



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 936 612 741
Organisasjonsform: Aksjeselskap
Foretaksnavn: KLINGER WESTAD AS
Forretningsadresse: Heggenveien 530
3360 GEITHUS

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Anders Kjøll
Dato for fastsettelse av årsregnskapet: 10.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue		424 936 814	462 736 883
Other operating income			93 269
Sum inntekter	12, 18	424 936 814	462 830 152
Kostnader			
Cost of materials	6	209 136 560	241 981 964
Personnel expenses	13	78 528 109	84 012 589
Depreciation of operating and intangible assets	4	10 809 117	10 247 337
Other operating expenses	3, 7, 13, 18	73 540 362	90 782 123
Sum kostnader		372 014 148	427 024 014
Driftsresultat		52 922 666	35 806 138
Finansinntekter og finanskostnader			
Annen renteinntekt		128 958	393 339
Other financial income		18 324 716	6 460 528
Sum finansinntekter		18 453 674	6 853 867
Rentekostnad til foretak i samme konsern	18	230 815	445 771
Annen rentekostnad		22 916	
Other financial expenses		12 790 753	6 050 261
Sum finanskostnader		13 044 484	6 496 032
Netto finans		5 409 190	357 835
Ordinært resultat før skattekostnad		58 331 856	36 163 973
Tax on ordinary result	15	13 084 122	7 797 672
Ordinært resultat etter skattekostnad		45 247 734	28 366 301
Årsresultat		45 247 734	28 366 301
Årsresultat etter minoritetsinteresser		45 247 734	28 366 301



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Totalresultat		45 247 734	28 366 301
Overføringer og disponeringer			
Ordinært utbytte		20 000 000	
Allocated to other equity		25 247 734	28 366 301
Sum overføringer og disponeringer	9	45 247 734	28 366 301



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	15	1 918 243	1 767 739
Sum immaterielle eiendeler		1 918 243	1 767 739
Varige driftsmidler			
Buildings and land	4, 11	29 958 048	28 539 254
Machinery and equipment	4, 11	16 424 874	15 831 350
Equipment and other movables	4, 11	15 088 511	11 518 516
Sum varige driftsmidler		61 471 433	55 889 119
Finansielle anleggsmidler			
Investering i datterselskap	5	30 000	30 000
Lån til foretak i samme konsern	5	500 000	2 500 000
Investments in shares	5	249 950	249 950
Sum finansielle anleggsmidler		779 950	2 779 950
Sum anleggsmidler		64 169 626	60 436 808
Omløpsmidler			
Varer			
Inventories	6, 11	51 311 099	81 788 457
Sum varer		51 311 099	81 788 457
Fordringer			
Accounts receivables	7, 11	65 405 004	98 554 884
Other short-term receivables	2	5 851 980	6 335 997
Sum fordringer		71 256 984	104 890 881
Bankinnskudd, kontanter og lignende			
Cash and bank deposits	8	65 174 469	18 061 416
Sum bankinnskudd, kontanter og lignende		65 174 469	18 061 416
Sum omløpsmidler		187 742 552	204 740 754



Balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		251 912 178	265 177 562
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	10	11 000 000	11 000 000
Overkurs		90 335	90 335
Annen innskutt egenkapital		22 245 565	22 245 565
Sum innskutt egenkapital		33 335 900	33 335 900
Opptjent egenkapital			
Other equity		107 589 364	82 341 630
Sum opptjent egenkapital		107 589 364	82 341 630
Sum egenkapital	9	140 925 264	115 677 531
Gjeld			
Langsiktig gjeld			
Utsatt skatt	15		
Other provisions		83 139	83 139
Sum avsetninger for forpliktelser		83 139	83 139
Annen langsiktig gjeld			
Langsiktig konserngjeld			11 392 858
Other long term liabilities	3	14 919 522	12 957 520
Sum annen langsiktig gjeld		14 919 522	24 350 378
Sum langsiktig gjeld		15 002 661	24 433 517
Kortsiktig gjeld			
Liabilities to financial institutions	11	154 701	7 876 672
Leverandørgjeld	18	21 545 465	67 243 018
Tax payable	15	12 234 283	7 571 345
Public duties payable		5 322 878	6 385 442
Utbytte	9	20 000 000	
Other current debt	16, 17, 18	36 726 926	35 990 038



Balanse

Beløp i: NOK	Note	2020	2019
Sum kortsiktig gjeld		95 984 253	125 066 515
Sum gjeld		110 986 914	149 500 032
SUM EGENKAPITAL OG GJELD		251 912 178	265 177 562



Skatteetaten

Vår dato 21.06.2021	Din/Deres dato 21.06.2021	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 22078139
Org.nr 974761076	Vår referanse 2021/6026864	Postadresse Postboks 9200 Grønland 0134 OSLO

U.off.

KLINGER WESTAD AS
Heggelveien 530
3360 GEITHUS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Klinger Westad AS, org.nr. 936 612 741

Vi viser til deres henvendelse av 21. juni 2021 der det opplyses at organisasjonsnummeret i vedtak av 8. desember 2017, ref.: 2017/1281497, er feil. Det er også opplyst at selskapet har endret navn fra Westad Industri AS til Klinger Westad AS.

Selskapet ble 8. desember 2017 innvilget dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. I vedtaket ble samme organisasjonsnummer som oppgitt i søknaden benyttet. Det viser seg at det var feil.

Skattedirektoratet legger til grunn at forutsetningen som ble lagt til grunn ved vedtaket i 2017 ikke er endret og kan fortsatt legges til grunn. Skattedirektoratet gir på denne bakgrunn Klinger Westad AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Tor Willumsen
seniorskattejurist
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Financial statement 2020

Klinger Westad AS

Organization number: 936 612 741



**ANNUAL REPORT 2020
KLINGER WESTAD AS**

Place and nature of business

Klinger Westad AS is 100% owned by the Austrian company Klinger Holding GmbH. The company is located at Geithus in Viken County and develops, manufactures, and sells butterfly valves for the marine and offshore industry.

Market and financial review 2020

After a stabile order intake throughout 2019, except the peak in Q1, the order intake has been significantly declining throughout 2020. All the main markets that Klinger Westad operates within, have taken severe hits of the Covid-19 pandemic. The only orders received were regarding ships that were contracted before the pandemic. Except from June, where Klinger Westad received two FSU LNG orders, the monthly revenue was significantly higher than the order intake, taking the opening backlog from 349 million NOK to 111.4 million NOK at year end.

Klinger Westad experienced a positive development in the important Aftermarket segment in 2020 with increased activities in services with consequent spare parts sales. The revenue on spare valves hit an all-time high in 2020.

The 2020 revenue ended at 424.9 million NOK, which is 37.8 million NOK down from 2019 and 12.9 million NOK above budget.

The EBIT of 2020 is a result of the reduced challenges with main suppliers and the supply chain. The company's regain of operational control and ability to handle the volume in a satisfying way led to reduced extraordinary costs, particularly related to air freight. Also, improved prices, favorable exchange rates and a strong Aftermarket, played a part in what resulted in an all-time high EBIT for the company, ending at 52.9 million NOK, 19.9 million above budget.

The profit before tax for 2020 was 58.3 million NOK and the net result after tax was 45.2 million NOK.

The financial statements have been prepared based on continued operations.

The portfolio of liquidities was 65.2 million NOK per 31.12.2020, an increase from 18.1 million NOK per 31.12.2019. The balance sheets show total assets of 251.9 million NOK, down from 265.2 million in 2019. The company is in a solid financial position. The balance sheet shows a decrease in the working capital from 113.1 million NOK in 2019 to 95.2 million NOK in 2020. Trade receivables decreased from 98.6 million NOK in 2019 to 65.4 million NOK in 2020. The decrease relates mainly to the differences in revenue between Q4 in 2019, 148 million NOK, and Q4 2020,



108.2 million NOK. The inventory reduction from 81.8 million NOK to 51.3 million NOK relates to the decrease in future activity and strong focus on inventory control.

The board of directors confirm that the financial statements for the year 2020, to the best of our knowledge, gives a true and fair view of the company's consolidated assets, liabilities, financial position and result of operations. Nor has it occurred events after the fiscal year that changes this.

Financial risk

Overall objectives and strategy

Westad is exposed for various financial risks, especially related to foreign currency. The overall objective for Westad is to mitigate financial risk.

Exchange rate and interest risk

The company is exposed for exchange rates of foreign currencies, especially USD and EUR. All material purchases of raw materials and about two thirds of the income is in foreign currencies. The company has entered into forward contracts related to both sales and purchases to reduce the currency exposure of the company and thereby operational related market risk. The company is also exposed against NIBOR on leasing agreements with DnB on machinery.

Credit risk

The overall credit risk is considered low, with historical low losses on receivables. Larger projects requires letter of credit and prepayment is a requirement for new clients in the aftermarket.

Liquidity risk

The assessment of the liquidity situation is reflected by the last years good results. After two years of high volume and good results combined with reduced future activity, the company's current liquidity situation is solid.

Working environment and personnel

The company had 92 employees at the end of 2020, a 21% decrease compared to year-end 2019 that is explained through the lower activity Westad is facing.

During 2020, the company had two unwanted incidents, of which none of them resulted in sick leave. The company is working systematically on HSE to eliminate all incidents. The total sick leave in 2020 was 2.73%, down from 3.28% the previous year.

Westad is a part of the Norwegian IA cooperation and worked together with the Norwegian Social Service (NAV) and the local industrial health service organization on measures to reduce sick leave. The cooperation with the employee's representatives has been constructive and had a positive impact on the operation in 2020.

The company also adapted strict measures very early in the pandemic in order to mitigate risks associated with Covid-19. This has also had a positive effect on sick-leave.



Equality and anti-discrimination work

The overall objective of the company is complete equality between men and women. The current distribution between men and woman is 18% woman and 82% men. The company does not treat men and woman differently in cases related to salary, recruitment and promotions. Westad has employees of various nationalities, ethnical and religious backgrounds and it has a clear policy against any discrimination based on sex, age, religion, sexual orientation, identity or nationality. The company further has a zero tolerance for all types of discrimination, including sexual harassment at the work place. However, no specific measures were implemented in 2020.

Environmental reporting

All emissions from the factory, including dangerous substances, are within the requirements set by the government. No discharging of process water takes place. A vaporization plant reduces the hazardous waste by 85-90%. All waste is delivered to approved facilities for recycling or a landfill.

Westad has the ISO 14001 certificate. The environmental focus on the company is based on the procedures described by ISO 14001 that is the national standard for environmental management.

Annual results and disposals

A dividend of 20 million NOK is allocated to the shareholder. The annual result is booked to other equity.

2020 changes of equity

	Share capital	Premium	Invested equity	Other equity	Sum equity
Pr. 01.01.2020	11 000 000	90 335	22 245 565	82 341 630	115 677 531
Dividend				-20 000 000	-20 000 000
Net result				45 247 734	45 247 734
Pr. 31.12.2020	11 000 000	90 335	22 245 565	107 589 364	140 925 264

Outlook for 2021

The general expectation, as reflected in the 200M 2021 budget, is a challenging year in terms of bookings/new order intake as activity in both the marine and oil & gas markets are still suffering from the Covid effect. There has been some increase in ordering of new ships towards the end of 2020 and the beginning of 2021, but not so much in Westad's core market which is LNG tankers. Record high freight rates are at the time of writing this report starting to cool off as the winter season is coming to an end, so more speculative orderings are not very likely in the short term. Another observation is that contracts made between shipyards and shipowners now typically seem to have cancellation clauses that allows owners a long grace period (3-6months) before the contracts are binding.



Another aspect that is troublesome for Westad is that the Korean maker, PK valves, have established itself as a competitor in the supply of LNG valves and is often the preferred maker at the shipyards. This both sharpens the competition, but also demonstrates the importance of shipowner support for Westad. Despite the latter in many cases, recent examples are that Westad must contribute to cover the price gap vs PK Valves to successfully land new contracts. Hopefully, the return of more normal times might provide some relief here, but nevertheless, Westad's initiatives during 2021 to take cost out of the LNG Cargo projects will be crucial.

On the positive side for 2021, it is worth mentioning that on the fleet of new ships that gets contracted we notice an increased interest for green fuel systems (LNG or LPG) in their propulsion systems. These are ships that use dual fuel engines that can operate (burn) LNG as fuel. This is benefitting Westad as the company is already positioned in the market place as a major player, and with a target to increase local presence in China together with local agent Hoi Tung and Westad's JV partner, Hudong.

Specifically, for the LNG tanker market, the Qatar Gas project (100+ LNGCs) is Covid-19 delayed and an estimated start up not likely to happen before in the second half of 2021. This would imply valve contracts with need dates from 2022 and onwards, and most likely not in 2021. Another large project, the Mozambique project (16 ships) is temporarily on hold although contracts are made at HHI and SHI with the shipowners. A few single ships contracted mostly at SHI where Westad is not the preferred maker. Unfortunately, DSME does not have major contracts after Westad lost the Arc 7 project. Westad's highest margins have been at DSME for the LNG segment.

With regards to small LNG projects, bunkering ships, and LNG Fuel Systems, more vessels are expected to be contracted in 2021, especially in the bunkering segment. Waertsila, TGE, and Babcock are the main buyers of valves, and Westad is well positioned as supplier. Contracts have been made at both HHI & DSME for a series of containerships with LNG Fuel Systems, but with the cancellation clauses still being in effect, delivery of valves may slide into 2022.

Another interesting market for Westad is the LPG, LEG and Ethane, and here the expectation is a higher volume this year compared to 2020. Again, the major customers are Waertsila and Babcock with around ten new ship contracts already identified for delivery of valves in late Q3 throughout Q4.

With respect to the "home market", the O&G in the North Sea, there are some activity on retro fit projects in the North Sea requiring butterfly valves in titanium and super duplex, as well as one off valve sales with high margins (typically spare valves). Additionally, a carbon capture projects are starting to materialize but with a timeline that is somewhat uncertain. There is an LNG terminal in Sweden on the radar screen as well, but the project is on hold due to Covid.

Finally, for the Aftermarket, there is an increased demand for dry docking of LNG ships in 2021 vs 2020. The estimated total market based on Seaweb is 35 dockings. Westad's target is to land orders for 20 of these with existing and "new" clients, provided that today's travel restrictions do not become even stricter. Westad also continue to focus on getting service agreements with owners to try and keep WCS out of the market, and there are positive developments with two new companies, BW and Flex.

Demand for spare valves and parts started a very positive trend in Q4 2020, and so far into 2021, this trend seems to continue. Additionally, the sales team will continue to focus on a more proactive sales effort compared to the past.



Internal focus within the organization will of course to be to always balance the workload with the number of FTEs on the payroll. Westad did a substantial downsizing which was effective on October 1st with layoffs, and expected activity in Q1 will be more or less equal to that of Q4. However, temporary layoffs will be required in Q2 and onwards until the markets returns to normal.

Additional focus from the management team will be on the strategic initiatives, consolidate operations and to introduce more effective processes and equipment in order to avoid ramping up so much on the FTEs when the volume once again picks up. This will be important in order to improve Westad's competitive position vs PK valves.

Klinger Westad AS, 10. March 2021

Daniel Schibli
Chair

Christoph Klinger-Lohr
Director

Peter Müller
Director

Sigurd Woie
Employee rep.

Jørn Inge Throndsen
Director / MD Westad

Anders Kjøl
Director



Westad Industri AS

Statement of cash flows (NRS - indirect model)

	2020	2019
Cash flows from operating activities		
+/- Profit/loss before tax	58 331 856	36 163 973
- Tax paid for the period	-7 571 345	-4 884 137
+ Ordinary depreciations	10 809 117	10 247 337
- Gain on sale of fixed assets	0	-51 700
+/- Change in inventory	30 477 358	22 128 670
+/- Change in accounts receivable	33 149 880	-50 565 730
+/- Change in accounts payable	-45 697 553	2 156 569
+/- Change in pension liabilities	0	0
+/- Change in other accrual items	5 120 001	9 852 016
= Net cash flows from operating activities	<u>84 619 314</u>	<u>25 046 998</u>
Cash flows from investment activities		
+ Proceeds from the sale of fixed assets	0	51 700
- Payments for the purchase of fixed assets	-16 391 431	-3 675 199
= Net cash flows from investment activities	<u>-16 391 431</u>	<u>-3 623 499</u>
Cash flows from financing activities		
- Proceeds from the issuance of new long-term liabilities	0	0
- Payments from the repayment of long-term liabilities	-13 392 858	-4 142 857
+/- Net change in bank overdraft	-7 721 971	-17 439 848
+/- Net change in financial account factoring	0	0
+ Proceeds of equity	0	-5 000 000
= Net cash flows from financing activities	<u>-21 114 829</u>	<u>-26 582 705</u>
= Net change in cash and cash equivalents	47 113 054	-5 159 206
+ Cash and cash equivalents 1.1.	<u>18 061 416</u>	<u>23 220 621</u>
= Cash and cash equivalents 31.12.	<u>65 174 469</u>	<u>18 061 416</u>



Income statement Klinger Westad AS

Operating income and operating expenses	Note	2020	2019
Revenue		424 936 814	462 736 883
Other operating income		0	93 269
Total operating income	12, 18	424 936 814	462 830 152
Cost of materials	6	209 136 560	241 981 964
Personnel expenses	13	78 528 109	84 012 589
Depreciation of operating and intangible assets	4	10 809 117	10 247 337
Other operating expenses	3, 7, 13, 18	73 540 362	90 782 123
Total operating expenses		372 014 148	427 024 014
Operating profit		52 922 666	35 806 138
Financial income and expenses			
Other interest income		128 958	393 339
Other financial income		18 324 716	6 460 528
Interest expense to group companies	18	230 815	445 771
Other interest expenses		22 916	0
Other financial expenses		12 790 753	6 050 261
Net financial items		5 409 190	357 835
Operating result before tax		58 331 856	36 163 973
Tax on ordinary result	15	13 084 122	7 797 672
Annual net profit		45 247 734	28 366 301
Brought forward			
Allocated to dividend		20 000 000	0
Allocated to other equity		25 247 734	28 366 301
Net brought forward	9	45 247 734	28 366 301



Balance sheet
Klinger Westad AS

Assets	Note	2020	2019
Fixed assets			
<i>Intangible assets</i>			
Deferred tax assets	15	1 918 243	1 767 739
Total intangible assets		1 918 243	1 767 739
<i>Tangible assets</i>			
Buildings and land	4, 11	29 958 048	28 539 254
Machinery and equipment	4, 11	16 424 874	15 831 350
Equipment and other movables	4, 11	15 088 511	11 518 516
Total tangible assets		61 471 433	55 889 119
<i>Financial fixed assets</i>			
Investments in subsidiaries	5	30 000	30 000
Loan to group companies	5	500 000	2 500 000
Investments in shares	5	249 950	249 950
Total financial fixed assets		779 950	2 779 950
Total fixed assets		64 169 626	60 436 808
Current assets			
<i>Inventories</i>			
Inventories	6, 11	51 311 099	81 788 457
Total Inventories		51 311 099	81 788 457
<i>Debtors</i>			
Accounts receivables	7, 11	65 405 004	98 554 884
Other short-term receivables	2	5 851 980	6 335 997
Total receivables		71 256 984	104 890 881
<i>Cash and bank deposits</i>			
Cash and bank deposits	8	65 174 469	18 061 416
Total cash and bank deposits		65 174 469	18 061 416
Total current assets		187 742 552	204 740 754
Total assets		251 912 178	265 177 562



Balance sheet
Klinger Westad AS

Equity and liabilities	Note	2020	2019
Equity			
<i>Paid-up equity</i>			
Share capital	10	11 000 000	11 000 000
Share premium reserve		90 335	90 335
Other paid-up equity		22 245 565	22 245 565
Total paid-up equity		33 335 900	33 335 900
<i>Retained earnings</i>			
Other equity		107 589 364	82 341 630
Total retained earnings		107 589 364	82 341 630
Total equity	9	140 925 264	115 677 531
Liabilities			
Other provisions		83 139	83 139
Total provisions		83 139	83 139
<i>Other long-term liabilities</i>			
Liabilities to group companies		0	11 392 858
Other long term liabilities	3	14 919 522	12 957 520
Total of other long term liabilities		14 919 522	24 350 378
<i>Current debt</i>			
Liabilities to financial institutions	11	154 701	7 876 672
Trade creditors	18	21 545 465	67 243 018
Tax payable	15	12 234 283	7 571 345
Public duties payable		5 322 878	6 385 442
Dividend	9	20 000 000	0
Other current debt	16, 17, 18	36 726 926	35 990 038
Total current debt		95 984 253	125 066 515
Total liabilities		110 986 914	149 500 032
Total equity and liabilities		251 912 178	265 177 562



Balance sheet

Klinger Westad AS

Geithus, 10.03.2021

The board of Klinger Westad AS

Daniel Schibli
chairman of the board

Jørn-inge Throndsen
managing Director

Peter Müller
member of the board

Christoph Klinger-Lohr
member of the board

Anders Kjell
member of the board

Sigurd Woie
member of the board



Notes to the financial statement 2020

Note 1 Accounting principles

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

Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Income from sale of goods is recognised in the income statement when both risk and control have passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Tax

The tax charge in the income statement consists of tax payable and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted. From the income year 2019, the tax rate for companies has been reduced. This affected the size of the deferred tax / tax benefit and was in 2018 treated as an estimate change with accounting for the result.

Classification and assessment of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year of the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Research and development

Research and development expenses are capitalized to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified. Otherwise, such expenses are expensed on an ongoing basis. Capitalized research and development is depreciated on a straight-line basis over the useful lives.

Leasing

Leases considered as finance leases are treated as other tangible fixed assets. Historical cost is the value of the consideration in the agreement, calculated as a present value of the lease payments.

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Inventory

The inventory of purchased goods is valued at the lower of cost according to the FIFO principle and net realisable value. Finished goods of own production and work in progress are valued at variable cost of production.

Currencies

Receivables and liabilities in foreign currency, which are not hedged using forward contracts, are valued at the exchange rate at the end of the financial year. Exchange gains and losses associated with sales of goods and goods purchases in foreign currency are recorded as operating income and raw materials and consumables used.

Pensions

With a defined contribution plan the company pays contributions to an insurance company. The contribution is recognised as payroll expenses in the period to which the contribution relates to. Pension



Notes to the financial statement 2020

obligations relating to the AFP scheme for the company's employees are not capitalised. Liabilities or assets related to collective pension plans are not capitalised.

Warranties, service and complaints

Provision for warranties and service work for completed projects / sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognised in the income statement on a straight-line basis over the warranty and service period.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

Note 2 Other non-capitalized liabilities

In connection with sales and purchase contracts in foreign currency, the company has entered into contracts for currency sales and currency purchases. These are considered cash flow hedges and an accounting has been chosen for which realized and unrealized gains and losses on the hedging instrument are not recognized in the income statement before the underlying hedging item affects the profit and loss account. Income that are hedged are thus booked in the accounts at the hedging price.

The value of forward contracts in 2020 in relation to the exchange rate at the balance sheet date amounts to net gain/profit NOK 3 500 707. The corresponding net loss/liability amount in 2019 was NOK 4 055 644. The company's hedged instruments has expiration dates from 15.01.2021 to 18.10.2021.

When the individual futures contract expires and the underlying sale/purchase contract is not terminated at the same time, the futures contract is rolled with a new settlement on the expected delivery date of the underlying sale/purchase contract. Differences between agreed forward rates must be settled at the time of the rolling and are recognized as other short-term receivables. As at 31.12.20, this amounts to NOK -107 891 and corresponding figures per. 31.12.19 was NOK 1 562 616.

Note 3 Leases

Specification of the year's capitalised leases	2020	2019
Machinery	4 468 103	3 752 306

Overview future minimum lease:	2020	2019
Next year	3 988 824	4 198 242
Year 2-5	10 930 696	8 759 277
Total future minimum lease	14 919 520	12 957 519

Fixed assets treated as finance leases are included in the Tangible fixed assets note (note 4) as Machinery. At the end of the lease term, the company can either buy out the asset or continue with an extension lease



Notes to the financial statement 2020

Note 4 Tangible fixed assets

Tangible fixed assets are valued at acquisition cost less depreciation. Depreciation is calculated on the basis of cost and distributed linearly over estimated useful lives.

	Buildings and land	Plant & Machinery	Equipment and other movables	Total
Acquisition cost 01.01	40 004 888	48 174 995	64 852 415	153 032 298
Additions	2 508 422	1 480 793	5 927 216	9 916 431
Disposals				0
Acquisition cost 31.12	42 513 310	49 655 788	70 779 631	162 948 729
Acc. depreciation/impairment	-12 555 262	-33 230 914	-55 691 120	-101 477 296
Book value 31.12	29 958 048	16 424 874	15 088 511	61 471 433
Depreciation in the year	1 382 040	6 443 930	2 983 147	10 809 117
Depreciation rate (%)	0 - 4 %	10 - 33 %	10 - 33 %	
Depreciation plan	Linear	Linear	Linear	
Economic useful life	25-30 year	3 - 10 year	3 - 10 year	
Change in depreciation plan	No	No	No	

Plant & Machinery include capitalized leasing agreements with NOK 14 508 275. Depreciation for the year on capitalized leases amounts to NOK 4 832 624.

Note 5 Shares in and receivables from subsidiaries and other companies

Shares in subsidiaries are listed for historical cost.

Name of the subsidiary:	Westad China Holding AS
Business Office:	Geithus
Ownership	100%
Equity pr. 01.01.	- 7 015
Annual net profit:	-39 816
Equity pr. 31.12.	-46 831

Group accounts have not been prepared in accordance with section 3-8 of the Norwegian Accounting Act, as it does not affect the understanding of the Group's position and results.

A long-term loan to the subsidiary of NOK 2 500 000 had been granted, this loan is written down to NOK 500 000. Interest is not calculated and 50% of the loan shall be repaid by 18.10.2023 and the rest by 30.04.2024.

The company also has a stake in a company in Japan:

Company	Stake	Capitalized value	Market value
LGE Japan Ltd	12,5%	249 950	249 950



Notes to the financial statement 2020

Note 6 Inventories

	2020	2019
Raw materials and purchased semi-finished products	25 592 961	30 560 742
Work in progress	6 732 889	13 994 403
Finished goods of own production	16 115 350	35 358 173
Purchased finished goods	2 869 899	1 875 140
Total	51 311 099	81 788 457

Inventories valued at purchased cost	58 546 613	88 720 333
Inventories valued at net realisable value	51 311 099	81 788 457
Write-down for obsolescence	7 235 514	6 931 875

The Group Management has made an estimate change in relation to the standard write-down for obsolescence that applies to all companies in the Group in 2018. The change has resulted in a lower provision for obsolescence than before.

Note 7 Accounts receivables

Trade receivables are entered at face value after deduction of provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the individual receivables. In addition, for other accounts receivable, an unspecified provision is made to cover expected losses.

Customer receivables in the balance are as follows:	2020	2019
Customer receivables at par value	66 532 660	99 691 274
Provision for losses on receivables 31.12	-1 127 656	-1 136 390
Book value of customer receivables	65 405 004	98 554 884

Losses on receivables in the income statement are as follows:	2020	2019
Provisions for losses on receivables 01.01.	-1 136 390	-166 046
Provisions for losses on receivables 31.12.	1 127 656	1 136 390
Realised losses during the period	61 780	0
Received from previously written off receivables	0	0
Total losses on receivables posted against the result	53 046	970 344

Note 8 Restricted bank deposits, cash in hands etc.

	2020	2019
Restricted funds deposited in the tax deduction account	2 739 482	3 276 580

Duty tax deductions per. 31.12. amounts to NOK 2 639 818.

Note 9 Equity

	Share capital	Share premium reserve	Other paid-in equity	Other equity	Total equity
Equity. 01.01	11 000 000	90 335	22 245 565	82 341 630	115 677 531
Annual net profit				45 247 734	45 247 734
Suggested dividend				-20 000 000	-20 000 000
Equity 31.12	11 000 000	90 335	22 245 565	107 589 364	140 925 264



Notes to the financial statement 2020

Note 10 Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	100 000	110	11 000 000

The share capital is owned by the following shareholders:

Shareholders:	Number of shares	Ownership
Klinger Holding GmbH	100 000	100 %

The company has on class of shares and all shares come with full voting rights.

The parent company Klinger Holding GmbH has office address in Gumpoldskirchen in Østerrike and prepares a consolidated financial statement in which Klinger Westad AS is included. A copy of the complete consolidated financial statements can be obtained at the company's office in Am Kanal 8-10 , Gumpoldskirchen.

Note 11 Debtors, liabilities, pledged assets and guarantees etc.

	2020	2019
Long-term debtors which fall due later than five years after the expiry of the financial year	0	0
Liabilities secured by mortgage		
Liabilities to financial institutions	- 154 701	- 7 876 672
Balance sheet value of assets placed as security:		
Inventories	51 311 099	81 788 457
Accounts receivables	65 405 004	98 554 884
Real Estate (limited up to NOK 30 000 000)	0	0
Machinery	1 523 336	2 965 450
Equipment and other movables	15 088 511	11 518 516
Total	133 327 950	194 827 307
Unused bank overdraft	5 995 987	5 255 206
Non-booked guarantee commitments	9 004 013	9 744 794

The company has also leased assets and the leasing company has a mortgage in these.

Note 12 Revenue

Geographical distribution	2020	2019
Norway	63 052 488	80 161 727
Korea	247 659 434	274 525 727
United Kingdom	52 154 926	19 363 954
China	19 532 199	46 031 184
Japan	6 967 204	5 008 959
Other	35 570 563	37 697 032
Total	424 936 814	462 788 583

Notes to the financial statement 2020

Note 13 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2020	2019
Salaries/wages	63 413 042	68 118 127
Social security fees	8 994 851	10 096 061
Pension expenses	3 896 367	3 373 859
Other remuneration	2 223 849	2 424 541
Total	78 528 109	84 012 589

Average number of employees during the financial year	107	103
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Benefits to senior executives or members of the board:	CEO	Board	Corporate assembly
Salaries/wages	2 190 634	2 515 213	
Pension expenses			
Other remuneration	886 590	425 941	
Total	3 077 224	2 941 154	0

The CEO has an agreement on early retirement for nine months after the expiration of the normal notice period.

Management is included in the general bonus agreement that applies to all company employees. With the achievement of certain performance targets at company level, the CEO can receive bonuses limited to 30% of annual salary.

No loans/sureties have been granted to the General Manager, Chairman of the Board or other related parties.

OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirement of this law.

Expensed audit fee

Expenses paid to the auditor for 2020 amounts to NOK 304 600- excl.mva.

Statutory audit fee	209 500
Technical assistance with financial statement	36 000
Other assistance	59 100
Total audit fee	304 600

Note 14 Government grants

Klinger Westad AS, together with several companies, is part of a development project related to the extension of the lifetime of offshore components. The project runs until 2021 and has a total grant of NOK 9 000 000. The individual participating companies cover their own costs in the project. As a project owner, Klinger Westad AS has received the grant from the Research Council and this has been accrued and recognized in the income statement against the project's costs for external purchasing of research services.



Notes to the financial statement 2020

Note 15 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	13 234 626	8 408 277
Changes in deferred tax assets	-150 504	-610 605
Tax expense on ordinary profit/loss	13 084 122	7 797 672
Taxable income:		
Ordinary result before tax	58 331 856	36 163 973
Permanent differences	1 141 423	-803 144
Changes in temporary differences	684 112	2 858 613
Taxable income	60 157 391	38 219 442
Payable tax in the balance:		
Payable tax on this year's result	12 234 283	7 571 345
Total payable tax in the balance	12 234 283	7 571 345
Calculation of effective tax rate		
Profit before tax	58 331 856	36 163 973
Calculated tax on profit before tax	12 833 008	7 956 074
Tax effect of permanent differences	251 113	-176 692
Total	13 084 121	7 779 382
Effective tax rate	22,4 %	21,5 %

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2020	2019	Difference
Tangible assets	1 722 108	1 736 969	14 861
Stock	-7 235 514	-6 931 875	303 639
Accounts receivable	-1 109 134	-905 704	203 429
Lease agreements brought to the balance	-411 247	-91 620	319 627
Allocations and more	-1 768 639	-1 926 083	-157 444
Total	-8 802 427	-8 118 314	684 112
Not included in the deferred tax calculation	83 139	83 139	0
Basis for deferred tax assets	-8 719 288	-8 035 175	684 112
Deferred tax assets (22 %)	-1 918 243	-1 767 739	150 505

Note 16 Provisions for liabilities

	2020	2019
Warranty provisions included in other short term liabilities	-1 685 500	-1 842 944



Notes to the financial statement 2020

Note 17 Advance payments from customers

	2020	2019
Advance payments from customers included in other short term liabilities	-489 573	-2 701 001

Note 18 Transactions with related parties

The company has paid management fees to consortium with NOK 1 155 426 in 2020 and NOK 1 096 061 in 2019. Other expenses charged by group companies were NOK 409 884 in 2020 and NOK 1 150 696 in 2019. Further the company has had various income from group companies of NOK 65 690 in 2020 and NOK 117 065 in 2019. The company has accounts payable to group companies of NOK 557 172 in 2020 and NOK 565 165 in 2019.

The company has per. 31.12.20 no debt/loans to group companies. Corresponding balance per. 31.12.19 was NOK 11 392 858.



BDO AS
Bragernes Torg 2A
3017 Drammen

Independent Auditor`s Report

To the General Meeting in Klinger Westad AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Klinger Westad AS.

The financial statements comprise:

- The balance sheet as at 31 December 2020
- The income statement for 2020
- Statement of cash flows for the year that ended 31 December 2020
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

The accompanying financial statements are prepared in accordance with the law and regulations and 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.

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 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 the Board of Directors' report.

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 and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit 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.

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BDO AS

Anders Nordahl
State Authorised Public Accountant
(This document is signed electronically)

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"By my signature I confirm all dates and content in this document."

Anders Nordahl

Partner

Serial number: 9578-5998-4-995843

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