK 23.6 relates to restructuring and NOK 20.7 relates to claim towards specific products.

Audit fee:
The amounts above are excluding VAT.

3.1 Property, plant and equipment

	Land/ Buildings	Machinery	Fixtures and Fittings	Total
Acquisition cost 31.12.2018	**262 918**	**444 474**	**210 946**	**918 337**
Additions	1 371	25 207	22 255	48 833
Disposals	-31 097	-46 971	-16 975	-95 043
Additions through acquisition of subsidiary	125 801	39 309	6 863	171 973
Adjustment for change in accounting policies	-	-9 048	-	-9 048
Reclassifications	8 579	-21 411	11 511	-1 321
Currency translation effects	-2 186	-3 080	-887	-6 153
Acquisition cost 31.12.2019	**365 386**	**428 480**	**233 712**	**1 027 578**
Additions	1 964	7 739	9 767	19 470
Disposals	188	-7 072	-1 330	-8 214
Additions through acquisition of subsidiary	-		-	-
Reclassifications	-259	-1 837	-15 696	-17 793
Currency translation effects	5 976	9 120	8 862	23 958
Acquisition cost 31.12.2020	**373 255**	**436 430**	**235 315**	**1 044 999**
Accumulated depreciation and impairment 31.12.2018	**134 610**	**346 502**	**159 112**	**640 223**
Depreciation for the year	12 560	19 960	17 315	49 835
Impairment for the year	-	-	6	6
Disposals	-6 028	-46 147	-16 551	-68 726
Reclassifications	7 250	-9 298	4 398	2 350
Currency translation effects	-727	-1 143	-494	-2 365
Accumulated depreciation and impairment 31.12.2019	**147 664**	**309 873**	**163 786**	**621 323**
Depreciation for the year	13 710	33 459	19 507	66 676
Impairment for the year*	7 996	-	-	7 996
Disposals	199	-6 990	-4 305	-11 096
Reclassifications	193	4 635	-16 519	-11 691
Currency translation effects	2 782	5 857	5 622	14 260
Accumulated depreciation and impairment 31.12.2020	**172 543**	**346 834**	**168 090**	**687 468**
Carrying amount 31.12.2019	**217 723**	**118 608**	**69 926**	**406 256**
Carrying amount 31.12.2020	**200 712**	**89 595**	**67 225**	**357 531**

Economic life	Up to 20 yrs.	Up to 10 yrs.	Up to 10 yrs.
Depreciation plan	Straight-line	Straight-line	Straight-line

The Group assess, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. Furthermore, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. No such indicators were identified in 2019 for property, plant and equipment.

*In 2020, the Group recorded an impairment of NOK 8.0 million related to the factory building at the Swedish site, Målilla.
No other indicators were identified in 2020 for property, plant and equipment.

3.2 Goodwill

	Goodwill
Acquisition cost 31.12.2018	**78 282**
Acquisitions	53 640
Currency translation effects	2 719
Acquisition cost 31.12.2019	**134 641**
Acquisitions	-
Adjustment of purchase price allocation	-2 248
Currency translation effects	3 217
Acquisition cost 31.12.2020	**135 611**

Accumulated Impairment 31.12.2018	**19 961**
Impairment for the year	-
Currency translation effects	-
Accumulated Impairment 31.12.2019	**19 961**
Impairment for the year	-
Currency translation effects	-
Accumulated Impairment 31.12.2020	**19 961**

Carrying amount 31.12.2019	**114 680**
Carrying amount 31.12.2020	**115 650**

Carrying amount of goodwill allocated to the cash-generating units	**Goodwill**
PBS (Luxo)	8 688
LINKSrechts	5 861
Glamox BV	7 752
O. Küttel AG	40 021
Luxonic	53 321
ES-System	8
Total goodwill – carrying amount 31.12.2020	**115 650**

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill is impaired. Recognised goodwill in the Group as of 31st of December 2020 is NOK 115.7m and is derived from acquiring of Luxo in 2009, Glamox B.V. in 2015, LINKSrecht in 2016, Küttel in 2018, Luxonic and ES-System in 2019. The recoverable amounts of the CGUs have been determined based on value-in-use calculations.

The Group perform its annual impairment test at reporting date. There are no impairment loss in 2020 or 2019.

For the 2020 impairment testing, the cash flows in the calculations are based on budgets for 2021 and assumption used in the strategy plan for the period 2021 to 2024 both approved by the Group Management. Cash flows after year 2024 have been extrapolated using a long-term growth rate. The calculations of terminal value are based on Gordon's formula.

Key assumptions used in value-in-use calculations

Based on an overall assessment, Glamox has identified the following assumtions as most sensitive to the value in use calculations:

Growth rate

The historical sales growth rate in Glamox differ between the two segments, PBS and GMO. And within these two segments the growth rate differ between the sectors. In the strategy plan the growth rates are based on published industry research with management adjustments. In prediction of cash flow, management has utilized a conservative approach. The growth rate applied in the impairment test is equal to the rate utilized in the strategy plan

Operating profit

Future operating profit is dependent on a number of factors, but primarily volume growth, cost of production and operating expenses. In the impairment test, Glamox has estimated operating profit using an operating profit rate that is based on managment's experience.

Discount rates

The discounts rates are based on the Weighted Average Cost of Capital (WACC) formula derived from the CAPM model. The discount rate is set individually for each CGU and is post-tax between 6.6% and 12.0%.

Cash generating units and assessments made by management

LINKSrechts

LINKSrecht was acquired by Glamox in June 2016. The company produces and distribute advanced LED lighting system for the military marine sector all over the world. It supplies Helicoper Visual Landing Aid Systems (HVLAS), Advanced Submarine Lighting Systems (ASLS) and Advanced Naval Lighting Systems (ANLS) for naval surface ships. The main customers are military marine in differenct countries around the world.

In the impairment caluculation the terminal growth rate is assumed to be 1.5% and a WACC of 12.0% has been utilized. The sensitivity analysis show that if revenue for the whole period were reduced by 20% and the profit margin redused by 6%p, an impairment loss would occur.

Glamox B.V.

Glamox B.V was acquired by Glamox in January 2015. Glamox B.V had been an independent distributor of Glamox products for over 30 years. The company operates both witin the PBS and GMO segment in the Netherlands. In the impairment test calculation, the terminal growth rate is assumed to be 1.5% and a WACC of 6.6% has been utilized. The sensitivity analysis show that if revenue for the whole period were reduced by over 50%, and WACC increased by 1.8%-p an impairment loss would occur.

PBS (Luxo)

Luxo was acquired by Glamox in 2009. Luxo was a company that developed, produced and distributed lighting products and solutions to the professional land-based lighting market. Luxo consisted of sales units and production units that where located in differenct countries. Luxo company and Glamox company in the same market/ country where merged. The CGU related to goodwill of this acqusition is the PBS division. In the impairment test calculation, the terminal growth rate is assumed to be 1.0% and a WACC of 9.3% has been utilized. The sensitivity analysis show that an increase in WACC of 9.0 %-p would lead to an inpairment loss. A decrease in revenues for the whole period of 67 % would lead to an impairment loss.

O. Küttel AG

O. Küttel AG was acquired in April 2018. The company is a leading Swiss provider of lighting for the professional building market in Switzerland. In the impairment test calculation, the terminal growth rate is assumed to be 1.6% and a WACC of 9.8% has been utilized. The sensitivity analysis show that an increase in WACC of 11.1 %-p would lead to an impairment loss. A decrease in revenues for the whole period of 70 % would lead to an impairment loss.

Glamox Luxonic

Luxonic was aquired by Glamox in April 2019. The company was established in 1986 and is a UK based lighting company with a strong brand and its own manufacturing plant located in Basingstoke, UK. In the impairment test calculation, the terminal growth rate is assumed to be 2.0% and a WACC of 7.8% has been utilized. The sensitivity analysis show that an increase in WACC of 5.4 %-p would lead to an impairment loss. A decrease in revenues for the whole period of 65 % would lead to an impairment loss, or a decrease in revenue of 25% combined with a decrease of profit margin of 3.0 %-p would lead to an impairment loss.

Acquisition of ES-SYSTEM and adjustments of the purchase price allocation

On 10th December 2019, Glamox AS acquired the polish company, ES-SYSTEM. The total purchase consideration was NOK 355.0 millions all paid by cash.

The process of identifying the fair value of assets acquired was performed in 2019 and completed during 2020. The provisionally estimated fair value of assets and liabilities as well as final amounts are included in the table below. Adjustments relates to recalculation of liabilities towards employees and tax credits. Further the valuation of intangible non-current assets, like Brand, Customer relationship and Product development are completed. The value of deferred tax and goodwill have been updated following adjustments to valuation of other items. Amortisations are updated with these changes.

Fair value at acqusition date:	**2019-estimates**	**Adjustments**	**Fair value**
All figures in tNOK			
Assets			
Goodwill	2 323	-2 316	8
Other intangible non-current assets	57 077	-11 090	45 987
Deferred tax assets	9 104	1 703	10 807
Tangible non-current assets	155 327	15 223	170 550
Inventories	86 541		86 541
Trade and other receivables	125 046		125 046
Cash and cash equivalents	60 596		60 596
Total assets	**496 015**	**3 521**	**499 536**
Liabilities			
Deferred tax	9 663	-2 096	7 567
Long term liabilities	52 745	5 613	58 358
Current liabilities	78 654		78 654
Total liabilities	**141 061**	**3 521**	**144 579**
Total identifiable net assets at fair value	**354 954**		**354 954**

3.3 Product development and other intangible assets

	Product Development	Other intangible assets	Total
Acquisition cost 31.12.2018	**11 910**	**227 729**	**239 639**
Additions	6 249	26 471	32 721
Additions through acquisition of subsidiary	33 231	58 685	91 916
Disposals	763	-3 100	-2 337
Reclassifications	135	28	162
Currency translation effects	145	-216	-71
Acquisition cost 31.12.2019	**52 433**	**309 597**	**362 030**
Additions	2 896	31 854	34 751
Additions through acquisition of subsidiary	-	-	-
Adjustment of purchase price allocation	-1 694	-9 068	-10 762
Disposals	-	-19 293	-19 293
Reclassifications	-	18 066	18 066
Currency translation effects	105	5 302	5 408
Acquisition cost 31.12.2020	**53 740**	**336 458**	**390 199**
Accumulated amortisation and impairment 31.12.2018	**4 959**	**145 151**	**150 110**
Amortisation for the year	3 310	20 391	23 701
Impairment for the year	-	-	-
Disposals	762	-3 098	-2 336
Reclassifications	135	-2 764	-2 629
Currency translation effects	44	-31	13
Accumulated amortisation and impairment 31.12.2019	**9 209**	**159 649**	**168 858**
Amortisation for the year	7 028	30 027	37 055
Impairment for the year	-	-	-
Disposals	-	-19 293	-19 293
Reclassifications	-	11 803	11 803
Currency translation effects	-23	1 706	1 683
Accumulated amortisation and impairment 31.12.2020	**16 215**	**183 892**	**200 107**
Carrying amount 31.12.2019	**43 224**	**149 948**	**193 171**
Carrying amount 31.12.2020	**37 526**	**152 566**	**190 091**

Economic life	Up to 3-5 yrs.	Up to 10 yrs.	
Amortisation plan	Straight-line	Straight-line	

Net Capitalised development costs as of the year ended December 31, 2020 were NOK 37 526 thousand. Of this amount, NOK 12 065 thousand relates to aqcuired product developement through the acquisition of Luxonic, NOK 13 526 thousand relates to acquired product developement through the acquisition of ES-System and the rest is capitialised product development related to internal projects. Internal projects that results in products with a new application or new technology is capitalised given that the criteria in IAS 38 is fulfilled. The Group directly expensed NOK 31 842 thousand related to research and development activities in 2020 (2019: NOK 36 003 thousand).

Carrying amount of other intangible assets per 31.12.2020 is NOK 152 566 thousand and consist of trademarks of NOK 46 024 thousand and customer relations of NOK 24 304 thousand from the acquisition of LINKSrechts, Küttel, Luxonic and ES-System, and technology of NOK 9 386 thousand from the acqusition of LINKSrechts and the rest of NOK 72 852 thousand is related to software investments. The trademark from the aquisition of Küttel is well incorporated in the Swiss market and there are no plans of rebranding. Based on this, the trademark is assessed to be indefinite and therefore not amortised. The trademark is tested for impairment annually, see note 3.2. Except for this, other intangible assets are amortised over 5-10 years based on the useful economic life.

As of 31 December 2020, no impairment indicators were identified.

4.1 Provisions and other liabilities

Provisions and other liabilities	Note	31.12.2020	31.12.2019
Non-current provisions and other liabilities			
Warranties		38 470	34 132
Other liabilities		9 318	124
Total non-current provisions and other liabilities		**47 788**	**34 257**

Provision for warranties	**2020**	**2019**
At January 1	**34 132**	**36 098**
Currency effect	1 025	-193
Addition through acquisition of subsidiary	-	522
Provision used	-4 665	-8 188
Provision reversed	-2 721	-3 040
Additional provision	10 699	8 934
At December 31	**38 470**	**34 132**

Current provisions and other liabilities		
Derivatives	1 960	766
Prepayments from customers	20 246	22 596
Restructuring/Severence payment	5 276	973
Accruals for employee benefits	110 279	109 309
Product claim	25 659	46 861
Contingent liabilities	1 312	41 737
Pension liabilities	1 202	984
Other liabilities	46 290	61 115
Total current provisions and other liabilities	**212 224**	**284 340**

Warranties relates to product warranty obligations to customers. Standard warranty time is between 2-5 years. The warranty time differs among the different markets that Glamox operates in, and between the different products sold.

Product claim relates to one product sold to the energy area (GMO segment) over several years. The provision is expected to cover cost involved in rectifying received and potential claims.

The contingent liabilities relates to acquisition of Luxonic. An earn-out of up to GBP 6.75m was agreed conditional on the company`s performance in 2019 and 2020. NOK 37.9m vas paid in 2020 based on the performance in 2019.

Other liabilities contains accrued fee and general accrued expenses.

4.2 Leases

This note provides information for leases where the group is a lessee.

Right-of-use assets	Buildings	Machinery	Fixtures and Fittings	Total
Carrying amount 01.01.2019	**106 921**	**18 880**	**3 001**	**128 801**
Additions	14 090	16 244	673	31 006
Additions through acquisition of subsidiaries	49 867	5 592	2 959	58 419
Remeasurement	-1 769	-1 004	-250	-3 023
Depreciations	-21 675	-10 780	-1 221	-33 676
Termination	-54	-451	-3	-507
Currency translation effects	-1 226	-129	-13	-1 368
Carrying amount 31.12.2019	**146 153**	**28 351**	**5 147**	**179 652**
Additions	50 265	15 478	72	65 815
Remeasurement	7 879	-369	9	7 519
Depreciations	-38 732	-15 543	-1 611	-55 886
Termination	-1 707	-1 377	-35	-3 120
Currency translation effects	2 963	915	233	4 111
Carrying amount 31.12.2020	**166 821**	**27 455**	**3 815**	**198 091**

Amounts recognised in profit and loss	2020	2019
Depreciation from right-of-use assets[1)]	55 886	33 676
Interest expense from lease liabilities[2)]	5 492	3 655
Expenses relating to short term leases and leases of low-value assets[3)]	4 992	6 110
Variable lease payments not included in the measurement of lease liabilities	0	0
Total	**66 369**	**43 441**

1) Presented as Depreciations and amortisations
2) Presented as Interest expenses
3) Presented as Other operating expenses

Amounts recognised in cash flow	2020	2019
Principal portion of lease payments on lease liabilities[1)]	54 895	32 206
Interest portion of lease payments on lease liabilities[1)]	5 492	3 655
Payments relating to short term leases and leases of low-value assets[2)]	4 992	6 110
Total payments on lease liabilities	**65 378**	**41 971**

1) Presented as cash flow from financing activities.
2) Presented as cash flow from operating activities.

Lease liabilities	2020	2019
Lease liabilities, non-current	148 115	133 167
Lease liabilities, current	51 204	46 744

Maturity schedule lease liabilities - contractual undiscounted cash flows	2020	2019
0-1 years	52 923	51 915
1-5 years	112 237	123 969
5 years and later	49 124	35 819
Total undiscounted lease liabilities as of 31.12.	**214 284**	**211 703**

Amounts does not include lease liabilities for short term leases and leases of low-value assets.

5.1 Financial instruments

The Group has the following financial instruments:
Financial assets/liabilities at amortised cost:
Financial assets: Trade receivables, other current receivables (notes: 5.9) and cash and cash equivalents (note 5.8)
Financial liabilities: Includes most of the Group's financial liabilities including debt to credit institutions, trade payables and other current and non-current financial liabilities (notes: 5.2 and 5.10).

Financial assets/liabilities at fair value through profit and loss (FVTPL):
Derivative instruments – Forward contracts (see below))

Derivates and hedging

The Group applies hedge accounting related to its hedges of net investments in foreign subsidiaries. Loans and bank overdrafts in the same currency as the underlying investments are designated as hedging instruments. As of 31 December 2020 NOK 575.0 millions of the interest bearing liabilities have been designated as hedging instrument (2019: NOK 564.8 millions. In the Group accounts, the underlying currency effects related to the hedging instruments are presented in the statement of OCI, to the extent that the hedging relationship is effective. At the end of the period, the hedging relationship is effective.

Furthermore, the Group holds forward contracts to secure its sales and purchases in foreign currency. Hedge accounting is not applied related to these arrangements, and the derivatives are measured at fair value through profit and loss.

For further information, see note 5.5 and 10.1.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The table below shows the various financial assets and liabilities, grouped in the different categories of financial instruments according to IFRS 9.

31.12.2020	**Amortised cost**	**Fair value through profit or loss (FVTPL)**	**Total**
Financial assets			
Trade receivables (note 5.9)	431 801		431 801
Other receivables (note 5.9)	87 304		87 304
Cash and cash equivalents (note 5.8)	500 347		500 347
Total financial assets	**1 019 452**	**-**	**1 019 452**

31.12.2020			**Total**
Financial Liabilities			
Derivatives		1 960	1 960
Interest bearing liabilities to financial institutions (non-current and current, note 5.2)	762 453		762 453
Lease liabilities (non-current and current, note 4.2)	199 319		199 319
Other long-term loans	288		288
Trade and other payables (note 5.10)	264 719		264 719
Total financial liabilities	**1 226 779**	**1 960**	**1 228 739**

31.12.2019			
Financial assets			
Trade receivables (note 5.9)	525 045		525 045
Other receivables (note 5.9)	114 167		114 167
Cash and cash equivalents (note 5.8)	324 571		324 571
Total financial assets	**963 783**	**-**	**963 783**

31.12.2019			
Financial liabilities			
Derivatives		766	766
Interest bearing liabilities to financial institutions (non-current and current, note 5.2)	660 728		660 728
Lease liabilities (non-current and current, note 4.2)	179 910		179 910
Other long-term loans	1 621		1 621
Trade and other payables (note 5.10)	284 656		284 656
Total financial liabilities	**1 126 915**	**766**	**1 127 681**

5.2 Interest bearing liabilities to financial institutions

Non-current Interest bearing loans and borrowings	Interest rate	Maturity	31.12.2020	31.12.2019
Revolving facility - utilised amount (NOK)	NIBOR + margin	2022	165 500	65 500
Revolving facility - utilised amount (EUR)	EURIBOR + margin	2022	230 347	217 004
Revolving facility - utilised amount (PLN)	WIBOR + margin	2022	344 675	347 812
Other long term loans (GBP)	LIBOR + margin	2023	7 151	7 643
Total non-current interest bearing loans and borrowings			**747 671**	**637 958**

Change of non-current Interest bearing loans and borrowings	2020	2019
Opening balance	637 958	234 363
Acquired debt due to acquisition of subsidiary	-	8 726
Increase of utilised amount	350 000	405 137
Repayment	-250 547	-1 377
Effect of changes in foreign exchange rates	10 261	-8 890
Closing balance	**747 671**	**637 958**

Current Interest bearing loans and borrowings	31.12.2020	31.12.2019
Other long term loans (GBP) - current part	2 783	2 922
Bank overdraft*	11 998	19 848
Total current interest bearing loans and borrowings	**14 781**	**22 770**

* Luxonic Ltd. can withdraw cash based on outstanding accounts receivable.

Change of current Interest bearing loans and borrowings	2020	2019
Opening balance	22 770	-
Acquired debt due to acquisition of subsidiary	-	20 716
Increase of utilised amount	-	1 299
Repayment	-8 008	-
Effect of changes in foreign exchange rates	19	755
Closing balance	**14 781**	**22 770**

Revolving facility

Glamox holds a multi-currency revolving facility. The multi-currency revolving facility has a credit limit of NOK 1,400m.
In Q1-2020 the utilized amount was increased by NOK 350m and in Q3-2020 the utilized amount was decreased by NOK 250m.

An arrangement fee related to the financing, is booked against non-current interest bearing liablities and will be expensed over the availability period of the facility.

Covenant requirements:

Glamox' loan agreements includes the following financial covenants requirements on Group level:
- Equity ratio minimum 20%
- Net interest bearing debt (NIBD)/EBITDA Adjusted (Last Twelve Months) less than 4.0.

There have been no breaches of covenants in 2020 or 2019 for Glamox.

Assets pledged as security and guarantee liabilities

	31.12.2020	31.12.2019
Secured balance sheet liabilities:		
Interest bearing liabilities to financial institutions	740 521	630 316
Secured pension liability	13 820	13 820
Balance sheet value of assets pledged as security for secured liabilities:		
Land, buildings and other property	31 297	36 927
Machinery and plant	32 641	45 494
Fixtures and fittings, tools, office equipment etc.	15 776	20 160
Inventories	134 905	143 357
Account receivable	191 399	225 932
Total	**406 018**	**471 870**

5.3 Ageing of financial liabilities

31.12.2020	Less than 12 months	1 to 3 years	Over 3 years	Total
Derivatives	1 960			1 960
Interest bearing liabilities to financial institutions (note 5.2)*	27 292	757 799	2 384	787 474
Other long-term loans	288	-	-	288
Trade and other payables (note 5.10)	264 719			264 719
Totals	**294 258**	**757 799**	**2 384**	**1 054 441**

31.12.2019	Less than 12 months	1 to 3 years	Over 3 years	Total
Derivatives	766			766
Interest bearing liabilities to financial institutions (note 5.2)*	36 963	664 730	9 823	711 516
Other long-term loans	464	261	896	1 621
Trade and other payables (note 5.10)	284 656			284 656
Totals	**322 848**	**664 991**	**10 719**	**998 558**

* figures inclued estimated interest payable.

5.4 Fair value measurement

The table below discloses information about all financial instruments that are either measured at fair value or where information about fair value is disclosed. There were no transfers between the levels during 2020 and 2019. For related accounting policies, reference is made to note 10.1.

	Carrying amount at	Date of valuation	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities measured/disclosed at fair value							
Interest-bearing loans and borrowings	31.12.2020	31.12.2020	762 453	762 453		x	
Interest-bearing loans and borrowings	31.12.2019	31.12.2019	660 728	660 728		x	
Derivative financial liabilities	31.12.2020	31.12.2020	1 960	1 960		x	
Derivative financial liabilities	31.12.2019	31.12.2019	766	766		x	

Fair value of financial instruments

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations (hierarchy level 2). The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on measurement of financial instruments recognised at fair value. Glamox applies input from its respective bank relations in performing the fair value calculations.

The fair values of the Group's interest-bearing loans and borrowings are assessed to be in all material aspects similar to carrying amount.

5.5 Financial risk management

Glamox Group is exposed to a range of risks affecting its financial performance, currency risk, interest rate risk, liquidity risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments. Risk management is carried out by senior management under policies approved by the Board of Directors.

Interest rate risk

The Group aims to follow the general long-term development in the money market interest levels. The effects of short-term fluctuations in money market interest levels can be reduced by managing the loan portfolio's average interest and the timing of the interest payments. Underlying loan agreements is used to manage the interest risk.

The main part of the deposit is organised in a Multi Currency Cash pool. The interest-bearing liability relates to a Revolving Credit Facility (RCF). As of 31.12.2020 it is utilised NOK 165.5 millions, EUR 22.0 millions and PLN 150.1 millions of the RCF. The interest of the utilised amount of the RCF is payable at a rate of NIBOR/EURIBOR/WIBOR plus a margin, dependent on Glamox's NIBD/EBITDA ratio.

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax:

Interest rate sensitivity	**Increase / decrease in basis points**	**Effect on profit before tax**
31.12.2020	+/- 100	- 2.4 mNOK / -0.1 mNOK
31.12.2019	+/- 100	- 3.7 mNOK / 1.6 mNOK

Foreign currency risk

Glamox is exposed to transaction risk by purchasing and selling in different currencies. Purchase and production expenses are mainly in NOK, SEK, EUR, GBP and PLN, with sales mainly in NOK, EUR, SEK, DKK, GBP, SGD, CAD, CHF, PLN and USD. Glamox aims to minimise the risk of changes in the value of net cash flows arising from the short-term fluctuations in exchange rates. Transaction risk is controlled by means of internal invoicing rules, matching of income and expenses in the same currency and by using financial instruments (forward contracts).

Glamox uses forward contracts as an economic instrument to hedge cash flow. As of 31.12.2020, the Group hold forward contracts for both sale and purchase of currencies. Forward contracts as of 31.12.2020 amounts to NOK 153 million in currency sales and NOK 133 million in currency purchase based on 31.12.2020 exchanges rates. The Group's forward contracts had a market value of NOK -0.8 million as of 01.01.2020 and NOK -2.0 million as of 31.12.2020. Glamox has not applied hedge accounting in accordance with IFRS 9 for cash flow hedging.

Glamox is exposed to currency changes related to carrying amounts of equity in foreign subsidiaries. Changes in the value of equity of foreign subsidiaries are offset/hedged by loans and overdrafts in the same currency. The following tables demonstrates Glamox' total exposure to foreign currency risk related to its net debt and equity in foreign subsidiaries:

	Equity in foreign subsidiaries		**Net debt and overdraft in foreign currency**	
Currency (in currency million)	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
EUR/DKK	36.8	38.4	34.7	46.3
SEK	118.0	103.8	127.7	83.7
GBP	12.2	12.4	11.7	10.9
CHF	15.9	15.9	16.3	15.1
PLN	149.4	145.4	155.3	150.3
SGD	4.9	5.6	5.0	4.8
CAD	4.0	2.9	4.4	2.8
USD	6.7	5.2	6.2	4.8

Without the hedge of the net investment in foreign subsidiaries, a 10 percent weakening/strengthening in the value of NOK would have increased/decreased equity by 126.3 mNOK as of 31.12.2020, where equity in EUR represents 37.6mNOK of this increase/decrease. Such changes in value would have limited impact on P/L, as they are mainly booked as translation differences against equity. Because of the hedge, the impact on equity is also limited.

Liquidity risk

Liquidity risk is the risk that Glamox will not be able to meet its financial obligations as they fall due. Glamox has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet, as of 31.12.2020 the equity rate is 31.0%. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

See note 5.3 for an overview of maturity profile on Glamox' financial liabilities and an overview about available credit lines, and note 5.8 for an overview of the liquidity reserve.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Glamox trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Company obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is not significant.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. See note 5.9 for comments regarding trade receivables ageing. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and derivative financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

5.6 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of Glamox' capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group’s capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing financial liabilities that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

There has been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Covenants calculations are not affected by IFRS16, as the loan agreement only take into account existing IFRS standards at the time of entering the loan agreement. Reference is made to note 5.2 for disclosed information regarding interest bearing liabilities and financial covenants.

	31.12.2020	**31.12.2019**
Interest bearing liabilities to financial institutions (non-current and current)	762 453	660 728
Other long term loans	288	1 621
Lease liabilities (non-current and current)	199 319	179 910
Less: cash and bank deposit excl. restricted cash	-485 844	-310 570
Net interest bearing debt/(deposit)	**476 216**	**531 688**
EBITDA last 12 months	385 664	414 463
Gearing ratio	**1.23**	**1.28**
Gearing ratio - covenant calculation	**0.76**	**0.83**
Total Assets	2 579 677	2 504 462
Total Equity	800 684	792 668
Equity ratio	**31 %**	**32 %**
Equity ratio - covenant calculation	**34 %**	**34 %**

5.7 Equity and shareholders

Share capital in Glamox AS at 31.12.2020	Number	Nominal Value	Balance Sheet
Shares	65 988 668	1	65 989
Total	**65 988 668**	**1**	**65 989**

All shares have the same voting rights.

There have been no changes in the number of shares in 2020 or 2019.

Dividends	2020	2019
Ordinary dividend paid in the period	141 059	141 059
Dividends per share in the period	2.14	2.14

Ownership structure:

The largest shareholders in Glamox AS at 31.12.2020	Total shares	Shareholding/ Voting
GLX Holding AS C/O Triton Advisers	50 260 469	76.17%
Fondsavanse AS	14 558 635	22.06%
Erik Must	639 388	0.97%
Rebecka Must	100 000	0.15%
Jonathan Must	100 000	0.15%
Nora Must	100 000	0.15%
Iben Must	100 000	0.15%
Selma Must	100 000	0.15%
Lege Fr Arentz Legat C/O DNT Oslo og omegn	15 000	0.02%
Eva Marie Mittet	3 266	0.00 %
Total 10 largest shareholders	**65 976 758**	**99.98%**
Others (121 shareholders)	11 910	0.02%
Total number of shares	**65 988 668**	**100.00%**

Shares and options owned by Board members and the Group Management:

Name	Position	Shares
Henny Eidem	Board member	14

Reconciliation of equity is shown in the statement of changes in equity.

5.8 Cash and cash equivalents

Cash and cash equivalents	**31.12.2020**	**31.12.2019**
Bank deposits, unrestricted	485 844	310 570
Bank deposit, restricted, employee taxes	14 503	14 001
Total cash and cash equivalents	**500 347**	**324 571**

Liquidity reserve	**1 106 068**	**1 024 840**

The liquidity reserve is the total overdraft and revolving facilites of all Group companies, minus all utilised overdraft and revolving facilities, and added all cash on hand and deposits.

The liquidity reserve for the Group is organised in a revolving facility and a Multi Currency Cash pool.

Legally, the parent company is the counter party towards the Bank regarding the Multi Currency Cash pool. The net position of the cash pool is presented as cash and cash equivalents.

Restricted deposits in the Group amounted to NOK 14.5 million in 2020.

5.9 Trade and other receivables

Trade and other receivables	**31.12.2020**	**31.12.2019**
Trade receivables		
Trade receivables	431 801	525 045
Total trade receivables	**431 801**	**525 045**

Provision for impairment of receivables	**2020**	**2019**
At January 1	**31 146**	**18 440**
Currency effect	-192	71
This years loss	-5 154	-758
Payments received against previous losses	-	-1 295
Addition through acquisition	-	12 202
Provision this year	5 084	2 486
At December 31	**30 884**	**31 146**

As at 31 December the ageing analysis of trade receivables is, as follows:

Ageing analysis of trade receivables	**Total**	**Neither past due nor impaired**	**Past due but not impaired** < 30 days	**31-60 days**	**61-90 days**	**> 90 days**
2020	431 801	348 368	58 765	10 713	4 664	9 291
2019	525 045	426 213	62 468	17 575	8 813	9 976

Other receivables	**31.12.2020**	**31.12.2019**
Prepaid rent	1 785	2 225
Prepaid other expenses	17 795	11 113
Prepaid VAT	20 960	23 056
Other - Retention fees due	1 143	5 858
Withholding tax	9 320	29 138
Prepaid tax	13 767	-
Other	22 534	42 777
Total other receivables	**87 304**	**114 167**

For details regarding the Group's procedures on managing credit risk, reference is made to note 5.5.

5.10 Trade and other payables

Trade and other payables	31.12.2020	31.12.2019
Trade payables		
Trade payables	264 719	284 656
Trade payables to related parties	-	-
Total trade payables	**264 719**	**284 656**
Other payables		
Public duties payables	116 469	93 494
Total other payables	**116 469**	**93 494**

For trade and other payables ageing analysis, refererence is made to note 5.3.

5.11 Financial income and expenses

Financial income and expenses	2020	2019
Financial income		
Currency gain	83 666	87 005
Interest income	8 920	9 424
Other financial income	3 458	17 974
Total financial income	**96 044**	**114 404**
Financial expenses		
Currency loss	86 011	80 583
Interest expenses*	41 373	25 272
Unrealised loss financial derivates	1 194	766
Realised loss financial derivates	3 476	2 048
Other financial expenses	3 129	3 837
Financial expenses	**135 184**	**112 506**

* Interest expenses include interest on lease liabilities, see note 4.2.

The Group applies hedge accounting on net investments in foreign subsidiaries. Loans and bank overdrafts are applied as hedging instruments (see note 5.1). Currency effects from hedging instruments are presented in the statement of OCI, to the extent that the hedging is effective.

In 2020, other financial income includes reversal of earn-out of NOK 2.8 million related to the acquisition of Luxonic Ltd, due to key financial assumption related to the contingent consideration were not achieved (2019: NOK 17.7 million).

6.1 Taxes

Current income tax expense:	2020	2019
Tax payable	45 055	62 628
Change deferred tax/deferred tax assets	-22 758	6 213
Currency effects	2 642	1 618
Deferred tax charged to OCI	11 743	-222
Tax related to previous years	1 332	371
Total income tax expense	**38 013**	**70 609**

Deferred tax related to items recognised in OCI during the year:		
Net gain/loss on hedge of foreign subsidiaries	-11 226	940
Tax effect on remeasurements on defined benefit plans	-517	-718
Deferred tax charged to OCI	**-11 743**	**222**

Total tax for the year on group level:		
Norwegian companies	-6 017	19 793
Foreign companies	44 031	50 816
Total tax for the year	**38 013**	**70 609**

	31.12.2020	31.12.2019
Current tax liabilities consist of:		
Income tax payable for the year as above	45 055	62 628
- of which paid in fiscal year	-46 853	-50 206
- payment of withholding tax	-777	-701
- tax provosion related to previous years	2 057	2 057
Current tax liabilities 31.12	**-517**	**13 777**

Deferred tax liabilities (assets):	31.12.2020	31.12.2019
Property, plant and equipment	14 843	16 485
Intangible assets	117 364	144 675
Other current assets	-25 522	-32 725
Liabilities	-67 170	-51 663
Restricted interest deduction carried forward	-17 556	-
Net pension reserves/commitments	-69 123	-60 746
Losses carried forward (including tax credit)	-154 852	-143 417
Untaxed profit [2)]	276 186	309 171
Basis for deferred tax liabilities (assets):	**74 169**	**181 780**
Calculated deferred tax assets	**85 726**	**72 257**
- Deferred tax assets not recognised	-13 381	-15 359
Net deferred tax assets recognised in balance sheet	**72 345**	**56 898**
Deferred tax liabilities recognised in balance sheet	**89 188**	**96 499**

[2)] Untaxed profit relates to profit in Estonia, that is taxed when dividend is distributed.

6.1 Taxes (cont.)

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 14% to 30%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the group. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	**2020**	**2019**
Profit before taxes	**178 911**	**309 149**
Tax expense (Norway tax rate)	39 360	68 013
Permanent differences	3 010	8 109
Effect of deferred tax asset not recognised	217	-3 562
Tax related to previous years	1 332	371
Effects of changes in tax rate	-	-
Effects of foreign tax rates	-5 906	-2 322
Recognised income tax expense	**38 013**	**70 609**
Effective tax rate	**21.2 %**	**22.8 %**

7.1 Management remuneration

Benefits for CEO – agreements on severance pay, bonuses, etc.
The CEO is a member of a defined contribution pension scheme for salaries up to 12G (approx NOK 1.2 million). In addition, the CEO is entitled to a salary compensation of 23.95% of fixed salary for amounts exceeding 12G. The CEO also has a performance based bonus agreement.

The CEO has a performance related bonus agreement which can give up to seven months' additional salary. The financial statements of 2020 are charged with NOK 1.764 thousand related to the performance related bonus agreement.

Upon termination from the company, the CEO is entitled to 18 months severence pay.

Remuneration to CEO		**Salary**	**Performance-related bonus**	**Pension**	**Other remuneration**
Rune Marthinussen - CEO	2020	3 601	1 764	52	126
Rune Marthinussen - CEO	2019	3 235	811	51	134

Remuneration to Board members		**Directors' fees**
Remuneration to Board members	2020	1 814
Remuneration to Board members	2019	2 025

The board members are not subject to agreements for severence pay, bonuses or profit-sharing. No loans or pledges have been provided to the board members or senior management of the Group.

7.2 Post-employment benefits

Glamox AS is legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Norwegian pension arrangements satisfy the requirements of this act.

Defined contribution plan

The majority of the Group's employees are covered by defined contribution pension schemes. Contributions to these schemes are recognised as pension expense as they occur. Total costs related to the Groups contribution plans were NOK 37.2 million in 2020 (2019: NOK 37.7 million).

Defined benefit pension plan

The Group also has defined benefit pension plans in Glamox AS and in four subsidiaries of Glamox AS. The defined benefit plans in O. Küttel AG accounts for approximately 62% of the net liability in the Group, Glamox AS accounts for approximately 18% of the net liability in the Group and ES-System accounts for approximately 12% of the net liability in the Group. The remaining 9% of the net liability consist of several minor defined benefit pension plans in other subsidiaries.

On Group level, total net pension liabilities were NOK 75.4 million (net of the pension liability of NOK 162.8 million and reserve of NOK 87.4 million) as at 31 December 2020. As of 31.12.2019 total net pension liabilities were NOK 66.6 million (net of the pension liability of NOK 140.3 million and reserve of NOK 73.7 million). Actuarial gains/losses recognised in the net pension liabilities amounted to NOK 3.5 million in 2020 (2019: NOK 6.3 million).

Risks related to defined benefit plans

The defined benefit plans expose the company to various demographic and economic risks, such as longevity, investment, currency and interest rate risks and in some cases, inflation risk.

Components of defined benefit cost in profit and loss	**2020**	**2019**
Net Service Cost	6 998	3 827
Interest cost inluding tax	820	1 164
Interest income	-217	-472
Administration expenses	399	236
Total recognozed in profit and loss	**8 000**	**4 755**

Changes in pension plan assets during the year	**2020**	**2019**
Pension plan assets (fair value) 1 January	73 723	67 498
Contributions and benefits paid during the year	10 442	3 501
Interest income	291	559
Administration expenses	-399	-236
Return on assets excl. interest income	-842	629
Currency translation	4 194	1 772
Pension plan assets (fair value) 31 December	**87 409**	**73 723**

Changes in the present value of pension obligations during the year	**2020**	**2019**
Pension obligations 1 January	140 282	117 825
Additions through acquisitions of subsidiaries	-	7 953
Net service cost	6 998	3 827
Contributions and benefits paid during the year	5 109	-356
Interest cost inluding tax	894	1 251
Actuarial gains and losses	2 668	6 977
Currency translation	6 893	2 804
Pension obligations 31 December	**162 843**	**140 282**
Net pension obligations 31 December	**75 434**	**66 559**

7.2 Post-employment benefits (cont.)

Reconciliation of net defined benefit liability/(asset)	2020	2019
Net defined liability/(asset) , 1 January	66 559	50 327
Additions through acquisitions of subsidiaries	-	7 953
Defined benefit cost recognized in P&L	8 000	4 755
Defined benefit cost recognized in OCI	3 509	6 348
Contributions and benefits paid during the year	-5 333	-3 857
Currency translation	2 699	1 032
Net defined liability/(asset) , 31 December	**75 434**	**66 559**

O. Küttel AG

The net pension liabilities consists of a defined benefit plan for 56 employees. The pension plan are organized as "contribution-based" schemes as per Art. 15 of the Swiss Federal Law on Vesting in Pension Plans. Under these plan arrangements, retirement benefits of active participants accrue over a notional account as the sum of retirement credits (retirement credit rate multiplied with pensionable salary) and interests. Average age of the participants in the pension plan was 43.84 as of 31 December, 2020.

Financial conditions:	2020	2019
Mortality table	BVG 2015 GT	BVG 2015 GT
Discount rate	0.20%	0.30%
Expected return on plan assets	1.00%	1.00%
Salary increase	0.70%	1.00%
Pension increase	0.00%	0.00%

Changes in pension plan assets during the year	Change (NOK 1000)	Change %
DBO end of period discount rate + 0.25%	-7 611	-6 %
DBO end of period discount rate - 0.25%	3 204	3 %
DBO end of period salary increase + 0.25%	-1 649	-1 %
DBO end of period salary increase - 0.25%	-3 301	-3 %

Currency rate (CHF/NOK) as of 31 December 2020 have been used in the sensitivity analysis.

Expected future contributions	NOK 1000
Expected employer contributions next year	2 798
Expected employee contributions next year	2 798
Expected benefits payments next year	-4 439

Currency rate (CHF/NOK) as of 31 December 2020 have been used to calculate expected future contributions and benefit payments .

7.2 Post-employment benefits (cont.)

ES-System

The pension liability in ES-System consists of retirements benefits, disability benefits and death severance pay. Disability benefits and death severance pay make up approximately 20 % of the pension liability, while 80 % relates to retirement benefits. On the basis of IAS 19 the profitability of 10-year treasury bonds amounting to 1.5% was used to determine the discount rate. The long-term annual salary growth rate was assumed to be from 2.0% to 3.5% depending on site location in nominal terms. When determining the pension liability, the probability of obtaining additional benefit entitlements was taken into account. The probability of achieving rights to severance pay and death severance pay is understood as the probability of invalidity and death of an employee before reaching retirement age, provided that they remain in an employment relationship with their current employer. Retirement age means the age of 60 for women and 65 for men.

Financial conditions:	**2020**	**2019**
Mortality table	PTTZ 2019 wg GUS	PTTZ 2016 wg GUS
Discount rate	1.50%	2.00%
Expected return on plan assets	n.a	n.a
Salary increase	2.00 - 3.50%	3.00%
Pension increase	n.a	n.a

Changes in pension plan assets during the year	**Change (NOK 1000)**	**Change %**
DBO end of period discount rate + 0.25%	-131	-1 %
DBO end of period discount rate - 0.25%	135	2 %
DBO end of period salary increase + 0.25%	180	2 %
DBO end of period salary increase - 0.25%	-130	-1 %

Currency rate (PLN/NOK) as of 31 December 2020 have been used in the sensitivity analysis.

Glamox AS

Glamox AS has defined benefit plans for 2 former employees and for some employees who have not been transferred from previous defined benefit plan when this was closed and replaced by a defined contribution plan.

Financial conditions:	**2020**	**2019**
Mortality table	K2013	K2013
Discount rate	1.70%	2.30%
Expected return on plan assets	1.70%	2.30%
Salary increase	2.25%	2.25%
Pension increase	2.00%	2.00%

8.1 Interests in subsidiaries

Name of company	Office	CUR	Share Capital	Shareholding in Glamox AS	Carrying amount in Glamox AS	Group's voting ownership share
Glamox A/S	Denmark	DKK	4 900	100.0%	8 045	100.0%
Glamox AB	Sweden	SEK	600	100.0%	1 681	100.0%
Glamox Oy	Finland	EUR	100	100.0%	6 082	100.0%
Glamox Ltd.	England	GBP	4	100.0%	680	100.0%
Glamox Ireland Ltd.	Ireland	EUR	169	100.0%	1 787	100.0%
Glamox GmbH	Germany	EUR	683	100.0%	129 409	100.0%
AS Glamox	Estonia	EUR	166	100.0%	6 345	100.0%
Glamox Marine and Offshore GmbH	Germany	EUR	5 626	35.3%	64 602	100.0%
Glamox B.V.	The Netherlands	EUR	18	100.0%	20 346	100.0%
Glamox Aqua Signal Corporation	USA	USD	100	100.0%	443	100.0%
Glamox Inc.	Canada	CAD	2 208	100.0%	0	100.0%
Glamox Pte Ltd.	Singapore	SGD	6 100	100.0%	23 666	100.0% 1)
Glamox (Suzhou) Lighting Co. Ltd	China	CNY	20 388	100.0%	4 050	100.0%
Suzhou Glamox Trade Co. Ltd	China	CNY	500	0.0%	0	100.0%
Glamox Co. Ltd.	South Korea	KRW	775 020	100.0%	4 483	100.0%
Luxo Corporation	USA	USD	0	100.0%	0	100.0%
Glamox Brasil Iluminacao LTDA	Brazil	BRL	50	100.0%	130	100.0% 2)
Birger Hatlebakks veg 15 AS	Norway	NOK	100	100.0%	1 373	100.0%
O. Küttel AG	Switzerland	CHF	200	100.0%	122 142	100.0%
Glamox Luxonic Lighting Ltd.	England	GBP	246	100.0%	128 238	100.0%
ES-System sp. z o.o.	Poland	PLN	14 145	100.0%	365 130	100.0%
ES-SYSTEM Wilkasy sp. z o.o.	Poland	PLN	63 742	0.0%	0	100.0%
ES-SYSTEM NT sp. z o.o.	Poland	PLN	24 050	0.0%	0	100.0%
ES-SYSTEM Projekty sp. z o.o.	Poland	PLN	500	0.0%	0	100.0%
ES-SYSTEM Lighting UK Ltd.	England	GBP	50	0.0%	0	100.0%
Total carrying amount of shares in subsidiaries					**888 633**	

1) In 2020, Glamox AS bought the remaining 1.27% shares in Glamox Pte Ltd. and owns 100% of the shares as of December 31, 2020.
2) Glamox Brasil Illuminacao LTDA owns 1 share of totally 50 000 shares, corresponding to non-controlling interest of 0.002%.

All subsidiaries are included in the consolidated statement of financial position.

9.1 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As Glamox does not have any share options or convertible preference shares as of 31 December 2020 there are no differences between basic and diluted EPS.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2020	2019
Attribution of profit for the year		
Total profit for the year attributable to equity holders of the parent	140 898	238 559
Total profit for the year attributable to equity holders of the parent for basic earnings	**140 898**	**238 559**
Interest on convertible preference shares	-	-
Total profit for the year attributable to equity holders of the parent adjusted for the effect of dilution	**140 898**	**238 559**
Earnings per ordinary share attributable to shareholders:		
Weighted average number of ordinary shares outstanding used for calculation:		
Basic	65 989	65 989
Diluted	65 989	65 989
Earnings per share in NOK (basic)	**2.14**	**3.62**
Earnings per share in NOK (diluted)	**2.14**	**3.62**

9.2 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 8.1 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The agreements on remuneration for CEO appear in note 7.1

All transactions within the Group or with other related parties are based on the principle of arm's length.

No loans have been made, or security provided for loans, to any member of Group management, the Board or any of their related parties.

9.3 Covid-19

The Covid-19 pandemic and the infection-reducing measures implemented by governments around the world has impacted the demand in most of the Group's markets negatively in 2020. In the PBS business area, the negative market impact has been largest in the geographies with the strictest government measures like the UK, Ireland, the Netherlands, and Poland. In the GMO business area, the cruise and ferry segment has particularly been hit hard.

During 2020, the Group has taken action to offset the negative impact of reduced demand by both permanent and temporary cost reductions like temporary and permanent lay-offs, salary reductions and other cost reducing measures. In this very challenging environment, the Glamox Group has performed well, has managed to keep a high delivery capability, and has managed to increase its market share in most of its target markets.

Although we have seen a stabilization of the market situation in most geographies towards the end of 2020, there is still a high degree of uncertainty related to the effects of the development of the pandemic and measures being implemented and maintained by governments. We continue to monitor the situation closely and will take necessary actions to reduce our cost position if the situation deteriorates. The Glamox Group's financial position is strong with solid equity and liquidity.

9.4 Events after the reporting period

Acquisition of Lite IP Ltd.

On 1st of March 2021, the subsidiary of Glamox AS, Glamox Luxonic Ltd, acquired 100% of the shares in Lite IP Ltd. Lite IP Ltd is a UK Limited Company that designs, manufactures and supplies wireless lighting control systems to four different segments: industrial, commercial, public sector and retail. The company was established in 2012, has 12 employees and is located in Hampshire.

The Lighting Control Systems market is fast growing, and attractive to combine with luminaire supply to meet customers' expectations. Lite IP Ltd has an attractive and proven lighting control system and technology which is highly valued by its customers. Over the last decade the company has developed a strong position within lighting controls in the UK lighting market. The ability to make simple intuitive solutions for the customers has made them able to compete with larger companies within the lighting industry.

Lite IP had revenues of GBP 2.6 million (app. NOK 31.9 million) in 2020 and GBP 2.7 million (app. NOK 29.6 million) in 2019. The company has been a supplier of Glamox Group for several years. Around 30% of LiteIP's revenues relates to Glamox products. If Lite IP had been included in Glamox Group for financial year 2020, revenues in 2020 for the Glamox Group would have been approximately NOK 26.5million higher and Profit before interest and tax would have been approximately NOK 5.7 million higher. Lite IP Ltd had an equity of GBP 1.1 million (app. NOK 12.3 million) as of 31.12.2020.

The purchase consideration consists of a cash consideration paid of NOK 30.6 million and contingent consideration of maximum NOK 21.0 million. The contingent consideration relates to future financial key figures, and integration and development of technology.

Acquisition of Luminell Group AS

On 19th of April 2021, Glamox AS has signed an agreement to acquire 100% of the shares in the Norwegian company Luminell Group AS ("Luminell"). Established in 2010, Luminell has achieved a strong position as a high-quality developer and supplier of floodlights, searchlights, and lighting controls in the marine and offshore lighting market. Luminell is known for being user-focused and developing excellent lighting solutions for demanding applications.

Luminell reported total revenue of NOK 108.5m and EBITDA of 16.5m in 2020. Total revenue increased by 33% in the period 2018-2020. Glamox pays NOK 139m on a cash and debt free basis as an initial payment for the shares in Luminell. An additional earn-out of up to NOK 42.5m can be paid conditional on financial performance criteria in the period 2022-23. The acquisition is expected to close during Q2-2021.

Proposed dividend

After the reporting date the board has proposed a dividend distribution amounting to NOK 129.0 million. The board assesses the level of proposed dividend to be justifiable based on the liquidity and solidity situation of the company.

10.1 Significant accounting policies

Revenue recognition
IFRS 15 is based on the principle that revenue is recognised when control of goods or services is transfered to a customer. Recognition of revenues should represent the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

A five-step process must be applied before revenue can be recognised:
- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

The group is a global provider of lighting solutions for a wide variety of applications, on land and offshore. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

All significant revenue streams relates to production and sales of goods. Glamox`s main performance obigation is related to sale of goods where the performance obligations are the delivery of an agreed volume of products within the agreed specification. Linksrechts is the only company in the group that produces and delivers installations that are tailored through engineering and design. For each project, management assess if the projects consist of several distinct performance obligations and when the performance obligation(s) are satisfied. The company did not have any ongoing projects at year-end with material effect on the timing of the revenue recognition.

Sale of goods
Revenue are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer´s acceptance of the product. The products are mainly sold in relation to seperately identifiable contracts with customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Standard delivery terms for customers within the PBS segment is Delivered Duty Paid (DDP). DDP delivery terms inplies that delivery is completed when the goods are made available to the buyer at a specified location. Standard delivery terms to customers within the GMO segment is Ex Works (EXW). EXW delivery terms implies that delivery is completed when the goods are made available, suitably packaged at a specified loaction, often at Glamox factory or depot.

In some cases, Glamox offer to deliver freight as a service to the customer. In such cases, freight are considered to be a fullfilment of the delivery and not considered to be a distinct performance obilgation. Freight and delivery of goods are therefore considered as a common performance obligation and recognised when control of the products has transferred to the customer.

No element of financing is deemed present as the sales are made with a credit term up to 60 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The goods are normally sold with standard warranties that the goods comply with the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, see note 4.1 for more information. Glamox does not have any other significant obligations for returns or refunds.

Inventories
In conjunction with implementing a new ERP system in the group, the accounting principle for inventory was changed from standard cost to moving average unit cost (MAUC).

Inventories are valued at the moving average unit cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a moving average unit cost (MAUC) basis
- Finished goods and work in progress using MAUC : including cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Raw material mainly consist of metal parts, LED components, plastic modules, cables, electronic parts and packaging. The basic calculation of inventory is based on moving average unit cost (MAUC). The MAUC is the average value for each unit of the current inventory. Inventory is valued against the average receipt price. For each new receipt, the MAUC is updated.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities

Property, plant and equipment

Tangible fixed assets such as plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The group considers equipment used in operations to be a tangible fixed asset if it has an economic life of more than three years.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, reference is made to note 3.1 for further guidance related to useful lives.

Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the CGU's that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Reference is made to note 3.2 for an overview over goodwill, allocation of goodwill per CGU and impairment testing.

Intangible assets

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

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

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense related to the intangible assets is recognised in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property, plant and equipment - Note 3.1
- Goodwill - Note 3.2
- Other Intangible assets - Note 3.3

At each reporting date, the Group assess whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition of the warranty provision is based on previous years turnover and management judgment. The length of the warranty time may differ between the markets. The initial estimate of warranty-related costs is revised annually. Reference is also made to note 1.3 and 4.1 for further details.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. Reference is also made to note 4.1 for further details.

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.
The Group applies its incremental borrowing rate at the time of initial application. The group have used interest rates from the cash pool facility and intercompany loans for determining the incremental borrowing rate (IBR) for each subsidiary. The length of the agreement is an additional element that has been taken into consideration when calculating the IBR for a specific lease.

Glamox has assessed the general guidance on portfolio accounting and the practical expedient upon transition as discussed above. Glamox has decided that we will not utilize the portfolio approach, and instead we will determine separate discount rate for each lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

Glamox has not applied the practical expedient in IFRS 16.15 which allows lessees to combine non-lease and lease components in lease arrangements and account for the total arrangement as a lease. As such, non-lease components will be identified and accounted for separately from the lease components in all arrangements.

Options should be taken into account if management is reasonably certain to exercise the option. For the Group`s lease arrangements the vast majority of the options have exercise date many years down the line. As such, management has limited insight and they are not reasonable certain to exercise and no options have been taken into consideration.

Dividend distribution to shareholders

Glamox recognises a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments

Glamox' financial instruments are grouped in the following categories:

- Fair value with changes in value through profit or loss (FVTPL)
- Amortised cost (AC)

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity`s business model is to manage the financial assets on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows.

Amortised cost applied to instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest.

Financial assets and liabilities measured at amortised cost is the category most relevant to the Group. This category generally applies to trade and other receivables, interest-bearing loans, trade payables and other financial liabilities.

The Group has the following financial instruments:

FVTPL:
Derivative instruments – Forward contracts (note 5.1)

Financial assets (AC):
Trade receivables and other current receivables (notes: 5.1 and 5.9)

Financial liabilities (AC):
Includes most of the Group's financial liabilities including debt to credit institutions, trade payables and other current and non-current financial liabilities. (notes: 5.1, 5.2 and 5.10)

Initial recognition and subsequent measurement

FVTPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in the profit or loss (financial income or expense).

Financial assets (AC): These assets are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method (EIR) and is recognised in profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities (AC): These liabilities are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. Interest income is calculated using the effective interest method (EIR) and is recognised in profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets

Under IFRS 9, financial assets valued at amortised cost are impaired based on the "Expected credit losses (ECL)" model. Expected credit losses are calculated by (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events.

The Group recognised loss allowances for ECLs on financial assets measured at amortised cost. Furthermore, the Group measures loss allowances at an amount equal to lifetime ECLs for all financial assets.

Credit- impaired fianancial assets

At each reporting date, the Group assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occured.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occured.

Evidence that a financial asses is credit-impaired includes the following observable data:
- significant financial difficulty of the customer; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation
- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The

Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition of financial instruments
A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset and either (i) the Group has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of currency derivatives are recognised in the statement of comprehensive income as financial income or financial expense. Glamox does not apply hedge accounting related to its forward currency contracts.

Hedge of net investment in foreign operations
Glamox aims to hedge its net investments in foreign subsidiaries due to the risk of fluctuations in exchange rates. The net investments consist of equity and some group internal loans. The Group uses its overdraft facilities and long term debt in foreign currency as hedging instrument to hedge its exposure. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. Reference is made to note 5.1 and 5.5 for more details.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of derivate financial instruments. Involvement of external valuers is decided upon annually. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 5.3 Fair value measurement.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government Grants

Government grants, including the Norwegian Skattefunn tax incentive scheme, are recognized in the same year as the government grant are received. Grants are recognized as deductions against the cost that they are intended to compensate. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized either as deferred income or as a deduction of the asset's carrying amount.

Pensions and other post-employment benefits

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Consolidated statements of cash flow

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

10.2 Changes in accounting policies

The amendments listed below did not have any impact on the amounts in current period and are not expected to significantly affect future periods.

Effective for annual period beginning on or after 1 January 2020:

Amendments to IFRS 3 Definition of a Business

The amendments will help companies determine whether an acquisition made is of a business or a group of assets. When the definition of business is not met, the transaction will be recognised according to the relevant standards, e.g. for inventories or fixed assets. The standard applies from 01.01.2020 and must be applied to transactions which take place after this date.

Amendments to IAS 1 and IAS 8 - Definition of Material

The International Accounting Standards Board has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The new definition makes it clear that information in the financial statements will be material if the omission, mis-statement or concealment of information could be expected to influence decisions that the primary users make based on the financial statements

10.3 Standards issued but not yet effective

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

No standards, interpretations or amendements published at the balance sheet date are expected to have significant effect on the group.

Glamox AS - Profit and loss account

NOK Thousands	Note	2020	2019
Sales revenue	2/16	1 272 060	1 353 829
Other operating revenue	2/3/16	142 160	151 152
Total revenue		**1 414 220**	**1 504 981**
Raw materials and consumables used	3/4	845 386	888 136
Payroll and related costs	3/5	359 277	363 497
Depreciation and amortisation	7	33 647	28 447
Other operating expenses	3/5	131 267	133 208
Operating profit/loss		**44 643**	**91 693**
Dividend and group contribution from subsidiaries	16	150 725	168 088
Interest income from other group companies		1 817	1 152
Other financial income	6	420 160	107 106
Other financial expenses	6	-476 218	-99 415
Profit/loss before tax		**141 125**	**268 622**
Tax	11	6 017	-19 793
Profit/loss after tax		**147 143**	**248 829**
Profit/loss for the year		**147 143**	**248 829**
Allocation of profit/loss for the year			
Proposed dividends	12	129 000	141 059
Distributed additional dividends	12	0	0
Transfered to (+)/from (-) other equity	12	18 143	107 770
Total allocation		**147 143**	**248 829**

Glamox AS - Statement of financial position

NOK Thousands	Note	31.12.2020	31.12.2019
ASSETS			
Intangible non-current assets			
Intangible assets	7	70 841	46 681
Total intangible non-current assets		**70 841**	**46 681**
Tangible non-current assets			
Land, buildings and other property	7/13	31 297	36 927
Machinery and plant	7/13	32 641	45 494
Fixtures and fittings, tools, office equipment etc.	7/13	15 776	20 160
Total tangible non-current assets		**79 714**	**102 581**
Deferred tax assets	11	19 851	14 187
Investments in subsidiaries	8	888 633	888 536
Loan to group companies	9/14	31 202	32 452
Other non-current assets		115	115
Total non-current assets		**1 090 357**	**1 084 551**
Current assets			
Inventories	4/13	134 905	143 357
Trade receivables	13/14	191 399	225 932
Other receivables	14	228 195	207 910
Cash and cash equivalents	14/15	199 776	107 011
Total current assets		**754 275**	**684 211**
TOTAL ASSETS		**1 844 631**	**1 768 762**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	65 989	65 989
Share premium	12	27 253	27 253
Retained earnings and other reserves	12	458 734	441 198
Total equity		**551 975**	**534 440**
Non-current liabilities			
Pension liabilities	5	13 451	12 937
Interest bearing liabilities to financial institutions	10/13	737 728	627 251
Other long-term loans		100	100
Provisions and other liabilities		18 295	16 230
Total non-current liabilities		**769 574**	**656 519**
Current liabilities			
Trade payables	14	171 005	173 934
Income tax payable	11	1 280	19 727
Public duty payable		42 866	38 990
Dividends		129 000	141 059
Other current liabilities	14	178 931	204 092
Total current liabilities		**523 082**	**577 803**
Total liabilities		**1 292 656**	**1 234 322**
TOTAL EQUITY AND LIABILITIES		**1 844 631**	**1 768 762**

Oslo, 27 April 2021

Mikael Aro
Chairman of the Board

Gustaf Backemar
Board member

Joachim Espen
Board member

Torfinn Kildal
Board member

Arild Nysæther
Board member

Helene Egebøl
Board member

Lars Ivar Røiri
Board member

Sigmund Monrad Johansen
Board member

Henny S. Eidem
Board member

Espen Ytterstad
Board member

Rune E. Marthinussen
CEO & President

Glamox AS - Cash flow statement

NOK Thousands	Note	2020	2019*
Cash flow from operating activities			
Profit before tax		141 125	268 622
Taxes paid		-18 927	-26 454
Profit/loss on sale and fixed assets		-	-
Amortization and depreciation	7	33 647	28 447
Changes in inventory		8 452	-762
Changes in accounts receivables		34 533	-17 670
Changes in account payables		-2 930	3 359
Changes in pension scheme assets/liabilities		513	-1 779
Changes defined benefit plan recognised directly in equity		-779	1 317
Effect of change in exchange rate		-12 901	-9 182
Changes in other balance sheet items		4 824	-36 322
Adjustment finance activities		-127 410	-158 923
NET CASH FLOW FROM OPERATING ACTIVITIES		**60 148**	**50 652**
Cash flow from investing activities			
Proceeds from sale of tangible fixed assets		-	-
Purchase of tangible fixed assets and intangible assets		-34 952	-44 850
Purchase of shares in subsidiary		-37 752	-435 770
Payment of loan to group-companies		1 249	-16 629
Interest received		-32 978	-19 320
Dividends received from subsidiaries		142 150	150 609
Net cash flow from investing activities		**37 717**	**-365 961**
Cash flow from financing activities			
Proceeds from issuance of new long-term debt		350 000	405 137
Repayment of long-term loans		-250 000	-
Payment of dividends to shareholders		-141 059	-141 059
Interest paid		9 664	10 156
Change in transfered cash from common cash pool arrangement within the Group		26 295	23 299
Net cash flow from financing activities		**-5 100**	**297 533**
Net change in cash and cash equivalents		**92 765**	**-17 775**
Cash and cash equivalents 01.01	**1/14/15**	**107 011**	**124 786**
Cash and cash equivalents 31.12	**1/15**	**199 776**	**107 011**

*2019 figures has been restated, dividends received from subsidiaries has been reclassified from operating activities to investing activities. Interest received and interest paid has been reclassified from operating activities to investing activities and financing activities respectively.

Notes

1. Accounting principles

Basic policies - incorporation and classification

The annual accounts, which are prepared by the Board and management, must be read in the context of the annual report and the auditor's report.

The annual accounts comprise the profit and loss account, balance sheet, cash flow statement and notes and are prepared in accordance with the Accounting Act and generally accepted accounting policy in Norway (NGAAP) applicable as at 31st of December 2020.

All figures in the annual accounts and notes are shown in NOK thousands unless otherwise specified.

The company is the parent company of the Glamox Group. A consolidated financial statement is prepared for the Glamox Group. The parent company of Glamox AS is GLX Holding AS. A consolidated financial statement is also prepared for the GLX Holding Group.

The consolidated financial statements may be obtained at Glamox AS, Molde - Norway.

The annual accounts are prepared based on the basic principles of historic cost, comparability, continued operation, congruency and prudence. Transactions are incorporated into the accounts at the value of the payment at the time of the transaction. Revenue is incorporated into the profit and loss account when it is earned and costs are grouped with accrued income. The accounting policies are explained in more detail below.

Subsidiaries and associated companies in parent company

'Subsidiaries' refers to companies in which Glamox normally has a shareholding of more than 50%, and in which the company has a controlling interest. Subsidiaries are incorporated into the company accounts at the lowest of cost price or actual value.

General policies

Assets/liabilities associated with the product cycle and items due within one year from the date of the balance sheet are classified as current assets/current liabilities. Current assets/current liabilities are valued at the lower/higher value of acquisition cost and actual value. Actual value is defined as anticipated future sale price minus anticipated sale costs. Other assets are classified as fixed assets. Fixed assets are valued at acquisition price. Fixed assets that deteriorate are depreciated. If a permanent change in value occurs, the fixed asset is written down. Similar policies are normally applied to liabilities.

Following principle is used to convert transactions and balance sheet items from foreign currency to Norwegian kroner; balance sheet items is converted at closing exchange rate and transactions are converted at the actual monthly rate.

When using accounting policies and presenting transactions and other conditions, emphasis is placed on financial reality, not just legal practice. Conditional loss that is significant and quantifiable is entered as expenditure. Division into segments is based on the company's internal management and reporting objectives, as well as risk and income. Figures are presented for business areas as well as geographical markets if geographical categorisation of activities is significant to the assessment of the company. The figures are reconciled with the profit and loss account and balance sheet.

The company uses forward currency contracts to hedge its foreign cash flow currency risk. Glamox does not apply hedge accounting related to its forward currency contracts.

Accounting policy for significant account items

Revenue recognition

Revenue from sale of goods ad services is reconised according the fair value of the payment, net after dedution of VAT, returns and discounts. Sale of goods are recognised as revenue when the goods are delivered to the customer and there are no more unfulfilled obligations that can affect the customers acceptance of the delivery. The delivery is fulfilled when the goods are transferred to the customer according to the delivery terms. Experience is used to estiamte provisions regarding discounts and returns on the time of delivery. Provision for claims is made. Any sale of services is recognised according to the level of the completion rate of the service.

Dividend from subsidiary to parent company is recognised in Glamox AS in the same periode as the dividend is accrued.

Charging as expenditure/grouping

Expenses are grouped with and charged as expenditure at the same time as the income to which the expenses can be linked. Expenses that cannot be directly linked to income are entered as expenditure when they arise. In the case of restructuring and winding up of activities, all associated expenses are entered as expenditure, when the decision of restructuring and winding up is taken.

Unusual, sporadically and significant items

Items that are unusual, occur sporadically and are significant are specified in a separate note.

Intangible fixed assets

Intangible assets that are expected to generate income in the future, such as goodwill in subsidiaries, rights and IT systems, are capitalised. Depreciation is calculated on a straight-line basis over the financial life of the assets. Expenses associated with research and development are entered as expenditure on a continuous basis.

Tangible fixed assets

Tangible fixed assets are entered in the balance sheet at acquisition cost minus accumulated depreciation and write-downs. If the actual value of a piece of equipment is lower than its book value for reasons that are considered to be permanent in nature, the equipment is written down to actual value. Expenses associated with periodical maintenance and repairs to production equipment are periodized. Expenses associated with standard maintenance and repairs are continuously charged as expenditure. Expenses associated with large-scale replacements and updates that significantly extend the lifetime of the equipment are capitalised. Operating equipment is considered a tangible fixed asset if it has a financial life of more than three years. Operating equipment leased under conditions which to all intents and purposes transfer financial rights and obligations to Glamox (financial leasing) are capitalised as operating equipment and entered as a commitment under interest-bearing liabilities at the current value of the minimum current rent. Operational leasing is charged as expenditure at ordinary rental cost and classified as ordinary operating expenses.

Depreciation
Ordinary depreciation is calculated on a straight-line basis over the financial life of the operating equipment, based on historic cost. A similar policy applies to intangible fixed assets. Depreciation is classified as ordinary operating expenses. Leasing costs entered in the balance sheet are depreciated in accordance with the plan and liability is reduced by rent paid minus calculated interest.

Stock and raw materials and consumables
Stocks of products are valued at the lower of cost price on a 'moving average unit cost' basis and anticipated sale price. Cost price for manufactured goods comprises direct materials, direct salary plus a proportion of indirect manufacturing costs, whereas cost price for purchased goods is the acquisition cost. Raw materials and consumables used for the year consist of the cost price of sold goods with a supplement for write-downs in accordance with standard accounting practice at year-end.

Receivables
Receivables are entered at nominal value minus anticipated loss.

Pension commitments and pension expenses
The company has unfunded pension schemes for some former employees. The actuarial future obligations in connection with these agreements are included under pension liabilities in the balance.

Pension schemes are booked according to the IAS19 standard. Pension commitments are calculated on linear accrual based on assumed number of years worked, discount rate, future return on pension reserves, future adjustment of wages, pensions and national insurance provisions and actuarial assumptions regarding mortality, voluntary redundancy etc. Pension reserves are valued at actual value.

Net pension expense, which is the gross pension cost less the estimated return on pension reserves, are classified as ordinary operating expenses, and are presented along with salary and other benefits. Costs of defined contribution plans are expensed as incurred.

Changes in liabilities due to changes in pension plans, are recognized in profit and loss. Changes in liabilities and pension assets due to changes and deviations from assumptions (actuarial gains and losses) are recognized directly in equity.

Deferred tax and tax
Deferred tax is calculated on the basis of temporary differences between accounting and tax values at the end of the financial year. A nominal tax rate is used in the calculation. Positive and negative differences are valued against each other in the same time intervals. Certain items are still valued separately, including added value from acquisitions and pension commitments. Deferred tax asset occurs if there are temporary differences that create tax deductions in the future. Tax for the year consists of changes in deferred tax and deferred tax asset, together with tax payable for the year, adjusted for errors in the previous year's calculations

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents includes cash, bank deposits and other current liquid resources that can immediately and with a minimal currency risk be converted into known cash amounts and with a due date of less than three months from the date of acquisition.

Note 2 Segment information

Sales revenue and other operating revenue divided into geographical areas		**2020**	**2019**
Nordic region	MNOK	1 058	1 057
Europe, excl. Nordic region	MNOK	253	301
North America	MNOK	37	31
Asia	MNOK	61	103
Other	MNOK	5	13
Total	**MNOK**	**1 414**	**1 505**

Note 3 Gain on sales of assets, other operating expenses, restructuring expenses and other special expenses

In 2020, Raw material and consumabel used, contains special items of NOK 1.1 million.

Payroll and related cost, includes special items of NOK 19.4 million, where NOK 9.2 million relates to restructuring and integration activities and NOK 6.4 million relates to ERP integration.

Other operating expenses includes special items of NOK 36.7 million, where NOK 16.8 million relates to restructuring and integration activities, NOK 10.0 million relates to ERP integration, NOK 4.0 million is claim cost related to a specific product and NOK 3.5 millions relates to ESG Compliance.

In 2019, Other operating revenue contains non-recurring item of NOK 6.8 million related to a reversal of a provision and NOK 3.6 million related to cancellation of orders from Russia and Iran due to sanction regime against these countries.
Raw material and consumabel used, contains special item of NOK 10.1 million,which also relates to cancellation of orders from Russia and Iran.
Payroll and related cost, includes special item of NOK 5.1 million related to severance payment and restructuring.
Other operating expenses includes special items of NOK 27.9 million, where NOK 13.7 million relates to restructuring activities, NOK 10.3 million relates to acquistion/ integration and NOK 1.3 million relates to order cancellation from Russia and Iran.

Note 4 Inventory

Inventory	**2020**	**2019**	**Change**
Raw materials	54 393	57 639	-3 247
Work in progress	13 674	13 505	169
Manufactured goods	66 839	72 212	-5 374
Total inventory	**134 905**	**143 357**	**-8 452**

Provision for obsolete inventory as of 31.12.2020 NOK 23.0 million (2019: NOK 21.7 million).

Note 5 Salary costs / Number of man-years / Remuneration/ Loans to employees / Pensions etc.

Payroll and related costs	**2020**	**2019**
Salaries	297 320	292 642
National insurance	40 009	44 541
Pension costs	15 356	16 005
Other remuneration	6 592	10 310
Payroll and related costs	**359 277**	**363 497**
Average number of man-years	**422**	**449**

Benefits for CEO – agreements on severance pay, bonuses, etc.

The CEO is a member of the defined contribution pension schemes for salary up to 12G (approx NOK 1.2 million). The company has not a contribution pension scheme related to salary that exceeds 12G. In addition, the CEO is entitled to a salary compensation of 23.95% of ordinary fixed salary that exceeds 12G. The CEO also has a performance based bonus agreement.

The CEO has a performance related bonus agreement which can give up to seven months' additional salary. The financial statements of 2020 are charged with NOK 1.764 thousand related to the performance related bonus agreement.

Upon termination from the company, the CEO is entitled to 18 months severence pay.

The board members are not subject to agreements for severence pay, bonuses or profit-sharing. No loans or pledges have been provided to the board members or senior management of the Group.

Remuneration to CEO		**Salary**	**Performance-related bonus**	**Pension vesting**	**Other remuneration**
Rune Marthinussen - CEO	2020	3 601	1 764	52	126
Rune Marthinussen - CEO	2019	3 235	811	51	134

Remuneration to Board members		**Directors' fees**
Total remuneration	2020	1 814
Total remuneration	2019	2 025

Auditor	**2020**	**2019**
Fee for statutory audit	982	975
Audit-related fees	655	225
Other attestation services	84	266
Tax advisory service	0	0
Total	**1 721**	**1 466**

Pensions and pension obligations

The company is obligated to keep an occupational pension scheme pursuant to the Mandatory Occupational Pensions Act. The company has a pension scheme that satisfies the requirements of this Act.

The AFP scheme is recognised as a defined contribution plan.

The pension schemes are handled in the accounts according to NRS6/IAS19. Estimated deviations from previous years is charged directly to equity.

The company has a contribution pension schemes that include all employees over the age of 20 years old and who hold more than a 20% position. The company has defined benefit pension schemes for former CEO and some former employees.

Pension expenses	**2020**	**2019**
Current value of this years pension accrual	0	0
Interest cost of pension commitments	280	363
Defined contribution pension scheme	15 076	15 642
Net pension expenses / (income)	**15 356**	**16 005**

Reconciliation of pension scheme's financed against sum in balance sheet:	**31.12.20**	**31.12.19**
Calculated pension commitments	-18 932	-18 419
Pension reserves	5 481	5 481
Net pension liabilities	**-13 451**	**-12 937**

Financial conditions:	**2020**	**2019**
Mortality table	K2013	K2013
Discount rate	1.70%	2.30%
Expected return on plan assets	1.70%	2.30%
Salary increase	2.25%	2.25%
Pension increase	2.00%	2.00%

Standard conditions used in the insurance industry form the basis of the actuarial preconditions for demographic factors and retirement. The discount rate as of 31.12.2020 is based on the rate of norwegian corporate bonds (Obligasjoner med fortrinnsrett - OMF).

Note 6 Specification of financial items

	2020	**2019**
Other financial income*	420 160	107 106
Other financial expenses	-476 218	-99 415
Total other financial items	**-56 059**	**7 690**

Of which:		
Currency effect	-31 432	3 273

Significant fluctuations in foreign exchange rates during the year combined with a gross method of booking currency effects, have significant increased both currency gain and currency loss compared with 2019.

*In 2020, other financial income includes reversal of earn-out of NOK 2.8 million related to the acquisition of Luxonic Ltd, due to key financial assumption related to the contingent consideration were not achieved (2019: NOK 17.7 million).

Note 7 Tangible fixed assets and intangible fixed assets

	Land / buildings	Machinery	Fixtures and Fittings	Total
Acquisition costs 31.12.2019	112 117	262 803	74 076	448 996
Additions	-	3 524	505	4 029
Reclassification	177	-7 678	-10 497	-17 998
Disposals	-	-	-149	-149
Acquisition costs 31.12.2020	**112 294**	**258 649**	**63 935**	**434 877**
Accumulated depreciation 31.12.2019	75 191	217 309	53 916	346 415
This years depreciation	5 630	8 762	6 259	20 652
Reclassification depreciation	177	-64	-11 867	-11 753
Reversed acc. depreciation and write down due to disposal		-	-149	-149
Accumulated depreciation 31.12.2020	**80 998**	**226 008**	**48 159**	**355 165**
Balance sheet value at 31.12.2019	**36 927**	**45 494**	**20 160**	**102 581**
Balance sheet value at 31.12.2020	**31 296**	**32 641**	**15 776**	**79 714**
Financial life	Up to 20 yrs.	Up to 10 yrs.	Up to 10 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Glamox AS has lease agreements on operating equipment and office facilities. These lease agreements are regarded as operational lease and annual lease payment in 2020 amounted to NOK 12.3 million (2019: NOK 10.4 million). The majority of the leasing contracts have a lease period of 3-5 years, while office facilities have a lease period up to 10 years.

	Other intangible assets*	Total
Acquisition costs 31.12.2019	145 312	145 312
Additions	30 923	30 923
Reclassification	18 036	18 036
Disposals	-	0
Acquisition costs 31.12.2020	**194 270**	**194 270**
Accumulated depreciation 31.12.2019	98 631	98 631
This years depreciation	12 995	12 995
Reclassification depreciation	11 803	11 803
Reversed acc. depreciation and write down due to disposal	**-**	**-**
Accumulated depreciation 31.12.2020	**123 429**	**123 429**
Balance sheet value at 31.12.2019	**46 681**	**46 681**
Balance sheet value at 31.12.2020	**70 841**	**70 841**
Financial life	5 to 10 yrs.	
Depreciation plan	Straight-line	

*Other intangible assets mainly consist of software and this year additions mainly relates to an upgrade of the ERP system.

Note 8 Subsidiaries

Name of company	Office	Currency	Share capital	Share-holding in Glamox AS	Book value in Glamox AS TNOK	Group's vouting ownership share
Glamox A/S	Denmark	DKK	4 900	100.0%	8 045	100.0%
Glamox AB	Sweden	SEK	600	100.0%	1 681	100.0%
Glamox Oy	Finland	EUR	100	100.0%	6 082	100.0%
Glamox Ltd.	England	GBP	4	100.0%	680	100.0%
Glamox Ireland Ltd.	Ireland	EUR	169	100.0%	1 787	100.0%
Glamox GmbH	Germany	EUR	683	100.0%	129 409	100.0%
AS Glamox	Estonia	EUR	166	100.0%	6 345	100.0%
Glamox Marine and Offshore GmbH	Germany	EUR	5 626	35.3%	64 602	100.0%
Glamox B.V.	The Netherlands	EUR	18	100.0%	20 346	100.0%
Glamox Aqua Signal Corporation	USA	USD	100	100.0%	443	100.0%
Glamox Inc.	Canada	CAD	2 208	100.0%	0	100.0%
Glamox Pte Ltd.	Singapore	SGD	6 100	100.0%	23 666	100.0% [1]
Glamox (Suzhou) Lighting Co. Ltd	China	CNY	20 388	100.0%	4 050	100.0%
Suzhou Glamox Trade Co. Ltd	China	CNY	500	0.0%	0	100.0%
Glamox Co. Ltd.	South Korea	KRW	775 020	100.0%	4 483	100.0%
Luxo Corporation	USA	USD	0	100.0%	0	100.0%
Glamox Brasil Iluminacao LTDA	Brazil	BRL	50	100.0%	130	100.0% [2]
Birger Hatlebakks veg 15 AS	Norway	NOK	100	100.0%	1 373	100.0%
O. Küttel AG	Switzerland	CHF	200	100.0%	122 142	100.0%
Glamox Luxonic Lighting Ltd.	England	GBP	246	100.0%	128 238	100.0%
ES-System sp. z o.o.	Poland	PLN	14 145	100.0%	365 130	100.0%
ES-SYSTEM Wilkasy sp. z o.o.	Poland	PLN	63 742	0.0%	0	100.0%
ES-SYSTEM NT sp. z o.o.	Poland	PLN	24 050	0.0%	0	100.0%
ES-SYSTEM Projekty sp. z o.o.	Poland	PLN	500	0.0%	0	100.0%
ES-SYSTEM Lighting UK Ltd.	England	GBP	50	0.0%	0	100.0%
Total book value of shares in subsidiaries					**888 633**	

1) In 2020, Glamox AS bought the remaining 1.27% shares in Glamox Pte Ltd. and owns 100% of the shares as of December 31, 2020.
2) Glamox Brasil Iluminacao LTDA owns 1 share of totally 50 000 shares, corresponding to 0.002%.

Note 9 Receivables due for payment later than one year

Balance sheet value of receivables due for payment later than one year:	31.12.2020	31.12.2019
Receivables, Group Companies	31 202	32 452
Other long term receivables	-	-
Total	**31 202**	**32 452**

Note 10 Liabilities due for payment more than five years after the financial year end

	31.12.2020	31.12.2019
Liabilities to financial institutions	0	0

Note 11 Tax

	2020	2019
Tax payable calculated as follows:		
Ordinary profit before tax	141 125	268 622
Permanent differences	-164 145	-182 790
Change in temporary differences	15 359	-3 640
Change defined benefit plan recognised directly against equity	-779	1 317
Basis for tax payable	**-8 439**	**83 509**
Tax rate	22 %	22 %
Tax payable on profit for the year	**-1 857**	**18 372**
Tax for the year is calculated as follows		
Tax payable on profit for the year	-1 857	18 372
Change deferred tax/deferred tax assets in balance sheet	-5 664	1 339
Change in deferred tax booked directly against equity	171	-290
Additional tax related to earlier years	1 332	371
Total tax for the year	**-6 017**	**19 793**
Current tax liabilities consist of:		
Tax payable for the year as above*	-1 857	18 372
- tax on group contribution from subsidiaries	0	0
- payment of withholding tax	-777	-701
- tax provosion related to previous years	2 057	2 057
Current tax liabilities 31.12	**-577**	**19 727**

*In 2020, Glamox AS can book losses carried forward of NOK 8 439 thousand against previous years taxable income. This years taxable loss of NOK 1 857 thousand is booked as other short term receivables.

Specification of basis for deferred tax:	**31.12.2020**	**31.12.2019**
Offsetting differences:		
Fixed assets	-26 659	-22 823
Other current assets	-12 635	-10 448
Liabilities	-19 755	-18 278
Restricted interest deduction carried forward	-17 556	0
Net pension reserves/commitments	-13 628	-12 937
Gross basis for deferred tax	**-90 232**	**-64 487**
Net deferred tax assets posted in balance	**19 851**	**14 187**

The Group Management and Board does a continuous evaluation of the amount they consider to be secured to book in the companies' balance sheet, based on the expected future income and realistic tax adaptation. Based on these evaluations, NOK 19.9 million have been booked as deferred tax assets in the balance sheet.

The company has write-down on receivables from its subsidiaries. These write-downs are done without any tax reduction effect, but are also not included in the above basis of deferred tax since there is uncertainty if or when the differences will be reversed. Due to changes in the tax legislation in 2011 it is also uncertainty to what extent the company will receive taxable deduction. The change of the write down amount is presented as a permanent difference.

Note 12 Equity and sharesholders

	Share capital	Other reserves	Other equity	Total
Equity 31.12.2019	**65 989**	**27 253**	**441 198**	**534 440**
Change in equity for the year:				
Profit for the year			147 143	147 143
Proposed dividends			-129 000	-129 000
Pension actuarial gain/loss recognized in equity			-779	-779
Tax on pension actuarial gain/loss recognized in equity			171	171
Equity 31.12.2020	**65 989**	**27 253**	**458 734**	**551 975**

Share capital and shareholder information:

Share capital in Glamox AS at 31.12.2020 consist of:	Number	Nominal Value	Balance Sheet
Shares	65 988 668	1	65 989
Total	**65 988 668**	**1**	**65 989**

All shares have the same voting rights.

Ownership structure:

The largest shareholders in Glamox AS at 31.12.2020 were:	Total shares	Shareholding/ Voting
GLX Holding AS C/O Triton Advisers	50 260 469	76.17%
Fondsavanse AS	14 558 635	22.06%
Erik Must	639 388	0.97%
Rebecka Must	100 000	0.15%
Jonathan Must	100 000	0.15%
Nora Must	100 000	0.15%
Iben Must	100 000	0.15%
Selma Must	100 000	0.15%
Lege Fr Arentz Legat C/O DNT Oslo og omegn	15 000	0.02%
Eva Marie Mittet	3 266	0.00%
Total 10 largest shareholders	**65 976 758**	**99.98%**
Others (121 shareholders)	11 910	0.02%
Total number of shares	**65 988 668**	**100.00%**

Shares and options owned by Board members and the Group Management:

Name	Position	Shares
Henny Eidem	Board member	14

Note 13 Assets pledged as security and guarantee liabilities

	31.12.2020	31.12.2019
Secured balance sheet liabilities		
Liabilities to financial institutions*	740 521	630 316
Secured pension liability	13 820	13 820
Balance sheet value of assets pledged as security for secured liabilities:		
Land, buildings etc.	31 297	36 927
Machinery and plant	32 641	45 494
Fixture and fittings	15 776	20 160
Inventory	134 905	143 357
Accounts receivable	191 399	225 932
Total	**406 018**	**471 871**

Glamox holds a multi-currency revolving facility. The multi-currency revolving facility has a credit limit of NOK 1,400m.
In Q1-2020 the utilized amount was increased by NOK 350m and in Q3-2020 the utilized amount was decreased by NOK 250m.

*An arrangement fee related to the financing, is booked against non-current interest bearing liablities and will be expensed over the availability period of the facility.

The loan agreement states that the lenders also have demand to key figures as equity ratio, debt ratio etc.

Note 14 Outstanding accounts against Group companies

	31.12.2020	31.12.2019
Account receivables on Group companies	80 761	97 786
Short term receivables on Group companies	199 700	168 088
Long-term loans to Group companies	31 202	32 452
Total receivables on Group companies	**311 663**	**298 325**
Account payables to Group companies	71 264	63 650
Other short term liabilities to Group companies	108 898	82 602
Total payables to Group companies	**180 161**	**146 253**

Some subsidiaries participate in the Group's common cash pool arrangement. Legally, it is Glamox AS that is the counter part towards the Bank regarding all accounts included in this arrangement. In the parent company is deposit (overdraft) that subsidiaries have, presented as deposit (overdraft) and liability (receivables) to subsidiaries.

Of other short term liabilities to Group companies, NOK 108.9 million (NOK 82.6 million in 2019) is the subsidiaries share of the parent's cash deposit.

Note 15 Cash etc.

	31.12.2020	31.12.2019
Liquidity reserve	846 037	862 695

The liquidity reserve is the total overdraft and revolver facilites of all Group companies, less all utilised overdraft and revolver facilities, and added all cash on hand and deposits.

The liquidity reserve for the Group is organized in a Multi Currency Cashpool. This implies that the cash deposit of the subsidiaries formally are account receivables towards the parent company, and all participating group companies are jointly responsible for overdraft within the Cashpool.

Locked-up deposits in Glamox AS amounted to NOK 13.2 million.

Note 16 Related parties for parent company and Group

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Agreements on remuneration for Management appear in note 5. All transactions with other related parties are based on the principle of arm's length.

No loans have been made, or security provided for loans, to any member of Group management, the Board or any of their related parties.

Transactions between Glamox AS and other group companies	**2020**	**2019**
Sales revenue	399 325	411 552
Services	115 879	110 913
Interest income	1 817	1 152
Dividend from subsidiaries	150 725	168 088
Cost of Goods	415 197	463 824

There have been no transactions between related parties (outside the Group) for the relevant financial year 2020 and 2019.

Note 17 Financial market risk

This note discusses the interest and currency risk the group is exposed to and the methods used in managing the risks.

a) Interest risk and control

Glamox AS aims to follow the general long-term development in the money market interest levels. The effects of short-term fluctuations in money market interest levels can be reduced by managing the loan portfolio's
average interest and the timing of the interest payments.

Underlying loan agreements is used to manage the interest risk.

b) Currency risk and control

Operational cash flow (transaction risk)

Glamox is exposed to transaction risk by purchasing and selling in different currencies. Purchase and production
expenses are mainly in NOK and EUR, with sales mainly in NOK, EUR, SEK, DKK, GBP, SGD, CAD and USD.

Glamox aims to minimize the risk of changes in the value of net cash flows arising from the short-term fluctuations in exchange rates.

Transaction risk is controlled by means of internal invoicing rules, matching of income and expenses in the same currency and by using financial instruments (forward contracts).

As at 31.12.2020, Glamox had forward contracts for both sale and purchase of currencies. Currency sales amounted to NOK 153 million while the currency purchase amounted to NOK 133 million based on 31.12.2020 exchange rates.

As of 31.12.2020, unrealized loss on forward contracts is NOK 2.0 million (2019: 0.8 million).

Note 18 Covid-19

The Covid-19 pandemic and the infection-reducing measures implemented by governments around the world has impacted the demand in most of the Company's markets negatively in 2020. The negative market impact has been largest in the geographies with the strictest government measures like the UK, Ireland and the Netherlands. In the global marine and offshore business area, the cruise and ferry segment has particularly been hit hard.

During 2020, Glamox has taken action to offset the negative impact of reduced demand by both permanent and temporary cost reductions like temporary and permanent lay-offs, salary reductions and other cost reducing measures. In this very challenging environment, Glamox has performed well, has managed to keep a high delivery capability, and has managed to increase its market share in most of its target markets.

Although we have seen a stabilization of the market situation in most geographies towards the end of 2020, there is still a high degree of uncertainty related to the effects of the development of the pandemic and measures being implemented and maintained by governments. We continue to monitor the situation closely and will take necessary actions to reduce our cost position if the situation deteriorates. The Glamox financial position is strong with solid equity and liquidity.

Note 19 Events after the reporting period

Acquisition of Lite IP Ltd.

On 1st of March 2021, the subsidiary of Glamox AS, Glamox Luxonic Ltd, acquired 100% of the shares in Lite IP Ltd. Lite IP Ltd is a UK Limited Company that designs, manufactures and supplies wireless lighting control systems to four different segments: industrial, commercial, public sector and retail. The company was established in 2012, has 12 employees and is located in Hampshire.

The Lighting Control Systems market is fast growing, and attractive to combine with luminaire supply to meet customers' expectations. Lite IP Ltd has an attractive and proven lighting control system and technology which is highly valued by its customers. Over the last decade the company has developed a strong position within lighting controls in the UK lighting market. The ability to make simple intuitive solutions for the customers has made them able to compete with larger companies within the lighting industry.

Lite IP had revenues of GBP 2.6 million (app. NOK 31.9 million) in 2020 and GBP 2.7 million (app. NOK 29.6 million) in 2019. The purchase consideration consists of a cash consideration paid of NOK 30.6 million and contingent consideration of maximum NOK 21.0 million. The contingent consideration relates to future financial key figures, and integration and development of technology.

Acquisition of Luminell Group AS

On 19th of April 2021, Glamox has signed an agreement to acquire 100% of the shares in the Norwegian company Luminell Group AS ("Luminell"). Established in 2010, Luminell has achieved a strong position as a high-quality developer and supplier of floodlights, searchlights, and lighting controls in the marine and offshore lighting market. Luminell is known for being user-focused and developing excellent lighting solutions for demanding applications.

Luminell reported total revenue of NOK 108.5m and EBITDA of 16.5m in 2020. Total revenue increased by 33% in the period 2018-2020. Glamox pays NOK 139m on a cash and debt free basis as an initial payment for the shares in Luminell. An additional earn-out of up to NOK 42.5m can be paid conditional on financial performance criteria in the period 2022-23. The acquisition is expected to close during Q2-2021.

Proposed dividend

After the reporting date the board has proposed a dividend distribution amounting to NOK 129.0 million. The board assess the level of proposed dividend to be justifiable based on the liquidity and solidity situation of the company.

KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Glamox AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Glamox AS (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit and loss and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Glamox AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted 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. We 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 or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements, the going concern assumption and the proposed 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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2021
KPMG AS

Lone Frogner

Lone Brith Frogner
State Authorised Public Accountant

Sustainability in Glamox Group

Glamox is experiencing an increasing demand in the markets for information on sustainability, including environmental product information. The group has enabled sustainability to customers for years, through energy efficient products and solutions. The environmental aspects are an important part of our product development. Through energy-efficient products and solutions we contribute to the green shift. A broad range of products enables the group to offer highquality and energy-efficient lighting solutions within the majority of application areas. LED technology combined with sensors and light management systems can reduce the energy consumption in many application areas upto 80-90% compared to conventional solutions.

Operational sustainability has been an integrated part of the Glamox group for a long time, and we aim to become a net zero company by 2030. For example, the group's production units in Norway (Molde and Kirkenær), Sweden, the UK and Estonia have been certified in accordance with EN ISO 14001 several years ago. In 2020 the newly acquired production unit in Wilkasy, Poland was certified with EN ISO 14001, and the production unit in Keila, Estonia, was certified in accordance with EN ISO 50001.

In 2020 the group reduced its climate impact by implementing energy efficient measures, and offset unavoidable emissions through climate and sustainable development expert, ClimateCare. During 2020 the group took actions to ensure that the Norwegian and Estonian production units will have 100% renewable energy supply from 2021.

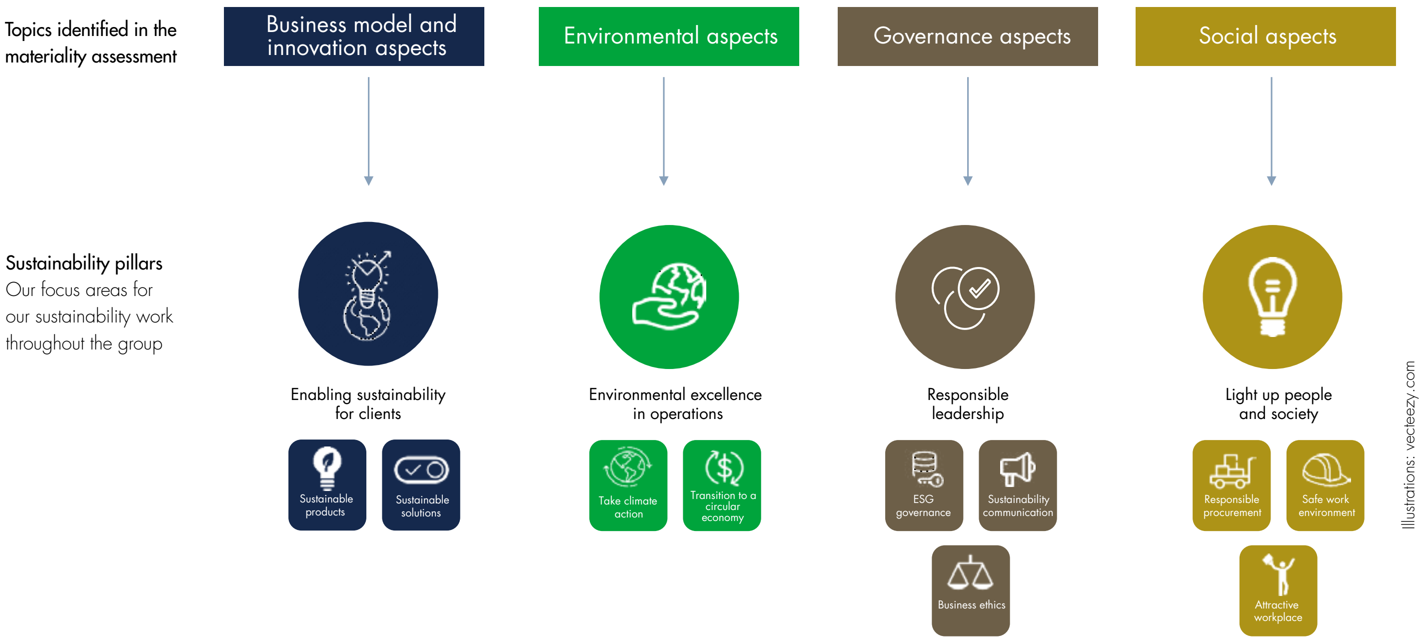
Going forward, we have an ambition to be in the forefront in our industry.

Sustainability strategy

We aim to create value both for the business as well as for customers and other stakeholders, via operational efficiencies, sustainable products and solutions, and other targeted actions. Glamox aims to be among the leading players within the industry. The group's goal is to set high ambitions which are close to our core business in order to be a responsible company with a global presence.

Based on a materiality assessment, the group has summarized our initiatives around four sustainability pillars – as shown in the illustration below.

These four pillars are key focus areas for the group's work with sustainability, and each pillar have some sub-areas with specific important topics that in total consist of 10 sub-areas as illustrated below.



Enabling sustainability for clients

Helping clients meet their goals through delivering sustainable products and solutions

Glamox aims to lead the lighting industry in sustainable products and solutions. This requires that all parts of the group are sharp and hard-working every day, and prioritize creativity and innovation. Glamox supports a rapid transformation towards a more sustainable and circular economy, and believe that the group's biggest contribution is through products and solutions that save energy and reduce emissions for our clients.

Environmental excellence in operations

Minimizing the environmental impact of operations

Glamox strives for environmental excellence in all our operations. Seeking to reduce and minimize the group's environmental footprint and maximize the positive environmental effects of our products. The goal is to contribute fully to a circular economy through recycling and reuse of materials, energy efficiency and reduction of waste.

Responsible leadership

Responsible leadership and good governance structures are prerequisites for strong sustainability performance

Responsible leadership and governance have always been priorities for Glamox as a multinational company. Glamox sees good governance as necessary to ensure a common commitment to sustainability across the organization and to achieving high standards.

Light up people and society

Safety and transparency in our value chain and taking care of our people

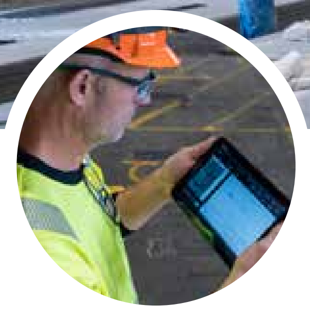
The most valuable assets are employees and partners, who work hard every day to supply our clients with quality products. Glamox works continually to make sure that our value chain is transparent and safe, that employees are provided with rewarding career pathways and to ensure equal opportunities in a diverse workplace.

These four pillars are the foundation of Glamox`s sustainability strategy. In this process we used the UN's Sustainable Development Goals (SDGs) as a framework. The SDGs outline the common challenges that face society today. We acknowledge that all the SDGs are equally important for sustainable development, however Glamox has chosen the five that are the most material for us and where we believe our contribution will have biggest impact:

Glamox aims to publish a sustainability report for 2021 next year. This report will reflect how important this topic is for the group, as well as being an effective platform to communicate progress and new initiatives related to sustainability.It will ensure that our efforts to the SDGs are transparent. Glamox aims to be a industry leader in environmental performance and energy efficiency by leading the market in innovative, energy efficient products and solutions. In light of this, Glamox takes responsibility for our own production, so we will aim to become a net zero company by 2030.

In addition, Glamox strives to be a diverse, equal opportunity employer in the lighting industry. To sum up, with the group's sustainability strategy, Glamox aims to integrate sustainability into strategic decision-making across the group.

For more information about Glamox sustainability work, please contact: CEO Rune Marthinussen or sustainability@glamox.com



Spenncon greatly reduces power consumption

Because of LED's low energy consumption, in addition to dimming and light control, the power consumption at Spenncon has dropped dramatically. The previous 1.4 GWh has been reduced to 350 MWh - and that is before the full effect of light control and dimming is included. The company estimates that electricity consumption will be reduced by a solid 87 percent. In addition, the long life of the LED light sources (approx. 100,000 hours), and consequently less maintenance work, will contribute to Spenncon being able to achieve an annual saving of approx. NOK 1 million. This corresponds to a saving of 244.4 tons of CO_2 equivalent based on an average European production of energy.

Key figures

			2020	2019	2018	2017	2016	2016
	Sales / Profit		IFRS	IFRS	IFRS	IFRS	IFRS	NGAAP
1.	Total revenue	MNOK	3489.5	3097.6	2772.7	2614.5	2508.6	2508.6
2.	Operating profit/loss	MNOK	218.1	307.3	273.1	292.7	267.8	263.1
3.	Profit/loss before tax	MNOK	178.9	309.1	270.3	302.8	255.8	251.5
4.	Profit/loss after tax	MNOK	140.9	238.5	212.6	258.2	194.9	191.1
	Profitability							
5.	Operating margin	%	6.2	9.9	9.8	11.2	10.7	10.5
6.	Gross profit margin	%	5.1	10.0	9.7	11.6	10.2	10.0
7.	Net profit margin	%	4.0	7.7	7.7	9.9	7.8	7.6
8.	Total profitability	%	12.4	20.3	20.3	23.6	20.4	20.1
9.	Return on equity	%	17.7	32.0	32.6	39.5	31.9	34.2
	Capital / Liquidity							
10.	Current ratio		2.4	2.1	2.1	2.0	2.0	2.0
11.	Cash flow	MNOK	284.9	332.5	248.7	275.5	258.5	258.1
12.	Cash flow from activities	MNOK	334.4	-143.5	109.7	173.1	235.7	199.6
13.	Equity	MNOK	800.7	792.7	698.4	605.9	702.5	599.8
14.	Equity ratio	%	31.0	31.7	42.1	45.6	48.2	41.5
15.	Investments	MNOK	54.2	81.6	67.1	46.7	54.1	50.6
	Share-related key figures							
16.	Earnings per share	NOK	2.14	3.62	3.22	3.91	2.95	2.90
17.	Cash flow per share	NOK	4.32	5.04	3.77	4.18	3.92	3.91
18.	Book equity per share	NOK	12.13	12.01	10.58	9.18	10.65	9.09

Definition of key figures

5) **Operating margin:** Operating profit/loss as a percentage of total sales revenue and other operating revenue.
6) **Gross profit margin:** Profit/loss before tax as a percentage of total sales income and other operating revenue.
7) **Net profit margin:** Profit/loss after tax as a percentage of total sales revenue and other operating revenue.
8) **Total profitability:** Profit/loss before tax plus financial costs as a percentage of average total capital.
9) **Return on equity:** Profit/loss after tax as a percentage of average equity.
10) **Current ratio:** Current assets in relation to current liabilities.
11) **Cash flow:** Profit/loss before tax, minus tax paid, plus depreciation, amortisation and impairment.
12) **Cash flow from activities:** From cash flow statement. Net cash flow from operating activities plus net cash flow from investing activities.
13) **Equity:** Book equity including minority items and subordinated loans.
14) **Equity ratio:** Book equity including minority items and subordinated loans as a percentage of total capital at 31.12.
15) **Investments:** Investments in tangible and intangible fixed assets excluding leased assets.
18) **Book equity per share:** Book equity (not incl. subordinated loans) divided on number of ordinary shares.

Professional Building Solutions

Norway
Glamox AS
BU Norge
Oslo
Tel +47 22 02 11 00
post@glamox.com

Sweden
Glamox AB
BU Sverige
Göteborg
Tel +46 31 746 51 00
info.se@glamox.com

Denmark
Glamox A/S
Taastrup
Tel +45 701 00 304
info.dk@glamox.com

Finland
Glamox OY
Vantaa
info.fi@glamox.com

The Baltic area
AS Glamox
BU Estonia
Keila
Tel +372 671 2300
info.estonia@glamox.com

Germany
Glamox GmbH
Bremen
Tel +49 421 4857 05
info.de@glamox.com

United Kingdom
Glamox Luxonic Ltd.
BU Sale UK
Basingstoke
Tel +44 (0) 1256 363090
info@glamoxluxonic.co.uk

LiteIP Ltd.
Southhampton
Tel + 44 (0) 23 8018 1060
enquiries@liteip.com

Ireland
Glamox Ireland Ltd
Dublin
Tel +353 1 4500 755
info.ie@glamox.com

The Netherlands
Glamox B.V.
Numansdorp
Tel +31 186 653 111
info.nl@glamox.com

Switzerland
O. Küttel AG
Kriens
Tel +41 41 340 48 48
info@kuettel-ag.ch

Poland
ES-SYSTEM sp. z o.o.
Kraków
Tel + 48 785 568 697
Tel + 48 12 656 36 33
essystem@essystem.pl

Global Marine & Offshore

Norway
Glamox AS
BU Glamox International
Molde
Tel +47 71 25 04 00
info.gi@glamox.com

Luminell Group
Ålesund
Tel. +47 70 10 10 70
sales@luminell.com

Germany
Glamox Marine and Offshore GmbH
BU Glamox Marine Germany
Bremen
Tel +49 421 36 93 52-0
sales.marinegermany@glamox.com

Glamox Marine and Offshore GmbH
BU LINKSrechts
Seevetal
Tel +49 (0) 4105 580 59 0
info@LINKSrechts.de

The Netherlands
Glamox B.V.
Numansdorp
Tel +31 186 653 111
info.nl@glamox.com

USA
Glamox Aqua Signal Corporation
Houston, Texas
Tel +1 (281) 944-4100
glamoxUS@glamox.com

Canada
Glamox Inc.
St.John's,
Newfoundland
Tel +1 709 753 2373
sales@glamox.ca

China
Glamox Trading Co.Ltd.
Shanghai
Tel +86 21 6039 3310
info@glamoxcn.com

Singapore
Glamox PTE. Ltd
Tel +65 6748 1977
sales@glamoxfe.com.sg

South-Korea
Glamox Co. Ltd.
Busan
Tel +82 51 971 7200
info@glamox.co.kr

Brazil
Glamox Brasil Iluminacao LTDA
Rio de Janeiro
Tel + 55 (21) 36 17 6003
arlindo.moreira@glamox.com

Sourcing, Production and Logistics

Norway
Glamox AS
BU Production Molde
Tel +47 71 24 60 00
post@glamox.com

Glamox AS
BU Production Kirkenær
Tel +47 62 94 92 00
post@glamox.com

Estonia
AS Glamox
BU Production Estonia
Keila
Tel +372 671 2300
info.estonia@glamox.com

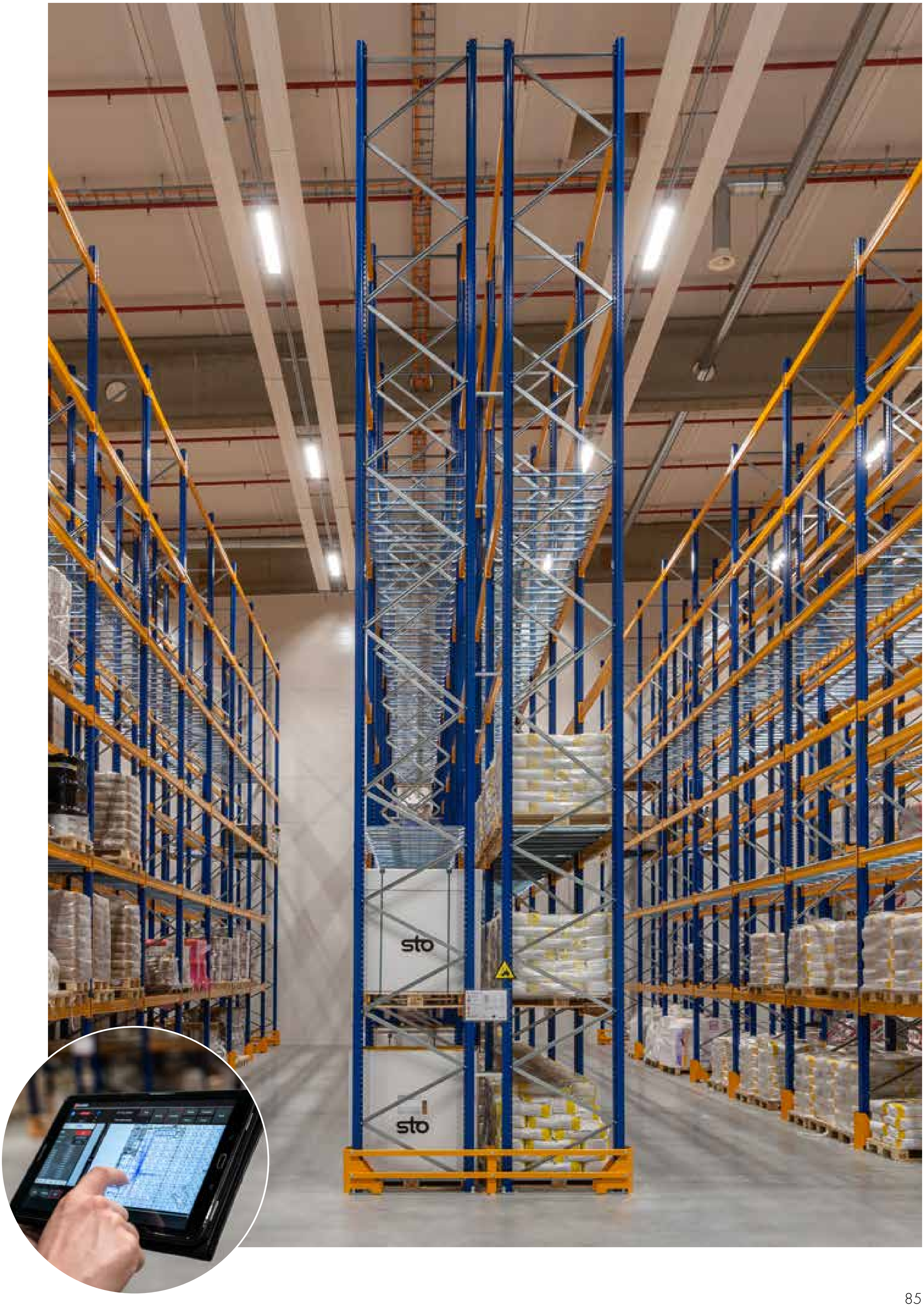
Germany
Glamox Marine and Offshore GmbH
BU Production Germany
Teterow
Tel +49 399 6142 0

China
Glamox (Suzhou) Lighting Co. Ltd.
Suzhou
Tel +86 512 62 52 21 89
info@glamoxcn.com

Poland
ES-SYSTEM Wilkasy Sp. z.o.o
Wilkasy
Tel + 48 87 429 96 00
Tel + 48 87 429 96 01
sekretariat.wilkasy@essystem.pl

ES-SYSTEM NT Ltd. Sp. z.o.o
Dobczyce
Tel + 48 12 397 89 40
Tel + 48 12 656 36 49
essystemnt@essystem.pl

United Kingdom
Glamox Luxonic Ltd.
BU Production UK
Basingstoke
Tel +44 1256 363090
info@glamoxluxonic.co.uk


sto
sto

Glamox AS
Hoffsveien 1C
P.O. Box 163, Skøyen
NO - 0212 OSLO

Tel. +47 22 02 11 00

info@glamox.com
www.glamox.com

AR2020101E