



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	955 706 137
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	EFD INDUCTION GROUP AS
Forretningsadresse:	Bølevegen 4B 3724 SKIEN

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
-------------------------	-------------------------

Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Espen Schie
Dato for fastsettelse av årsregnskapet:	15.04.2021

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, 05.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenues	11	62 545 000	72 051 000
Sum inntekter		62 545 000	72 051 000
Kostnader			
Labour and social expenses	11	28 496 000	32 842 000
Depreciations	10	1 608 000	1 520 000
Other operating expenses	11	45 623 000	61 442 000
Restructuring costs	13	6 454 000	
Sum kostnader		82 181 000	95 804 000
Driftsresultat		-19 636 000	-23 753 000
Finansinntekter og finanskostnader			
Dividends from subsidiaries	4	10 037 000	33 151 000
Interest from subsidiaries	4	4 228 000	3 473 000
Currency change effects	4	1 000	
Other interest income	4	2 500 000	
Sum finansinntekter		16 766 000	36 624 000
Foreign currency exchange loss	4		918 000
Impairment	4	85 458 000	76 202 000
Rentekostnad til foretak i samme konsern	4		52 000
Other interest expense	4	5 755 000	1 606 000
Sum finanskostnader		91 213 000	78 778 000
Netto finans		-74 447 000	-42 154 000
Ordinært resultat før skattekostnad		-94 083 000	-65 907 000
Skattekostnad på ordinært resultat	5	-4 557 000	-647 000
Ordinært resultat etter skattekostnad		-89 526 000	-65 260 000
Årsresultat		-89 526 000	-65 260 000
Retained earnings			



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	10	5 297 000	2 588 000
Utsatt skattefordel	5	6 422 000	1 879 000
Sum immaterielle eiendeler		11 719 000	4 467 000
Varige driftsmidler			
Property and equipment	10	373 000	629 000
Right of use assets	10	698 000	1 131 000
Sum varige driftsmidler		1 071 000	1 760 000
Finansielle anleggsmidler			
Investering i datterselskap	1	80 399 000	139 545 000
Lån til tilknyttet selskap og felles kontrollert virksomhet		103 560 000	103 615 000
Other long-term receivables		697 000	705 000
Sum finansielle anleggsmidler		184 656 000	243 865 000
Sum anleggsmidler		197 446 000	250 092 000
Omløpsmidler			
Varer			
Fordringer			
Intra-group receivables		83 773 000	105 463 000
Other current receivables		1 429 000	2 562 000
Cash and bank	6	132 000	316 000
Sum fordringer		85 334 000	108 341 000
Sum omløpsmidler		85 334 000	108 341 000
SUM EIENDELER		282 780 000	358 433 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Share capital	8	63 366 000	63 366 000
Overkurs		57 657 000	57 657 000
Sum innskutt egenkapital		121 023 000	121 023 000
Opptjent egenkapital			
Retained earnings		-39 816 000	49 710 000
Sum opptjent egenkapital		-39 816 000	49 710 000
Sum egenkapital		81 207 000	170 733 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	9	5 605 000	6 348 000
Sum avsetninger for forpliktelser		5 605 000	6 348 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	2	73 783 000	60 132 000
Long-term provisions		1 881 000	1 881 000
Øvrig langsiktig gjeld			0
Sum annen langsiktig gjeld		75 664 000	62 013 000
Sum langsiktig gjeld		81 269 000	68 361 000
Kortsiktig gjeld			
Bank overdraft		71 174 000	68 640 000
Leverandørgjeld		7 366 000	8 562 000
Kortsiktig konserngjeld			1 933 000
Annen kortsiktig gjeld	7,13	41 766 000	40 203 000
Sum kortsiktig gjeld		120 306 000	119 338 000
Sum gjeld		201 575 000	187 699 000
SUM EGENKAPITAL OG GJELD		282 782 000	358 432 000



Konsernets resultatregnskap

Beløp i: EUR	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenues	21	107 275 000	118 744 000
Sum inntekter		107 275 000	118 744 000
Kostnader			
Cost of materials	7	32 276 000	37 625 000
Labour and social expences	2	48 035 000	55 883 000
Depreciations and impairment	5,6,20	6 279 000	6 935 000
Other operating expences	20	13 489 000	16 850 000
Restructuring costs	15,20	3 350 000	2 855 000
Sum kostnader		103 429 000	120 148 000
Driftsresultat		3 846 000	-1 404 000
Finansinntekter og finanskostnader			
Financial income		492 000	453 000
Sum finansinntekter		492 000	453 000
Finacial expences		1 576 000	1 373 000
Sum finanskostnader		1 576 000	1 373 000
Netto finans		-1 084 000	-920 000
Ordinært resultat før skattekostnad		2 762 000	-2 324 000
Taxes	4	970 000	2 600 000
Ordinært resultat etter skattekostnad		1 792 000	-4 924 000
Årsresultat		1 792 000	-4 924 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4	1 836 000	1 444 000
Goodwill	6	2 789 000	3 070 000
Other intangible assets	6	1 396 000	263 000
Sum immaterielle eiendeler		6 021 000	4 777 000
Varige driftsmidler			
Buildings and land	5	9 191 000	10 903 000
machinery and equipment	5	5 902 000	7 740 000
Right of use assets	5	11 918 000	10 185 000
Sum varige driftsmidler		27 011 000	28 828 000
Finansielle anleggsmidler			
Other long-term receivables	11	715 000	933 000
Sum finansielle anleggsmidler		715 000	933 000
Sum anleggsmidler		33 747 000	34 538 000
Omløpsmidler			
Varer			
Inventory	7	17 647 000	20 821 000
Sum varer		17 647 000	20 821 000
Fordringer			
Accounts receivables	19	21 699 000	24 341 000
Accrued receivables	10	11 248 000	5 937 000
Other current receivables	8,10	4 199 000	4 783 000
Sum fordringer		37 146 000	35 061 000
Bankinnskudd, kontanter og lignende			
Cash and bank	18	12 543 000	9 268 000
Sum bankinnskudd, kontanter og lignende		12 543 000	9 268 000
Sum omløpsmidler		67 336 000	65 150 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
SUM EIENDELER		101 083 000	99 688 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		7 379 000	7 379 000
Overkurs		7 120 000	7 120 000
Sum innskutt egenkapital		14 499 000	14 499 000
Opptjent egenkapital			
Retained earnings		21 255 000	21 357 000
Sum opptjent egenkapital		21 255 000	21 357 000
Sum egenkapital		35 754 000	35 856 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	12	1 821 000	2 345 000
Utsatt skatt	4	582 000	607 000
Sum avsetninger for forpliktelser		2 403 000	2 952 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5,13,1 4	17 255 000	13 749 000
Long-term provisions		309 000	335 000
Sum annen langsiktig gjeld		17 564 000	14 084 000
Sum langsiktig gjeld		19 967 000	17 036 000
Kortsiktig gjeld			
Bank overdraft	13,18	6 842 000	8 444 000
Short-term interest bearing debt		3 660 000	2 984 000
Leverandørgjeld		6 328 000	7 225 000
Other current liabilities	9,15	28 532 000	28 143 000
Sum kortsiktig gjeld		45 362 000	46 796 000



Konsernets balanse

Beløp i: EUR	Note	2020	2019
Sum gjeld		65 329 000	63 832 000
SUM EGENKAPITAL OG GJELD		101 083 000	99 688 000



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	24.09.2012	28.09.2012
Telefon	Deres referanse	Vår referanse
22078139	Mk83862.doc/ +47-3550 6026	2012/754234

EFD AS
Postboks 363 Sentrum
3701 SKIEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for EFD AS, org. nr. 955 706 137

Det vises til deres brev av 24. september 2012 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for EFD AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering EFD AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

EFD AS er et norsk morselskap og hovedsete for konsernledelsen i EFD Induction. Hovedaksjonæren i EFD AS er Arendals Fossekompani ASA som eier 69,6 % av aksjene. De resterende aksjene eies av småaksjonærer med tilknytning til selskapet, i all hovedsak tidligere og nåværende ansatte i EFD AS eller datterselskaper. Styret er sammensatt av medlemmer fra Norge og representant(er) fra de utenlandske datterselskapene. EFD Induction utvikler og leverer komplette industrielle varmeprosesser, inklusive kraftkilder, mekanisk håndteringsutstyr og kontrollsystemer i definerte internasjonale markedssegmenter. Den operative virksomheten foregår i det vesentlige i datterselskaper i utlandet. Selskapet har ett produksjonsselskap i Norge, og 18 datterselskaper i Europa, Asia og Amerika. Eksportandelen for det norske selskapet var i 2011 95 %. De få norske kundene er industrielle, for det meste store internasjonale foretak. Arbeids- og konsernspråket i EFD Induction er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt det alt vesentlige av driften foregår i utlandet. Selskapet har en rekke utenlandske datterselskap. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
22.12.2011

Vår dato
09.01.2012

Telefon

Deres referanse

Vår referanse
2011/1217686

EFD AS
Postboks 363 Sentrum
3701 SKIEN

Tillatelse til å oppbevare elektronisk regnskapsmateriale i Tyskland for EFD a.s., org.nr. 955 706 137, og EFD Induction a.s., org.nr. 930 400 580

Det vises til deres brev av 6. september 2011 hvor det søkes om tillatelse til å oppbevare elektronisk regnskapsmateriale regnskapsmateriale i Tyskland for EFD a.s. og EFD Induction a.s.

Skattedirektoratet gir med dette de overnevnte selskaper tillatelse til å oppbevare elektronisk lagret regnskapsmateriale i Tyskland hos Easynet, jf. lov 19. november 2004 nr. 73 om bokføring § 13 siste ledd.

Bakgrunn

EFD a.s er morselskap i EFD Induction konsernet, og har datterselskaper i 17 land. EFD Induction a.s er det norske datterselskapet. Selskapene benytter regnskapssystemet Infor LN. Foreløpig benyttes regnskapssystemet av hovedkontoret i Norge og datterselskaper i Norge, Tyskland og Frankrike. Andre selskap benytter andre system. Målet er et felles regnskapssystem for morselskapet og de største datterselskapene. Det søkes derfor om tillatelse til å oppbevare elektronisk lagret regnskapsmateriale på dataserver hos Easynet, Harburger Schlossstr. 1, D-21079 Hamburg, Tyskland.

Det er opplyst at regnskapsmateriale som er lagret på dataserver i Tyskland vil være tilgjengelig i lesbar form og med mulighet for utskrift via terminal i Norge under hele oppbevaringstiden. Terminal i Norge er plassert hos EFD Induction a.s i Bøleveien 10, 3724 Skien. Dokumentasjonen av regnskapssystemet er hovedsakelig på engelsk språk og spesifikasjonene av pliktig regnskapsrapportering er på norsk språk.

Forutsetninger for vedtaket

Det forutsettes at det regnskapsmateriale som ikke er i Norge, skal være tilgjengelig i lesbar form og skal kunne skrives ut på papir i hele oppbevaringstiden fra terminal eller lignende i Norge.

Tillatelsen er gitt under forutsetning av at det eksisterer et felles regnskapssystem for de beskrevne parter ovenfor og avtale for oppbevaring av regnskapsmateriale på den angitte lagringsadresse. Dersom selskapenes beskrevne tilknytning til utlandet endres, opphører også denne tillatelsen og regnskapsmaterialet må bringes til Norge. Dersom regnskapsmateriale ikke lenger er tilgjengelig via terminal eller lignende her i Norge, må det tas papirutskrift av regnskapsmateriale, alternativt må datalager og nødvendig maskin- og programvare gjøres tilgjengelig. Vi gjør for øvrig oppmerksom på at bokførte opplysninger som i utgangspunktet er tilgjengelig elektronisk, skal

Postadresse

Postboks 9200 Grønland
0134 Oslo

Besøksadresse

Se www.skatteetaten.no
Org. nr: 996250318

For elektronisk henvendelse se www.skatteetaten.no

Sentralbord

800 80 000
Telefaks

22 17 08 60



være tilgjengelig elektronisk i tre år og seks måneder etter regnskapsårets slutt, jf. bokføringslovens § 13 annet ledd. Dette krever at elektronisk tilgang til dataene i Norge må opprettholdes for denne perioden.

Regnskapsmaterialet skal uten ubegrunnet opphold kunne fremlegges for offentlig kontrollmyndighet i Norge i hele oppbevaringstiden, jf. bokføringsforskriften § 7-4 siste ledd. De norske selskapene må derfor bokføre og lagre dataene på en slik måte at norske kontrollmyndigheter sikres tilgang til dataene. Hvor data fra flere enheter lagres samlet innebærer dette at dataene må kunne skilles fra andre enheters data hvor kontrollmyndigheten ikke har varslet kontroll eller ikke har myndighet.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad



SMART HEATING FOR A CLEAN AND GREEN FUTURE

EFD[®]
INDUCTION

2020

Annual Report

EFD Induction Group AS | Bøleveien 4b | P.O.Box 84 Sentrum | N-3701 SKIEN | Norway | Tel.: +47-3550 6000 | www.efd-induction.com



Contents

This is EFD Induction	3
Key Figures	4
Directors' Report	6
Sustainability	8
Consolidated Income Statements	11
Consolidated Balance Sheets	12
Consolidated Comprehensive Income	13
Statement of Changes in Equity	13
Consolidated Cash Flow Statements	14
Group Accounting Policies	15
Notes to the Consolidated Financial Statements	18
Income Statement Parent Company	28
Balance Sheet Parent Company	29
Comprehensive Income Parent Company	30
Statement of Changes in Equity Parent Company	30
Cash Flow Statement Parent Company	31
Accounting Policies Parent Company	32
Notes to the Parent Company's Financial Statements	33
Auditor's Report	38
Shares and Shareholders	41
Share Capital Development	41
Board of Directors	42
Addresses	43



This is EFD Induction

EFD Induction is an international high-tech company supplying advanced heating systems based on induction technology to engineering industries worldwide. The company is represented in Europe, Asia and the North America.

EFD Induction was established in 1996. The headquarter is situated in Skien, Norway. EFD Induction has manufacturing facilities in Germany, France, Norway, Romania, China, India and the US.

Sales and service offices are established in the UK, Sweden, Spain, Italy, Austria, Poland, Russia, Japan, Thailand, Brazil and Malaysia.

Our business

EFD Induction provides industrial induction heating processes in defined market segments around the world. We supply best-in-class solutions optimized to customers' needs.

We improve heat processes by making them cost-effective, safe and robust, and by minimizing their energy consumption.

The values that guide us

Being **Reliable** means we take responsibility; we spare no effort to keep our promises and learn from our failures.

Being **Respectful** means we treat people with respect, and act at all times with integrity. We lead by example and care for our customers, colleagues and the environment.

Being **Cooperative** means we share resources, know-how and solutions within the EFD Induction family of companies to satisfy our customers—wherever they are located.

Being **Passionate** means we have a burning interest for what we do. It means being open to new ideas, and constantly developing innovative solutions to support our customers and colleagues.

Areas of activity

EFD Induction's largest customers are found in the automotive, tube and pipe, electro technical, cable and wire, and mechanical engineering industries. The group's operations are concentrated in three activity areas: Induction Heating Machines (IHM), Induction Power Systems (IPS), and Spares and Service (SAS).

Induction Heating Machines

Heat treatment and hardening machines include complete integrated lines with automatic control and handling of a work piece throughout the whole process of heating, quenching and tempering. The main application area is surface hardening, in particular on shafts, gears, joints, valves, etc. Customers are predominantly found in the automotive industry and its sub-suppliers, as well as in the mechanical engineering industry. Heating machines with built-in power sources can be standardized or tailored to customers' specifications.

Induction Power Systems

EFD Induction supply induction power sources (frequency converters) and heating processes. Induction power systems cater for a broad range of applications in a number of different industries. Frequency converters are both installed in production lines from other suppliers and used as stand-alone production equipment in manual or automated heating processes. Heating systems are supplied in a power range from 3 kW to 2 MW depending on the requirement of the heating process.

Typical application areas are brazing of copper and aluminum, cable manufacturing, straightening, tube welding and annealing, and heating of steel wire, strips, plates and chains. Deliveries also include a number of other processes where standard products make it possible to meet customers' specific heating requirements.

Spares and Service

This activity includes operational support services, induction coil services, consulting services and commercial and training services. Service and aftersales support is becoming more and more important for customers as increasing automation and higher quality standards are combined with continuing focus on cost control.



EFD Induction Annual Report 2020 // KEY FIGURES

Key Figures

EUR 1000	Note	2020	2019	2018	2017	2016
Operating revenues		107 275	118 744	130 305	124 125	110 944
EBIT		3 847	(1 404)	11 240	9 476	5 651
Operating (EBIT) margin	1)	3.6 %	(1.2) %	8.6 %	7.6 %	5.1 %
Income before taxes		2 764	(2 324)	10 647	8 750	5 073
Net income		1 792	(4 924)	6 968	5 766	2 757
Total assets		101 083	99 688	99 794	93 617	93 456
Shareholders' equity		35 754	35 856	42 840	40 427	40 796
Equity ratio		35.4 %	36.0 %	42.9 %	43.2 %	43.7 %
Return on average capital employed	2)	7.00 %	(2.4) %	20.75 %	18.8 %	11.7 %
Earnings per share (EUR)	3)	0.28	(0.78)	1.10	0.91	0.44
Average number of FTE employees	4)	1 007	1 088	1 101	1 086	992

1) EBIT (Earnings Before Interest, Tax) as % of operating revenues.

2) EBIT plus financial income as % of average total assets minus non-interest bearing debt.

3) Net income divided by average number of shares (6 336 646 shares).

4) FTE = Full time equivalent

OUR CORPORATE VALUES



RELIABLE

Being Reliable means we take responsibility, we spare no effort to keep our promises and learn from our failures.



RESPECTFUL

Being Respectful means we treat people with respect, and act in all things with integrity. We lead by example and care for our concerns, colleagues and the environment.



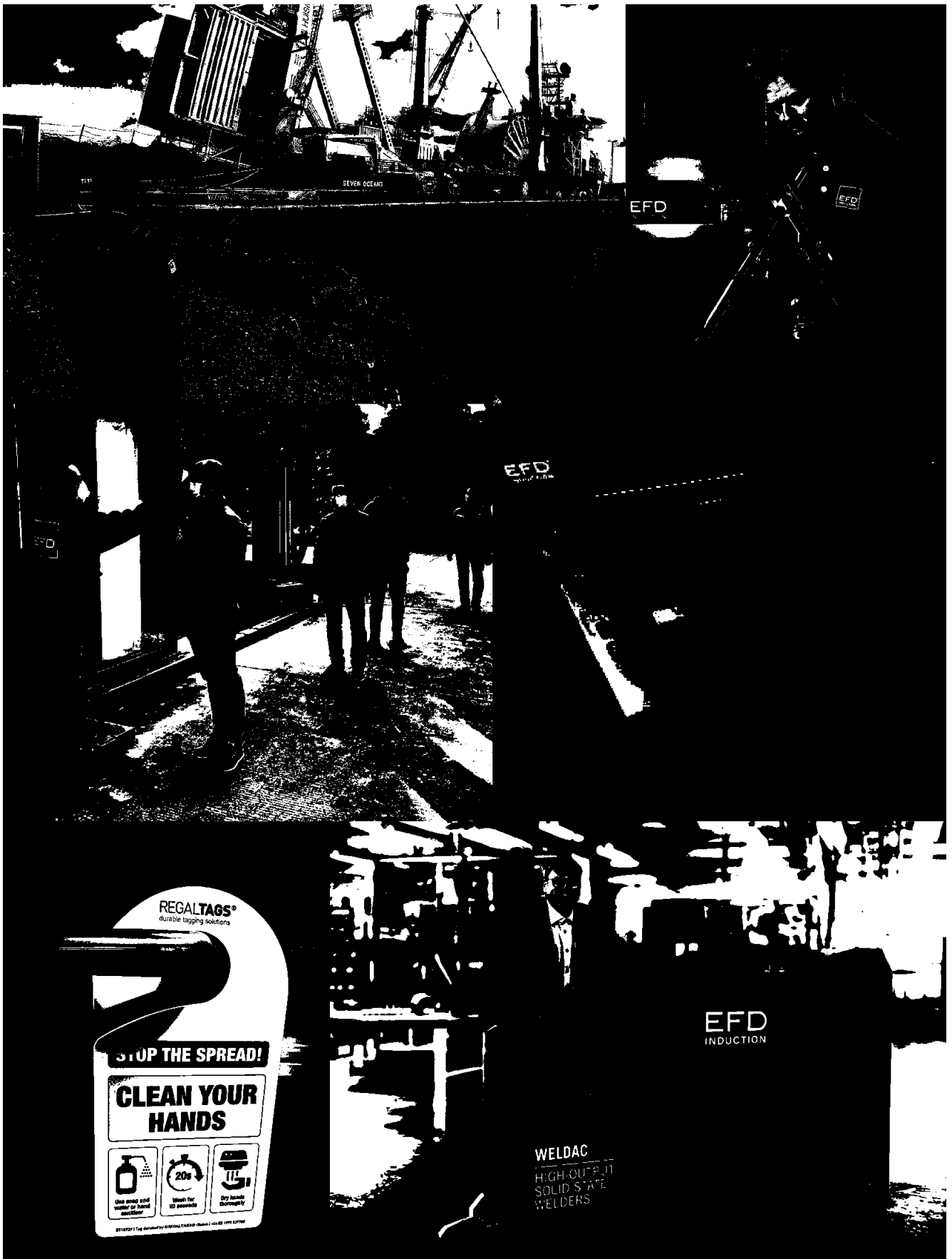
COOPERATIVE

Being Cooperative means we share resources, know-how and solutions within the EFD Induction family of companies to realize our common goals - wherever they are located.



PASSIONATE

Being Passionate means we have a burning spirit for what we do. It means being open to new ideas, and constantly developing innovative solutions to support our customers and colleagues.





EFD Induction Annual Report 2020 // DIRECTORS' REPORT

Directors' Report

Main events 2020

EFD Induction experienced lower demand from the markets in which it operates in 2020, resulting in a 2.6% decrease in order intake. Despite a year characterized by a global pandemic, lockdowns and mobility restrictions, EFD Induction, with its wide global presence, proved resilience serving customers in multiple industries globally. EFD Induction is strongly positioned in its mission to serve our customers with efficient and eco-friendly induction heating solutions, technology and services for enabling the green transition in the industry and economy. The group reported EBIT in 2020 to EUR 3.8 million as compared to negative EUR 1.4 million in 2019, where cost saving and restructuring measures were implemented in order to improve the recurring business. The EBIT includes non-recurring items of net EUR 1.4 million, consisting of a EUR 2.6 million gain from property sales and EUR 4 million of restructuring costs and impairment.

The annual accounts are prepared on the going concern assumption.

Results, Cash Flow and Balance Sheet

EFD Induction prepares its consolidated financial statements in accordance with simplified IFRS accounting principles. Comparable figures for 2019 are shown in parentheses below.

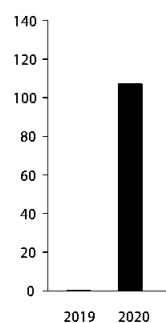
Operating revenues for the 2020 financial year were EUR 107.3 million (EUR 118.7 million). EBIT in 2020 was EUR 3.8 million (EUR -1.4 million) while Income before taxes was EUR 2.8 million (EUR -2.3 million). EBIT included non-recurring items of a EUR 2.6 million gain from sale of the property Bølevegen 4 and totally EUR 4 million of restructuring costs and impairments. Total tax for the year amounted to EUR 1.0 million (EUR 2.6 million). Net

Income in 2020 was EUR 1.8 million (EUR -4.9 million). Earnings per share in 2020 were EUR 0.28 (EUR -0.78).

Net interest-bearing debt was reduced by EUR 0.6 million to EUR 17.7 million at year-end. The debt includes a EUR 3 million subordinated loan from Arendals Fossekompani ASA, established in November 2019. Net financial expenses were EUR 1.1 million (EUR 0.9 million). EUR 0.4 million of the interest expenses in 2020 was on finance leases according to IFRS 16, same as in 2019. The group's unrestricted bank deposits and unused credit facilities increased from EUR 28.4 million at the start of the year to EUR 31 million by the end of 2020. The group made a new agreement with its main bank DNB in 2020.

The group's total assets at the end of 2020 amounted to EUR 101.1 million (EUR 99.7 million). The equity at 31 December 2020 was EUR 35.8 million (EUR 35.9 million). The equity ratio was 35.4%, compared to 36% at year-end 2019. No dividend was paid to shareholders in 2020.

EUR million



Operating revenues EFD Induction

EFD Induction finances its operations with loans in several currencies and seeks to limit the risk of exchange losses by continuously balancing receivables and liabilities in the same currency. Customer orders are hedged by entering forward foreign exchange contracts at the outset of an order. The group also partially hedges future cash flows outside fixed customer orders.

Markets

Order intake in 2020 within the automotive industry was weak in Europe, while the company increased orders for the wind turbine industry, especially in Asia. The order intake for the 2020 financial year was EUR 111 million, representing a decrease of 2.6% from 2019 (EUR 114 million).

Product and Process Development

EFD Induction has a focused R&D pipeline to drive improved profitability and growth as well as enhancing the ability to offer service programs with recurring revenue. The product and process development activities involve projects directly related to customer orders, in cooperation with research institutes and industrial partners, as well as projects initiated to strengthen EFD Induction's competitiveness in general. In 2020 EFD Induction's product and process development costs were EUR 4.5 million (EUR 4.5 million), of which EUR 0.9 million of R&D costs were capitalized.

Organization

The number of employees was 971 at the end of the year, of whom 85% were men and 15% were women.

Most employees at EFD Induction work in areas related to electrical/mechanical engineering and manufacturing. EFD Induction's policy is that women and men in comparable positions should have equal terms and conditions in



respect of career development, salary, pensions and other work benefits. EFD Induction works to prevent any discrimination against employees due to ethnicity, national origin, descent, skin colour, language, religion or reduced functional ability. The group complies with all official regulations in this area.

Absence due to sickness at the group was 2.61% in 2020 (2.21%). The group experienced three work-related accidents resulting in injuries with absence in 2020, in USA and Germany. In total, there were 20.5 days of absence due to injuries. The corresponding figures in 2019 were seven accidents and 74 days of absence. The LTI rate (Lost Time Injury) was 1.8 at the end of 2020, down from 3.4 at the end of 2019. The group's operations involve a minimal risk of polluting the external environment. To the extent such a risk exists, EFD Induction has taken actions in accordance with national legal and regulatory requirements to limit possible negative consequences for the environment.

Board and Shareholders

Arendals Fossekompagni ASA holds 98.67% of the company's share capital. At the end of 2020, the company had 38 shareholders, with non-Norwegian shareholders owning 0.30% of the shares.

Outlook and events after balance sheet date

Depending on the market development and further consequences of the pandemic, the group expects a similar revenue and profitability in 2021 as compared to 2020, adjusted for non-recurring effects.

The Parent Company – Allocation of Net Income

The main business objective of the parent company of the group, EFD Induction Group

AS, is to set the group's strategic direction, to manage the group, and to provide the group with support in relation to marketing, product development, IT, operations, management information and funding. EFD Induction Group AS had 16 employees at the end of 2020, of whom 69% were men and 31% were women.

The parent company's accounts are based on simplified IFRS accounting principles. The parent company wrote down share values of totally NOK 85 million in 2020. Recorded net income was NOK - 89,526,026. The board proposes not to pay dividend on the basis of the net income for 2020.

The board proposes to allocate the net income of the parent company, EFD Induction Group AS, in 2020 as follows:

Dividend	NOK	0
Retained earnings	NOK	- 89,526,026

Skien, March 24, 2021

Ørjan Svanevik
Chairman of the board

Arve Landro

Christian Must

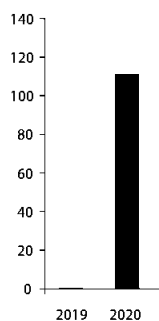
Finn Amund Norbye

John Inge Asperheim

Kjetil Svendsen

Bjørn Eldar Petersen
Chief Executive Officer

EUR million



Orders received EFD Induction



Sustainability report

Ethical Business Conduct

All employees base their daily work and behaviour on the company values – respectful, reliable, cooperative and passionate – in order to follow the law, act honourably and provide products and services to the customers at reasonable prices without compromising on quality or reliability as well as to serve customers in the best possible way wherever they are located.

Performance and KPI's

100% of all EFD Induction employees have signed the Company Code of Conduct and it is routine for all new employees to sign the most recent version.

Work and Activities Today

A company Code of Conduct is implemented and translated to all main languages. No employee shall be discriminated or retaliated against for reporting in good faith a violation of the EFD Induction CoC.

Before EFD Induction enters into cooperation agreements, joint ventures or targets to acquire a company, due diligence procedures are mandatory to reveal any deviation from their non-tolerance guideline regarding corruption. There are regular in-house financial audits. To minimise the risk of corruption and fraud, the four-eyes principle is applied to all transactions.

A Great Place to Work

As a global company, EFD Induction sees daily evidence of the benefits of diversity and cooperation across borders, cultures and skill sets, and is a strong believer in equal rights and opportunities for all.

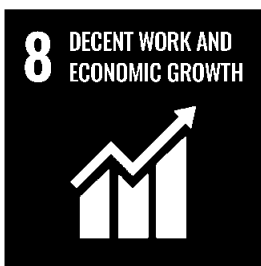
EFD Induction brings their dedication to safe working conditions one step further, as their induction heating solutions contribute to a safer and better working environment – not just for their own employees but for those of their customers as well.

Performance and KPI's

At the end year there were 971 employees, of

UN Sustainable Development Goals

EFD Induction is committed to integrating our environmental, social and corporate governance responsibilities into our business decisions and operation. The 17 UN sustainable development goals address the global challenges the world is facing. Whilst they are all interconnected, EFD Induction have chosen to focus on four that we think are most relevant to our company and the industry we operate in.



DECENT WORK AND ECONOMIC GROWTH

We ensure equal rights and opportunities for all our employees. EFD Induction bans all forms of discrimination on grounds of ethnicity, gender, sexual orientation, ethnicity, religion or disability.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

EFD Induction is always at the forefront of technological development and have unrivalled expertise and experience with induction heating. We are constantly working on innovative application development.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Our technology is eco-friendly, and our products contribute to high energy efficiency, minimal pollution and rational production for our customers.



CLIMATE ACTION

Our technology replaces polluting heating methods such as gas flames or furnaces with an eco-friendly alternative. EFD Induction brings the benefits of induction technology to manufacturing and service companies all over the world.



In essence, adhering to an ESG framework means that you are future proofing your business. Companies that have made this a priority have the tools to deal with the dramatic challenges that are thrown at us all from time to time.
Bjørn E. Petersen, CEO

which 85% are men and 15% are women. The companies in the group are largely connected to electrical/mechanical production and engineering, which is traditionally a male-dominated arena. However, EFD Induction is pleased to report that two women have taken positions as Managing Directors for the operations in Romania and Norway.

The LTI (H-value = number of injuries with absence per million working hours) went down from 3,4 in 2019 to 1,8 in 2020.

The number of work-related accidents resulting in absence went from 8 in 2019 to 3 in 2020 and found place in USA and Germany. The total days of absence from these accidents went from 74 in 2019 to 20,5 days in 2020. The injuries were of non-permanent art.

Work and Activities Today

EFD Induction ensure equal rights and opportunities for all employees and ban all forms of discrimination on grounds of ethnicity, gender, sexual orientation, ethnicity, religion or disability.

EFD Induction subsidiaries measure and continuously work to improve health and safety at production sites, hiring practices, work-life-balance and efforts made to ensure employee satisfaction.

Throughout the years, EFD induction has consistently had low rates of sickness absence and accidents at work. Low turnover and an exceptionally loyal workforce are testaments to the high job satisfaction and feeling of achievement amongst the employees.

Sustainable Products

EFD Induction is dedicated to protecting the environment and fighting against climate change. Through their expertise and technology, they aim to be a partner who can assist and advice their customers on how to make the manufacture and maintenance of metal products a clean and green process.

Performance and KPI's

EFD Induction has established global work group to define KPI's that will enable the company to further improve their constant effort for more efficient and eco-friendly products.

Work and Activities Today

EFD Induction is a leader in the development of energy efficient induction heating solutions. The new digital control system, prepared for Industry 4.0, delivers predictive data and insights, enabling the customers to maximize their supply chain and asset performance.

The launch of the new Compact Weldac tube welder resulted in considerable

environmental improvements and significantly reduced running costs with raised efficiency, improved output power and less cooling water requirements.

Induction technology is eco-friendly and EFD Induction's efficient products ensure rational production and minimal pollution. Reducing the use of energy and GHG emissions while cutting operation costs allow for a sustainable and profitable production.

A Responsible and Robust Supply Chain

EFD Induction complies with regulatory requirements regarding prohibition and restriction of hazardous substances and will avoid the use of conflict materials, i.e. materials that originate from conflict areas and contribute to fund governments and movements which violate fundamental human rights.

Performance and KPI's

KPI's for Supplier Code of Conduct will be established in 2021.

Work and Activities Today

EFD Induction is part of a major global industry and operates in a premium segment of the market, with many of the world's largest and most prestigious production companies as customers. In this market, there is a strong

KEY PERFORMANCE INDICATORS	2020	2019
Male full time employees	84,5 %	85,0 %
Female full time employees	15,5 %	15,0 %
Injury rate (IR)	1,8	3,4
Absentee rate (AR)	2,62 %	2,21 %
Work-related fatalities	-	-
Percent of workforce that has signed the the latest version of the Code of Conduct	100 %	100 %



EFD Induction Annual Report 2020 // SUSTAINABILITY REPORT

demand to demonstrate a sustainable supply chain – most particularly so in the automotive industry.

EFD Induction subsidiaries have local procedures for internal approval of all new suppliers.

In 2020, EFD Induction established a global work group to implement common global routines and KPIs. In cooperation with BÄHR and AFK, the internal approval form was refined and a new Supplier Code of Conduct, a Supplier Self-assessment form and a Supplier Due Diligence policy was worked out. A new environmental policy that involves own production as well as that of the suppliers was also established.

Resource Efficient Production

EFD Induction supports the shift towards sustainable growth via a resource-efficient, low-carbon economy. The energy transition will continue to increase in importance as investors prioritize environmental, social and governance factors, and customers should feel secure that EFD Induction products are manufactured and distributed in a sustainable and responsible way.

Performance and KPI's

KPIs on resource efficiency will be established in 2021.

Work and Activities Today

EFD Induction always claim to put the smarter heat to smarter use. They are also smart about how to utilise resources – be it raw materials, energy or water.

There is a strong link between energy efficiency and resource efficiency, and the compact, robust and highly efficient products from EFD Induction contribute to less waste, less pollution and less use of both energy and resources.

EFD Induction is a strong proponent of renewable energy. In fact, induction and renewable power form a 'virtuous circle' where clean electricity powers induction heating systems that make turbines that generate clean electricity. It's a beautiful partnership!



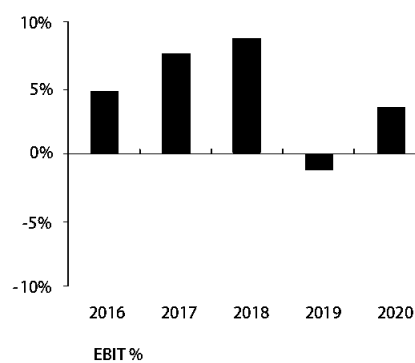
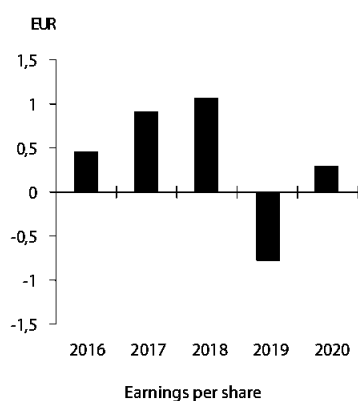


// CONSOLIDATED INCOME STATEMENTS

10 || 11

Consolidated Income Statements

Notes	EUR 1000	2020	2019
21	Operating revenues	107 275	118 744
7	Cost of materials	32 276	37 625
2	Labor cost and social expenses	48 035	55 883
20	Other operating expenses	13 489	16 850
5,6,20	Depreciation and impairment	6 279	6 935
15,20	Restructuring costs	3 350	2 855
	Operating profit	3 847	(1 404)
	Financial income	492	453
	Financial expenses	1 576	1 373
3	Net financial expenses	1 083	920
	Income before taxes	2 764	(2 324)
4	Taxes	971	2 600
	Net income	1 792	(4 924)
	Minority interest	-	-
	Majority interest	1 792	(4 923)
		1 792	(4 924)
	Earnings per share	0.28	(0.78)





EFD Induction Annual Report 2020 // CONSOLIDATED BALANCE SHEETS

Consolidated Balance Sheets

Notes	EUR 1000	At December 31 2020	At December 31 2019
	ASSETS		
4	Deferred tax asset	1 836	1 444
6	Goodwill	2 789	3 070
6	Other intangible assets	1 396	263
5	Buildings and land	9 191	10 903
5	Machinery and equipment	5 902	7 740
5	Right of use assets	11 917	10 185
11	Other long-term receivables	715	934
	Total non-current assets	33 747	34 538
7	Inventory	17 647	20 821
19	Accounts receivable	21 699	24 341
10	Accrued receivables	11 248	5 937
8,10	Other current receivables	4 199	4 783
18	Cash and bank	12 543	9 268
	Total current assets	67 336	65 150
	Total assets	101 083	99 688
	LIABILITIES AND EQUITY		
	Share capital	7 379	7 379
	Treasury shares	-	-
	Share premium	7 120	7 120
16	Total paid-in capital	14 498	14 498
	Retained earnings	21 256	21 358
	Minority interest	-	-
	Total shareholders' equity	35 754	35 856
12	Pension liabilities	1 821	2 345
4	Deferred taxes	582	607
5,13,14	Long-term loans	17 255	13 749
	Long term provisions	309	335
	Total long-term liabilities	19 967	17 037
13,18	Bank overdraft	6 842	8 444
	Short term interest bearing debt	3 660	2 984
	Accounts payable	6 328	7 225
9,15	Other current liabilities	28 533	28 142
	Total current liabilities	45 362	46 795
	Total liabilities and equity	101 083	99 688



// CONSOLIDATED COMPREHENSIVE INCOME

12 || 13

Consolidated Comprehensive Income

EUR 1000	2020	2019
Net income	1 792	(4 924)
OTHER COMPREHENSIVE INCOME AND COSTS		
Items that will never be reclassified to profit or loss		
This year's actuarial gain/(loss)	(78)	(188)
Hereof tax effect		57
	(78)	(131)
Items that are or may be classified to profit or loss		
Change in translation difference	(2 387)	363
Effect of hedging future cash flows	861	1 030
Hereof tax of hedging future cash flows	(190)	(227)
	(1 715)	1 166
Other comprehensive income, net of tax	(1 793)	1 036
Total comprehensive income	(1)	(3 888)
Minority interest	-	-
Majority interest	(0)	(3 888)

Statement of Changes in Equity

EUR 1000	Share capital	Treasury shares	Share premium	Retained earnings	Net unrealized gains reserve	Foreign currency translation reserve	Total majority interest	Minority interest	Total
Closing balance December 31, 2018	7 379	(35)	7 120	33 425	(1 102)	(3 948)	42 839	1	42 840
Net income 2019	-	-	-	(4 923)	-	-	(4 923)	-	(4 923)
Dividends paid	-	-	-	(3 374)	-	-	(3 374)	-	(3 374)
Other comprehensive income	-	-	-	(131)	803	363	1 036	-	1 036
Closing balance December 31, 2019	7 379	(35)	7 120	25 241	(299)	(3 585)	35 856	-	35 856
Implementation effects from new consolidation system				(71)	(30)		(101)		(101)
Net income 2020	-	-	-	1 792	-	-	1 792	-	1 792
Other comprehensive income	-	-	-	(78)	672	(2 387)	(1 793)	-	(1 793)
Change in minority	-	-	-	-	-	-	-	0	0
Closing balance December 31, 2020	7 379	-	7 120	26 885	343	(5 972)	35 754	(0)	35 754



EPD Induction Annual Report 2020 // CONSOLIDATED CASH-FLOW STATEMENTS

Consolidated Cash Flow Statements

EUR 1000	2020	2019
Cash flow from operating activities:		
Net cash from Income	1 792	(4 924)
<i>Adjusted for:</i>		
Adj. Depreciation, Impairment and amortization	6 280	6 936
Net financial items	1 082	920
Gain / loss from sales of assets	(2 571)	
Tax expenses	971	2 600
Net cash from income after adjustments	7 554	5 532
Change in inventory	2 518	(1 383)
Change in trade and other receivables	(3 609)	8 997
Change in accounts payable	405	(1 807)
Change in other accruals	(149)	(1 471)
Change in taxes paid	(417)	(2 168)
Net cash flow from operating activities	6 301	7 700
Cash flow from investing activities:		
Interest received etc.	275	453
Proceeds from sales of PPE	4 905	460
Purchase of PPE and intangible assets	(2 609)	(4 240)
Purchase of other investments	(35)	0
Net cash flow from investing activities	2 537	(3 328)
Cash flow from financing activities:		
New long term borrowings	1 000	
Repayment of long-term borrowings	(4 595)	(3 839)
Interest paid etc.	(1 316)	(1 373)
Net change in current interest bearing debt	63	2 419
Dividend paid		(3 374)
Cash flow from own shares		279
Change in subordinated loans		2 984
Net cash flow from financing activities	(4 848)	(2 903)
Net change in cash during the year	3 990	1 469
Cash at the beginning of the year	9 267	7 798
Total effect from FX on non-cash accounts	(714)	0
Cash at the end of the year	12 543	9 267

The 2019 presentation of cash flow statement has been restated to be in line with new presentation form. The following changes have been implemented:

Net cash flow from operating activities restated	7 700		Net cash flow from financing activities restated	(2 903)
Presented in annual report 2019 as	6 779		Presented in annual report 2019 as	6 601
Change	920		Change	(9 504)
Finance income reclassified to investing activities	453		Finance costs	(1 373)
Finance costs reclassified to financing activities	1373		Excluded implementation effect IFRS 16	(10 535)
Net finance	920		Change in overdraft facilities not included in cash	2 404
			Change	(9 504)
Net cash flow from investing activities restated	(3 328)			
Presented in annual report 2019 as	(14 315)			
Change	(10 988)			
Finance income	(453)			
Excluded implementation effect IFRS 16	(10 535)			
Change	(10 988)			



Group Accounting Policies

CORPORATE INFORMATION

EFD Induction Group AS is a limited liability company registered in Norway. The company's head office is located in Bøleveien 4b, 3724 Skien, Norway. The financial statements were approved by the board for publication on March 24th, 2021.

The activities of the group are described in Directors' report.

ACCOUNTING POLICIES

Basis for Preparation

The statutory annual financial statements are prepared in accordance with the Norwegian Accounting Act of 1998 (NAA). The company has chosen to apply "simplified IFRS" in the annual accounts. This implies mainly that the company applies recognition criteria according to International Financial Reporting Standards as adopted by the EU, but where note disclosures are in accordance with the NAA and NGAAP.

The company has applied the following simplifications as compared to the recognition and assessment criteria according to full IFRS:

- IFRS 5 has not been applied

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the Accounting Policies in 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for pensions, financial derivatives at fair value, and loans and receivables and other financial liabilities.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

EFD Induction presents its consolidated financial statements in euro as this is the functional currency for the major part of the group's activities. The financial statements of each of the subsidiaries are

presented in the currency of the primary economic environment in which the entity operates (functional currency).

For consolidation purposes, the income statements of subsidiaries are translated into euro at the average rate of exchange for the year. Balance sheet items are translated at the exchange rate as of balance sheet date. Exchange gains and losses that occur due to translation are recognized in comprehensive income. When a subsidiary is sold, the accumulated translation differences relating to the subsidiary are recognized in the income statement.

CONSOLIDATION PRINCIPLES

EFD Induction encompasses the parent company EFD Induction Group AS and all the subsidiaries in which EFD Induction Group AS has a controlling interest. A controlling interest is normally achieved when the group owns, directly or indirectly, more than 50% of the voting rights in the company and is able to exert genuine control over the company. Minority interests are reported as a separate item under consolidated equity. The minority interests are included in the net income of the year.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree, either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

If the business combination is achieved in stages, the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree is re-measured to fair value

as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9 either in income statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

All purchases and sales between group companies and all transfers of costs within the group are eliminated upon consolidation. Receivables and liabilities between companies in the group are also eliminated as well as the internal profit on inventory of goods purchased from group companies.

REVENUE RECOGNITION

Revenues are recognized when or as a performance obligation is satisfied by transferring a good or service to the customer, either at a point in time (when) or over time (as). By transferred one means when or as the customer obtains control of the good or service. The main indicators for transfer of control are; EFD Induction has a present right to payment for the good or service, the customer has legal right to the good or service, EFD Induction has transferred physical possession of the good or service, the customer has the significant risks and rewards of the ownership. Sales revenues are presented net of value added tax and discounts.

Revenues relating to Fixed price contracts with customers, which are customized, have no alternative use and a right to payment based on the progress in the project, are recognized in the income statement in line with the project's progress, when the customized project's income and costs can be reliably

estimated (over time). Depending on the type of fixed price contract, the degree of completion is calculated with respect to the accrued expenses as a percentage of total estimated costs or as a percentage of direct labour spent compared with total estimated direct labour. When a Fixed price contract's remaining costs cannot be reliably estimated, only revenues equal to the accrued project costs will be taken to revenue. Any estimated loss on a project will be recognized in the income statement for the period when it is identified that the project will lead to a loss.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by EFD Induction exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognized.

BALANCE SHEET CLASSIFICATIONS

Assets related to commodity flows or that fall due within 12 months, are classified as current. Other assets are classified as non-current. Similarly, liabilities related to commodity flows or that fall due within 12 months, are classified as current. Other liabilities are classified as long-term.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.



The cash and cash equivalent amounts in the cash flow statement do not include overdraft facilities

CURRENCY TRANSACTIONS

Currency transactions are translated at the rate applicable on the transaction date. Foreign exchange gains/losses that arise as a result of changes in the exchange rate between the transaction date and the payment date are recognized in the income statement. Foreign exchange gains / losses related to sales are presented as part of sales, foreign exchange gains / losses related to purchases are presented as part of cost of materials, and foreign exchange gains / losses related to financing is presented as part of financial items.

FINANCIAL INSTRUMENTS

In accordance with IFRS 9 regarding recognition and measurement of financial instruments, the group's financial instruments are classified in the following categories; at fair value through profit and loss, loans and receivables, and other liabilities.

In the accounting period there have been no financial instruments that belong to the categories available for sale or held-to-maturity investments.

Assets and liabilities related to continuing operations are valued at their amortized cost which in practice implies their nominal value with any write-downs for anticipated losses.

HEDGING

The group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of, or cash flows from, an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and

(5) the hedge is evaluated regularly and has proven to be effective.

Cash Flow Hedges

EFD Induction's policy is to limit foreign currency risk. Parts of future budgeted currency flows are hedged in accordance with established strategy (future cash flows). Dependent of the exchange rate, the hedging is equivalent at any time to between 1-24 month's estimated cash flows in addition to actual orders and assets.

Changes in fair value of a hedging instrument that meets the criteria for cash flow hedge accounting are recognized in comprehensive income. The ineffective part of the hedging instrument is recognized in the income statement.

If the hedge of a cash flow results in an asset or liability being recognized, all former gains and losses recognized in comprehensive income are transferred from equity and included in the initial measurement of the asset or liability. For other cash flow hedges, gains and losses recognized in comprehensive income are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognized in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognized in comprehensive income remains separately recognized in equity until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognized in comprehensive income will be recognized in the income statement.

INVENTORY

Inventory of purchased goods is valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary line

of business, less the estimated cost of completion and estimated costs necessary to make the sale. Inventory of fully manufactured goods and semi-manufactured goods in the form of standardized modules as well as spare parts are valued at total manufacturing costs. Obsolete inventories have been fully recognized as impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of property, plant and equipment is the purchase price, including duties/taxes and direct acquisition costs related to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally recognized in the income statement as incurred. When increased future economic benefits can be proven, costs will be recognized in the balance sheet as additions to non-current assets.

Depreciation is calculated, based on historical cost, using the straight-line method over the following periods:

Buildings:
20-25 years

Machinery and equipment:
7-15 years

Fixtures, fittings and vehicles:
3-10 years

The depreciation period and method are assessed each year to ensure that the method and period used harmonize with the financial realities of property, plant and equipment. Projected residual value is taken into account when stipulating the depreciation plan. Remaining estimated useful life and estimated residual value are assessed every year.

LEASED ASSETS

Leases are accounted for in accordance with IFRS 16 - Leases. The assets are recorded as Right of Use Assets under assets under property, plant and equipment, non-current assets. The liability is included in long-term debt. The assets are subsequently depreciated and the depreciation period is consistent for equivalent assets that are owned by the group. Monthly leasing payments are separated into an interest element and a repayment element.

GOODWILL

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment tests are conducted each year for all cash-generating units, testing for a decrease in value on the date of balance sheet recognition. Decreases in value are calculated by estimating the value of the individual cash-generating units, based on the calculation of anticipated future cash flows. The recoverable amount is calculated using the estimated future cash flow based on the group's budgets, as well as estimated nominal growth and business plans beyond the budgeted period. The budgets have been approved by the group's management and Board of Directors of each relevant subsidiary. Goodwill with impairment test is described in Note 6.



DEVELOPMENT COSTS

The costs relating to development are recognized in the balance sheet when all the following criteria are met:

- the product or process is clearly defined and the cost elements can be identified and measured reliably
- the technical solution for the product has been demonstrated
- the product or process will be sold or used in the company's operations
- the asset will generate future economic benefits, and
- sufficient technical, financial and other resources for completing the project are present.

Costs recognized in the balance sheet include material costs, direct costs of labour and directly attributable overheads that are included to make the product available for use.

Amortization is calculated and recognized in the income statement using the straight-line-method over the estimated useful economic life of intangible asset.

PENSION LIABILITIES

The companies in the group operate different pension plans

Contribution plan

The employer pays a certain agreed contribution to a pension plan for the employee.

Other Employee Benefits

The French subsidiaries (EFD Induction SA and EFD Induction Marcoussis SA) have a collective bargaining agreement concerning compensation upon retirement, provided that the employee is still employed at the date of retirement. These agreements are unfunded. The agreements are valued by actuaries.

The other subsidiaries in the group have no equivalent collective pension plans but some companies have individual agreements. In these cases the obligation is estimated and included in the net pension liability.

TAXES

In the annual financial statements, all taxes are valued and allocated in accordance with IFRS. The tax expenses include tax payable and changes in deferred taxes. The tax effect of the difference between the book value and the tax-related value is calculated and recorded as a deferred tax liability or as a deferred tax asset. Deferred tax is calculated on the basis of tax increasing differences and deferred tax assets on the basis of tax reducing differences. Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the group where temporary differences have arisen.

Temporary tax reducing and tax increasing differences that can be reversed in the same period are assessed and recorded as a net amount. The calculated deferred tax assets are only included in the balance sheet to the extent that it is highly probable that the company will have future income that is sufficient to make use of the benefit.

Tax payable and deferred taxes are recognized in comprehensive income to the extent that they relate to factors that are recognized in comprehensive income.

BORROWING COSTS

Borrowing costs are recognized as an expense when incurred. The borrowing costs are capitalized when such costs relate to a qualifying asset.

EQUITY

Treasury Shares

The par value of own shares is presented in the balance sheet as a reduction in equity. The purchase price in excess of the par value is recognized in other equity. Losses or gains on transactions involving own shares are not recognized in the income statement.

Translation Differences

Translation differences arise in connection with currency differences when entities with functional

currencies other than euro are consolidated. The translation differences are presented as part of the line for retained earnings in the balance sheet.

Currency differences relating to monetary items (liabilities or receivables), which are in reality part of a company's net investment in foreign entities, are also treated as translation differences.

EVENTS AFTER THE BALANCE SHEET DATE

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are disclosed if significant.

USE OF ESTIMATES WHEN PREPARING THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards). This means that management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to depreciation of non-current assets, assessment of goodwill, pension obligations, obsolescence in inventories, the amount of bad debt in trade accounts receivables and to the recognition of revenue from long-term contracts. Future events may lead to these estimates being changed. The changes will be recognized in the income statement when information proves new estimates to be the best estimates.



Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Estimates

The group's significant accounting estimates are related to:

- Depreciation/impairment of non-current assets
- Impairment of goodwill
- Obsolescence in inventories
- Recognition of revenue on construction contracts
- Deferred tax assets

Estimated useful life of the group's manufacturing equipment is to some extent influenced by the technological development. Manufacturing equipment consists mainly of machinery used in the manufacturing of finished goods. Present depreciation period is in the range of 3 to 10 years.

Estimated useful lives of the group's buildings are influenced by the technical conditions of the buildings and the business requirements of the group. Present depreciation period is in the range of 10 to 25 years.

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Inventories consist of raw materials, parts and semi-manufactured modules for use in the group's manufacturing activities. The products are under continuous technological development. Parts that are phased out of production by new products are kept for spare parts for the remaining economic life of the products to which they relate. The assessment of obsolescence is influenced by uncertainty as to the speed of technological development and the need for spare parts.

The group uses the stage of completion method to determine the contract revenue recognized over time in the period. The method to determine the stage of completion is progress. The estimation uncertainty is primarily related to cost calculation and measurement of progress. When a project's remaining costs cannot be reliably estimated, only revenues equal to the accrued project costs will be taken to revenues.

Deferred tax asset consists mainly of tax loss to carry forward, pension liabilities and cost accruals. The group determines whether deferred tax assets may be recognized on an annual basis. This requires an estimation of the future taxable profits in individual taxable units as well as combined for entities belonging to the same tax jurisdiction. Long-term budgets and future cash flow projections support the recognition of the deferred tax asset.

Note 2 Labour Cost, Number of Employees and Remuneration

EUR 1000	2020	2019
Salaries	40 962	45 719
Social security contribution	3 791	4 443
Pension costs	1 032	1 904
Other staff costs	2 250	3 734
Total	48 035	55 883
Average number of FTE employees:		
Europe	510	560
Americas	86	91
Asia	412	437
Total	1 007	1 088

Remuneration to the Board of Directors in 2020

Total directors' fees in 2020 were EUR 55 104. As of December 31st 2020, no members of the board, family members of board members or other related parties' own shares.

**Remuneration to the CEO**

EUR 1000	2020	2019
Salary	225	245
Bonus	-	92
Pension costs	35	30
Other benefits	11	17
Total remuneration	271	384

In addition to participation in the company's collective pension scheme, the CEO will receive a contribution equal to 25% of base salary exceeding 12 G. This pension scheme is a defined contribution plan. If resigning at the request of the board of directors, the period of notice for the CEO is twelve months.

The CEO has an agreement regarding bonus. The bonus to the CEO is limited to 50% of annual salary and calculated on the basis of achieved results. The CEO owns 7 250 shares in EFD Induction Group AS.

Auditor's fee

EUR 1000	2020	2019
Auditing fee	262	242
Fee for tax services	43	57
Fee for other audit related services	18	16
Fee for non audit services	472	355
Total	794	670

Note 3 Financial Items

EUR 1000	2020	2019
Foreign currency exchange gain	230	225
Interest income	263	227
Financial income	492	453
Foreign currency exchange loss	242	276
Interest expenses on finance leases	363	390
Interest expenses	970	706
Financial expenses	1 576	1 373
Net financial expenses	1 083	920

Note 4 Taxes

EUR 1000	2020	2019
Tax payable	1 592	1 181
Gross change in deferred taxes	(621)	1 419
This year's tax expenses	971	2 600
Reconciliation of effective tax rate		
Total pre tax income	2 764	(2 324)
Tax based on current ordinary tax rate (in Norway)	608	(511)
Effect of different tax rates abroad	604	31
Calculated tax	1 212	(480)



EPD Induction Annual Report 2020 // NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Effect of non-deductible expenses	125	111
Effect of non-taxable income	(2 226)	
Effect of unrecognised tax loss to carry forward	1 785	1 629
Effects of changed tax rates		
Effect of changed tax assessments for previous years	77	
Over- /underprovisions relating to previous years	(2)	1 340
Tax expense in reconciliation of effective tax rates	971	2 600
Effective tax rate	35,1 %	(112) %
<i>Tax recognised in other revenues and costs</i>		
Regarding cash flow hedges	(190)	227
Regarding actuarial gains /losses		(57)
Total tax recognised in OCI	(190)	170

Deferred tax assets / deferred taxes

Deferred tax/deferred tax asset is calculated by using the tax rate of the country where the company is located. The tax rate used for calculating the deferred tax/deferred tax asset varies between 15% and 45%.

EUR 1000	Deferred tax asset		Deferred tax		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	31	452	(1 461)	(862)	(1 430)	(409)
Goodwill, intangible assets			(233)	(248)	(233)	(248)
Construction contracts			(250)	(115)	(250)	(115)
Inventories	1 063	657	(2)	(4)	1 061	653
Trade and other receivables	40	57			40	57
Financial leases	1 202	251	(9)	(490)	1 194	(239)
Provisions	444	529		(8)	444	522
Other items	44	3	(589)	(371)	(544)	(368)
Financial instruments		84	(115)		(115)	84
Employee benefits	257	314			257	314
Tax losses to carry forward	12 614	12 237		(16)	12 614	12 221
Unrecognized tax losses to carry forward	(11 782)	(11 635)			(11 782)	(11 635)
Net recognized tax losses to carry forward	832	602	0	(16)	832	586
Deferred tax asset / deferred tax liability	3 913	2 950	(2 659)	(2 113)	1 254	837
Offsetting of assets and liability	(2 077)	(1 506)	(2 077)	1 606	0	0
Net deferred tax asset / liability	1 836	1 444	(582)	(507)	1 254	837

Reflected in the balance sheet as follows

Deferred tax assets	1 836	1 444
Deferred tax liabilities	582	607
Net recognized deferred tax asset	1 254	837

Changes in deferred taxes

Change in deferred tax according to the balance sheet	(417)	1 588
Deferred tax recognized in comprehensive income	(189)	(170)
Translation difference	(15)	-
Change in deferred taxes recognized in the income statement	(621)	1 419

Taxable loss to carry forward

None of the recognized (capitalized) taxable losses to carry forward is time limited. For the entities with recognized (capitalized) taxable losses to carry forward there are no indicators for impairment of tax assets.

In addition to the recognized taxable loss to carry forward, there is unrecognized taxable loss to carry forward for the group with an estimated deferred tax asset value EUR 11 782 000 as per end of December 2020. These unrecognized taxable losses to carry forward belong mainly to the companies in Germany, France and Romania.



Note 5 Properties, Plant and Equipment

EUR 1000	Machinery/equipment	Buildings and land	Total
Cost or valuation:			
Cost price December 31, 2018	27 977	18 783	46 758
Translation differences	184	36	220
Additions during the year	2 193	715	2 908
Reclassifications	(261)	(2 564)	(2 826)
Disposals during the year	(1 282)	-	(1 282)
Cost price December 31, 2019	28 810	16 970	45 778
Translation differences	(519)	(806)	(1 325)
Additions during the year	1 138	302	1 439
Reclassifications			0
Disposals during the year	(2 187)	(1 000)	(3 187)
Cost price December 31, 2020	27 242	15 465	42 706
Depreciation and impairment:			
At December 31, 2018	20 009	5 728	25 733
Depreciation charges for the year	2 031	715	2 746
Impairment	308	413	721
Reclassifications/restructuring	(419)	(812)	(1 231)
Disposals	(958)	(6)	(964)
Translation differences	100	28	128
At December 31, 2019	21 070	6 066	27 133
Depreciation charges for the year	1 872	659	2 531
Impairment - restructuring	143	60	203
Disposals	(1 649)	(520)	(2 169)
Translation differences	(96)	8	(88)
At December 31, 2020	21 339	6 274	27 610
Net book value:			
At December 31, 2020	5 902	9 191	15 093
At December 31, 2019	7 740	10 904	18 643
Depreciation rate	10%-33%	4%-10%	

Right of use assets

Sale and lease back

One of the subsidiaries, EFD Induction AS, has during the year executed the purchase option in the leasing agreement for Bølevien 4b. The building was sold to market value in 2020, and gave a gain of NOK 27 831 851,- (EUR 2 596 255) (note 21 Operating revenues). The transaction is regarded as a transaction with related party as the counterpart in the transaction is a subsidiary of Arendals Fossekompani. At the same time, EFD Induction AS signed a new leasing agreement for Bølevien 4b with the new owners.



EFD Induction Annual Report 2020 // NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR 1000	Machinery/equipment	Buildings and land	Total
Cost or valuation:			
Implementation of IFRS 16 leases 01/01/2019	1 120	9 415	10 535
Translation differences	41	368	409
Additions during the year	425	755	1 180
Reclassifications	-	2 405	2 405
Disposals during the year	(70)	(381)	(452)
Cost price December 31, 2019	1 515	12 562	14 078
Translation differences	(44)	(540)	(584)
Additions during the year	379	6 580	6 959
Disposals during the year	(242)	(3 545)	(3 787)
Cost price December 31, 2020	1 608	15 057	16 665
<i>Depreciation and impairment</i>			
Depreciation charges for the year	567	2 677	3 244
Translation differences	-	(4)	(4)
Reclassifications	-	812	812
Disposals	(46)	(113)	(160)
At December 31, 2019	521	3 372	3 892
Depreciation charges for the year	525	2 421	2 946
Impairment	-	437	437
Translation differences	(17)	(169)	(186)
Reclassifications	(18)	18	0
Disposals	(227)	(2 115)	(2 342)
At December 31, 2020	784	3 964	4 748
<i>Net book value</i>			
At December 31, 2020	824	11 093	11 917
At December 31, 2019	995	9 191	10 185

Note 6 Intangible Assets

EUR 1000	Goodwill 2020	Goodwill 2019
Cost price December 31	6 043	5 977
Translation differences	(199)	66
Cost price December 31	5 844	6 043
Accumulated impairment losses	3 055	2 973
Book value December 31	2 789	3 070
Impairment loss this year	82	152

An assessment has been made as to whether the discounted cash flow relating to the goodwill exceeds the carrying amount of goodwill. If the discounted cash flow is less than the carrying amount, goodwill has been written down to its fair value.

Goodwill is allocated to the cash flow generating units which are the group's activities respectively in USA, China, UK, and other. The recoverable amount is adopted based on estimated after tax cash flows in all cases based on budgets, business plans and expected growth rates, including end value for cash generating units and depending on degree of being in investment phase where long-term benefits are expected. Own buildings and land are calculated with estimated future values. The interest rate used for discounting cash flows is WACC.

The goodwill values carried forward are as follows:

EUR 1000	USA	China	UK	Others	Total
Value of goodwill carried forward	1 859	441	204	284	2 789



// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 || 23

Research and development costs

EUR 1000	2020	2019
Research and development costs	3 620	4 358
Research and development costs capitalized	889	117
Total research and development costs	4 509	4 475

The group's research and development work consists mainly of product and application development.

Other intangible assets

EUR 1000	Research & Development	Other intangible assets	Total intangible assets
Cost or valuation:			
Cost price December 31, 2018		3 106	3 106
Translation differences		18	18
Reclassified		0	0
Disposals during the year		(11)	(11)
Additions during the year		152	152
Cost price December 31, 2019		3 265	3 265
Translation differences		(126)	(126)
Adjustments assets register		(772)	(772)
Disposals during the year		0	0
Additions during the year	889	331	1 220
Cost price December 31, 2020	889	2 699	3 588
Depreciation and impairment:			
Accumulated depreciation and impairment December 31, 2018		2 919	2 919
Depreciation charge for the year		73	73
Acc. depreciation on disposal		(6)	(6)
Translation differences		16	16
Accumulated depreciation and impairment December 31, 2019	0	3 002	3 002
Depreciation charge for the year		78	78
Adjustments asset register		(772)	(772)
Translation differences		(117)	(117)
Accumulated depreciation and impairment December 31, 2020	0	2 192	2 192
Net book value:			
At December 31, 2020	889	507	1 396
At December 31, 2019		263	263
Depreciation rate		20 %	

Note 7 Inventory and Cost of Materials

EUR 1000	2020	2019
Cost of materials and sub-contracting	28 888	39 309
Inventory change	3 388	(1 683)
Cost of materials	32 276	37 625
Finished goods	1 595	1 947
Raw materials	8 564	8 350
Semi-manufactured goods	4 522	7 261
Spare parts	2 967	3 264
Inventory	17 647	20 821
Provision for obsolescence	3 693	4 078



EFD Induction Annual Report 2020 // NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8 Other Current Receivables

EUR 1000	2020	2019
Prepaid tax on profit	264	379
Unrealized gain financial instruments (Note 9)	457	206
Other current receivables	2 090	1 839
Prepayments	1 388	2 359
Total other current receivables	4 198	4 783

Note 9 Financial Instruments

Hedging

At December 31, 2020, the group had the following hedges:

EUR 1000	Contract value in EUR according to agreements	
	2020	2019
Cash flow hedges	27 960	41 862

Set out in the table below are unrealized gain / loss (-) related to hedges. The unrealized gain/loss (-) in cash flow hedges are recognized in comprehensive income, while the unrealized gain / loss (-) for the fair value hedges are recognized through the income statement. All contracts are due by end of July 2023.

EUR 1000	2020				2019			
	Total	EUR	USD	Other	Total	EUR	USD	Other
Cash flow hedges	457	(15)	465	6	(999)	(159)	(730)	(109)

The net unrealized gain is recognized as other current receivables (note 15) as of December 31, 2020.

There have been following changes in value of financial instruments that are recognized in comprehensive income as at December 31, 2020:

EUR 1000	2020	2019
Fair value of cash flow hedges at January 1	(66)	(1 413)
Recognized in income statement in the period	(338)	(470)
Changes in fair value for the period	861	1 817
Fair value of cash flow hedges at December 31	457	(66)

Other financial instruments are described in Note 14 and Note 18.

Note 10 Contract assets

At year-end the manufacturing companies had the following contract assets with additional contract expenses and recognized net income:

EUR 1000	2020	2019
Total	17 321	11 542
- Contract expenses	13 132	9 574
Recognized net income	4 189	1 968
Contract assets consist of:		
Accrued revenues	17 321	11 542
- Progress billing	(11 248)	(5 605)
Contract assets	6 073	5 937



Note 11 Other Long-Term Receivables

EUR 1000	2020	2019
Cash with restrictions	-	33
Loans to employees	35	-
R&D subsidy	398	580
Other long-term assets	282	299
Total other long-term receivables	715	911

Note 12 Pension Liabilities

The employees in EFD Induction Group as and in the Norwegian subsidiary EFD Induction as, all have a defined contribution plan. In addition to the defined contribution plans in the Norwegian companies, the group operates some other pension plans and other long-term employee benefits, of which the bigger ones are calculated by actuaries. The most important of these pension arrangements are the French pension scheme. All employees of the group's companies in France are covered by a defined benefit pension plan. The main condition is a pension dependent on final salary and the accrual period is the employees' working time in the company. The plan is unfunded.

EUR 1000	2020	2019
Pension asset	156	
Pension liability	1 821	2 345
Net pension liability	1 665	2 345
Total pension costs	1 032	1 904

Note 13 Collateral Pledged

EUR 1000	2020	2019
Bank overdraft	6 842	8 444
Secured borrowings	7 054	6 094
Total secured borrowings	13 896	14 538

The book value of assets pledged as collateral for these borrowings are:

Receivables	7 491	2 803
Inventory	6 831	5 956
Machinery and equipment	683	591
Buildings and land	3 121	3 931
Total pledged assets	18 125	13 282

Note 14 Long-Term Loans

EUR 1000	2020	2019
Mortgage loans	7 054	6 094
Financial leasing	12 665	9 999
First year's installment long-term loans	(2 464)	(2 343)
Other long term loans	17 255	14 085
Of which loans from financial institutions incl. first year's installment	7 016	6 047

The long-term loans are due as listed below:

EUR 1000	1 year	1 to 2 years	2 to 5 years	Over 5 years
	2 464	10 029	3 783	5 921

The main standard covenants are the equity covenant (27%) and the gearing ratio (NIBD/EBITDA (<3)). An amendment to the agreement with the bank defines a minimum EBITDA level instead of the gearing ratio until 30 September 2021. Minimum 12 month rolling EBITDA has to be above EUR 3,5 million at 31 December 2020 grow to at least EUR 5 million on 30 September 2021.



EFD Induction Annual Report 2020 // NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15 Other Current Liabilities

EUR 1000	2020	2019
First year's installment long-term loans	2 465	2 343
Contract liability	6 278	6 515
Taxes	2 605	2 807
Current tax	1 196	819
Unrealized loss financial instruments		998
Warranty provisions	1 245	1 262
Accrued labour cost and social expenses	6 959	5 722
Provision for restructuring costs	2 265	1 743
Other current liabilities	5 520	5 934
Total other current liabilities	28 533	28 142

Note 16 Share Capital and Shares

EUR 1000	2020	2019
Share capital	7 379	7 379
Share premium	7 120	7 120
Total paid in capital	14 498	14 498
Shareholders holding 1% or more of the share capital:	No. of shares	% of total
Arendals Fossekompni ASA	6 252 408	98.7 %

Each share has a nominal value of NOK 10. (Comparable amount in EUR at exchange rate as of December 31, 2020, is 0,96 per share.)

Dividends paid

EUR 1000	2020	2019
Dividends paid	0	3 374

Note 17 Subsidiaries

Shares owned by the parent company	Registered office	Voting rights/ owner stake
EFD Induction GmbH	Freiburg, Germany	100 %
EFD France Holding s.a.r.l.	Grenoble, France	100 %
EFD Induction Ltd.	Wolverhampton, UK	100 %
EFD Induction AS	Skien, Norway	100 %
EFD Induction Inc.	Detroit, USA	100 %
EFD Induction AB	Västerås, Sweden	100 %
EFD Induction s.r.l.	Monza, Italy	100 %
EFD Induction Pvt. Ltd.	Bangalore, India	100 %
EFD Induction (Shanghai) Co. Ltd.	Shanghai, China	100 %
EFD Induction Ges.m.b.H	Vienna, Austria	100 %
EFD Induction K.K.	Yokohama, Japan	100 %
EFD Induction Brazil Ltda.	São Paulo, Brazil	100 %
EFD Induction SL	Portugalete, Spain	100 %
EFD Induction S.R.L.	Bucharest, Romania	100 %
EFD Induction Sp. z o.o	Gliwice, Poland	100 %
EFD Induction Co. Ltd.	Bangkok, Thailand	100 %
EFD Induction Sdn. Bhd.	Penang, Malaysia	100 %
EFD Induction Oil and Gas Service Sdn.Bhd	Kuala Lumpur, Malaysia	100 %
EFD Induction S.de R.L.de C.V.	Querétaro, Mexico	99 %
Shares owned by other EFD Induction companies:		
EHE Acquisition Corporation Inc	Seattle, USA	100 %
EFD Induction S.A	Grenoble, France	100 %
EFD Induction Marcoussis S.A	Paris, France	100 %
EFD Induction S.de R.L.de C.V.	Querétaro, Mexico	1 %



Note 18 Cash and Cash Equivalents

EUR 1000	2020	2019
Cash at bank and in hand	12 543	9 268
Bank overdraft	(6 842)	(8 444)
Net cash and cash equivalents	5 701	823

The group had unused credit facilities of EUR 18,522 million as at December 31, 2020. As at December 31, 2020, EUR 17,667 of cash at bank and in hand is restricted.

Note 19 Accounts Receivable

EUR 1000	2020	2019
Accounts receivable at nominal value	22 355	24 951
Less provision for bad debt	(655)	(610)
Carrying amount of accounts receivable	21 699	24 341

Note 20 Other operating expenses

EUR 1000	2020	2019
Sales, marketing costs	671	952
Travelling, freight and transport	2 837	6 294
Cost related to buildings, equipment and fixtures	2 228	2 937
Other operating costs	7 230	6 143
Commission costs	523	523
Total other operating expenses	13 489	16 850

EUR 1000	2020	2019
Restructuring costs related to business in:		
Asia	164	
Europe	3 187	2 192
Rest of the world		663
Restructuring costs	3 350	2 855
In addition, impairment loss related to restructuring in:		
Asia	285	0
Europe	437	873
Rest of the world		
Impairment losses	722	873

Note 21 Operating revenues

Total revenues by geographical area:

EUR 1000	2020	2019
Europe	50 881	59 122
Asia	30 046	40 631
Rest of the world	26 349	18 991
Total operating revenues	107 275	118 744

Total revenues by activity area:

EUR 1000	2020	2019
Induction Heating Machines	26 028	29 964
Induction Power Systems	40 059	44 083
Service and Aftersale	36 919	43 869
Gain from sale of fixed assets	2 602	-
Other income	1 667	828
Total Revenues	107 275	118 744



EFD Induction Annual Report 2020 // INCOME STATEMENT PARENT COMPANY

Income Statement Parent Company

Notes	NOK 1000	2020	2019
11	Operating revenues	62 545	72 051
3	Labour cost and social expenses	28 496	32 842
11	Other operating expenses	45 623	61 442
10	Depreciation	1 608	1 520
13	Restructuring costs	6 454	
	Operating costs	82 181	95 804
	Operating loss	(19 635)	(23 754)
4	Financial income	16 766	36 623
1	Impairment loss financial assets	85 459	76 202
4	Other financial expenses	5 755	2 577
	Financial expenses	91 213	78 778
	Net financial income/loss	(74 447)	(42 155)
	Income/loss before taxes	(94 082)	(65 909)
5	Taxes	(4 556)	(649)
	Net result	(89 526)	(65 260)
	Net result is distributed as follows:		
	To retained earnings	(89 526)	(65 260)
	Dividends	-	-



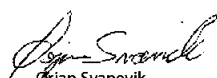
// BALANCE SHEET PARENT COMPANY

28 || 29

Balance Sheet Parent Company


Notes	NOK 1000	At December 31	
		2020	2019
ASSETS			
5	Deferred tax asset	6 422	1 879
10	Other intangible assets	5 297	2 588
10	Property and equipment	373	629
10	Right of use assets	698	1 131
1	Shares in subsidiaries	80 399	139 545
	Intra-group loans	103 560	103 615
	Other long-term receivables	697	705
	Total non-current assets	197 447	250 093
	Intra-group receivables	83 773	105 463
	Other current receivables	1 429	2 562
6	Cash and bank	132	316
2	Cash and bank cashpool	-	-
	Total current assets	85 335	108 340
	Total assets	282 782	358 433
LIABILITIES AND EQUITY			
8	Share capital	63 366	63 366
	Treasury shares		-
	Share premium	57 657	57 657
	Total paid-in capital	121 024	121 024
	Retained earnings	(39 816)	49 710
7	Total shareholders' equity	81 208	170 734
9	Pension liabilities	5 605	6 348
2	Mortgage loans	73 783	60 132
	Long-term provision	1 881	1 881
	Total long-term liabilities	81 268	68 361
	Bank overdraft	71 174	68 640
	Accounts payable	7 366	8 562
	Dividends		-
	Other current liabilities, intra-group		1 933
7, 13	Other current liabilities	41 766	40 203
	Total current liabilities	120 305	119 339
	Total liabilities and equity	282 782	358 433

Skien, 24 March, 2021


Ørjan Svanevik
Chairman of the board

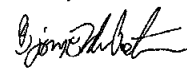

Åge Landro


Christian Must


Finn Arund Nordbye


Kjetil Svendsen


John Inge Asperheim


Bjørn Eldar Petersen
Chief Executive Officer



EFD Induction Annual Report 2020 // COMPREHENSIVE INCOME PARENT COMPANY

Comprehensive Income Parent Company

NOK 1000	2020	2019
Net income	(89 526)	(65 260)
Other comprehensive income, net of tax	-	-
Total other comprehensive income	-	-
Total comprehensive income	(89 526)	(65 260)

Statement Of Changes In Equity Parent Company

NOK 1000	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Closing balance December 31, 2017 - NGAAP	63 366	(122)	57 657	129 187	250 088
Net income 2018	-	-	-	18 589	18 589
Dividends paid	-	-	-	(33 836)	(33 836)
Closing balance 31.12.2018 - NGAAP	63 366	(122)	57 657	113 940	234 841
Gain on shares sold	-	-	-	1 031	1 031
Shares sold	-	122	-	-	122
Net income 2019	-	-	-	(65 260)	(65 260)
Dividends paid	-	-	-	-	-
Closing balance 31.12.2019 - IFRS Light	63 366	-	57 657	49 711	170 734
Gain on shares sold	-	-	-	-	-
Shares sold	-	-	-	-	-
Net income 2020	-	-	-	(89 526)	(89 526)
Dividends paid	-	-	-	0	0
Closing balance 31.12.2020 - IFRS Light	63 366	-	57 657	(39 815)	81 208



// CASH-FLOW STATEMENT PARENT COMPANY

30 || 31

Cash Flow Statement Parent Company

NOK 1000	2020	2019
Cash flow from operating activities:		
Income before taxes	(94 082)	(65 909)
Taxes payable	(14)	(6 019)
Depreciation	1 175	1 093
Write down / loss from shares in subsidiaries	85 459	76 202
Change in other current receivables	1 132	119
Change in accounts payable	(1 197)	289
Change in other accruals	32 067	(1 046)
Net cash flow from operating activities	24 540	4 729
Cash flow from investing activities:		
Purchase of non-current assets	(4 449)	(1 480)
Net investment subsidiaries	(26 313)	(15 026)
Net change inter-company receivables and debt	21 095	(19 231)
Change in other long-term receivables	8	1 191
Net cash flow from investing activities	(9 658)	(34 547)
Cash flow from financing activities:		
Change in long term liabilities	13 620	1 975
Change in short-term loans	0	29 438
Change in bank overdraft/deposits	2 534	29 144
Change of RoU	29	718
Equity issue	0	1 153
Dividends paid	0	(33 836)
Net cash flow from financing activities	16 183	28 592
Net change in cash during the year	31 065	(1 226)
Cash at the beginning of the year	316	1 542
Cash at the end of the year	132	316



Accounting Policies Parent Company

The financial statements of the parent company are prepared in accordance with simplified IFRS accounting principles (IFRS Light). The financial statements are presented in Norwegian kroner (NOK).

CHANGES IN ACCOUNTING POLICIES

IFRS 16 – Leases has been applied from January 1st, 2019. The transition was done using the simplified retrospectively method, meaning that the cumulative effect of initially applying the standard is recognised at the date of initial application.

OPERATING REVENUES

Operating revenues are corporate services invoiced to the subsidiaries. The revenues are recognized in the income statement according to the earned income principle.

SUBSIDIARIES

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when the parent company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are deconsolidated from the date that control ceases.

BALANCE SHEET CLASSIFICATIONS

All assets that are not for permanent ownership or use, as well as claims that will be received within a year, are classified as current assets. All other assets are classified as non-current assets. All liabilities which have an ordinary maturity period of more than one year are recorded as long-term liabilities. All other liabilities are classified as short-term liabilities. Intra-group

receivables and liabilities are reported on separate intra-group lines in the balance sheet.

An International Cash Pool system (ICP) is used within the group. Short-term ICP liabilities in the subsidiaries are reported as intra-group current assets in the parent company. Total short-term ICP liability for parent company and the subsidiaries are reported as external short-term liability in the parent company.

FINANCIAL INSTRUMENTS

In accordance with IFRS 9 regarding recognition and measurement of financial instruments, the financial instruments are classified in the following categories; loans and receivables, and other liabilities.

In the accounting period there have been no financial instruments that belong to the categories fair value through profit and loss, available for sale or held-to-maturity investments.

Assets and liabilities related to continuing operations are valued at their amortized cost which in practice implies their nominal value with any write-downs for anticipated losses.

FOREIGN CURRENCIES

All receivables and liabilities as well as cash reserves and bank deposits in foreign currency are translated at the balance sheet date.

NON-CURRENT ASSETS AND DEPRECIATION METHOD

Permanent and major purchases of equipment and non-current intangible assets are recorded at acquisition cost and depreciated by use of the straight-line method. The depreciation rate is based on the estimated economic life for each piece of equipment. Maintenance is expensed as incurred to operating costs, whereas improvements are

added to the acquisition cost of the equipment and depreciated over the remaining useful life. Gains or losses resulting from the sale of ordinary equipment are recorded as ordinary operating income or expenses.

Shares in subsidiaries have been assessed for impairment and written down accordingly.

PENSION LIABILITIES

In 2015 all employees were shifted to the general contribution plan. All costs regarding this contribution pension plan are continuously recognized in the income statement, as well as for the individual agreements.

TAXES

In the annual financial statements, all taxes are valued and allocated in accordance with the Norwegian Accounting Act; IFRS Light. The tax effect of the difference between the book value and the tax-related value is calculated and recorded as a deferred tax liability or as a deferred tax asset. Deferred tax is calculated on the basis of tax increasing differences and deferred tax assets on the basis of tax reducing differences.

Temporary tax reducing and tax increasing differences that can be reversed in the same period are assessed and recorded as a net amount. The calculated deferred tax assets are only included in the balance sheet to the extent that it is highly probable that the company will have future income that is sufficient to make use of the benefit.

USE OF ESTIMATES WHEN PREPARING THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS Light. This means that management has used estimates and assumptions that have

affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to depreciation of non-current assets and the amount of bad debt in trade accounts receivables. Future events may lead to these estimates being changed. The changes will be recognized in the income statement when information proves new estimates to be the best estimates.



Notes to the Parent Company's Financial Statements

Note 1 Shares in Subsidiaries

The parent company EFD Induction Group AS and the subsidiaries EFD France Holding s.a.r.l and EFD Induction Inc. have shareholdings in subsidiaries. These are all classified as long-term shareholdings. During the previous 5 years, booked value of shares in EFD Induction GmbH, EFD France Holding s.a.r.l, EFD Induction Srl, EFD Induction s.r.l, EFD Induction S.de R.L. de C.V, and EFD Induction Snd.Bhd, were written down with impairment losses by 212.865.175. Out of this 85.458.569 were written down in 2020 (impairment losses in EFD Induction GmbH, EFD Induction Srl, EFD Induction Co.Lth, and EFD France Holding s.a.r.l). In addition, impairment losses were written down at EFD France Holding s.a.r.l. by eur 4.540 (shares 1 EFR Induction S.A). Shares in other subsidiaries are valued at acquisition cost.

NOK 1000	Registered office	Voting rights/ owner stake	Currency	Share capital	Book value
EFD Induction GmbH	Freiburg, Germany	100 %	EUR	1 572	1
EFD France Holding s.a.r.l.	Grenoble, France	100 %	EUR	3 200	1
EFD Induction Ltd.	Wolverhampton, UK	100 %	GBP	125	5 185
EFD Induction a.s	Skien, Norway	100 %	NOK	15 000	13 217
EFD Induction Inc.	Detroit, USA	100 %	USD	1 657	7 100
EFD Induction ab	Västerås, Sweden	100 %	SEK	1 000	11 123
EFD Induction s.r.l	Monza, Italy	100 %	EUR	99	3 837
EFD Induction Pvt. Ltd.	Bangalore, India	100 %	INR	30 000	7 039
EFD Induction (Shanghai) Co. Ltd.	Shanghai, China	100 %	CNY	5 628	9 457
EFD Induction Ges.m.b.H	Vienna, Austria	100 %	EUR	145	1
EFD Induction K.K.	Yokohama, Japan	100 %	JPY	30 000	2 001
EFD Inducaao Brazil LTDA	São Paulo, Brazil	100 %	BRL	522	1
EFD Induction s.l	Portugalete, Spain	100 %	EUR	245	1 204
EFD Induction Srl	Bucharest, Romania	100 %	RON	18 000	12 007
EFD Induction Sp. Z o.o	Gliwice, Poland	100 %	PLN	133	3 561
EFD Induction Co., Ltd.	Bangkok, Thailand	100 %	THB	4 100	4 306
EFD Induction Snd. Bhd	Penang, Malaysia	100 %	MYR	635	0
EFD Induction Oil and Gas Service Sdn.Bhd	Kuala Lumpur, Malaysia	100 %	MYR	350	356
EFD Induction S.de R.L.de C.V.	Querétaro, Mexico	99 %	MXN	1 980	1
Shares owned by the parent company					80 399
EHE Aquisition Corp	Seattle, USA	100 %	USD	0,5	4 266
EFD Induction S.A	Grenoble, France	100 %	EUR	1 223	12 233
EFD Induction Marcoussis S.A	Paris, France	100 %	EUR	168	5 433
EFD Induction S.de R.L.de C.V.	Querétaro, Mexico	1 %	MXN	20	25
Shares owned by other group companies					21 957

Note 2 Long-Term Loans, Bank Overdraft, Revolving Credit Facilities and Collateral Pledged

The main standard covenants are the equity covenant (27%) and the gearing ratio (NIBD/EBITDA (<3)). An amendment to the agreement with the bank defines a minimum EBITDA level instead of the gearing ratio until 30 September 2021. Minimum 12 month rolling EBITDA has to be above EUR 3,5 million at 31 December 2020 grow to at least EUR 5 million on 30 September 2021.

Following amounts are due in the coming years:

NOK 1000	2021	2022	2023	2024	2025	Later periods
Installments	595	73 613	14	0	0	0

An International Cash Pool system (ICP) is used within the group for subsidiaries where it is legally possible, and the cost/benefit effect is positive. At end of 2020, the total credit facility in ICP were Eur 12.250.000, of which 5.274.000 were utilized.

Members in the cash pool system are: EFD Induction GmbH, EFD Induction Ltd., EFD Induction a.s, EFD Induction Inc., EFD Induction AB, EFD Induction s.r.l, EFD Induction Ges.m.b.H, EFD Induction Srl, EHE Aquisition Corp, EFD Induction S.A. and EFD Induction Marcoussis S.A.



EFD Induction Annual Report 2020 // NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

A full cross-security arrangement with EFD Induction a.s secures the bank overdraft and the long-term loans, in addition to absolute guaranties from subsidiaries included in the group cash pool.

NOK 1000	2020	2019
Bank deposits	0	0
On demand guaranties	146 584	147 500

Book value of assets in EFD Induction a.s as well as in the parent company has been pledged as collateral for the bank overdraft.

NOK 1000	2020	2019
Receivables	78 431	29 350
Inventory	71 522	62 366
Machinery and equipment	7 147	6 186
Buildings and land	32 673	41 162
Total pledged assets	189 773	139 065

Note 3 Labour Costs and Social Expenses

Specification of labor costs and social expenses:

NOK 1000	2020	2019
Salary	22 553	25 073
Payroll tax	3 624	4 312
Pension costs	1 915	1 748
Other social expenses	403	1 709
Total	28 496	32 842
Number of FTE employees	19,0	20,3

The company has a contribution pension plan which fulfills the legal demand in Norwegian law.

Remuneration to the Board of Directors:

NOK	Position	Annual remuneration	No of shares ^{*)}
Ørjan Svanevik	Chairman	182 600	-
Tor Kim Steinsland	Board member	49 450	-
Christian Must	Board member	98 900	-
Kjell Stamnes	Board member	98 900	-
Finn Amund Norbye	Board member	49 450	-
Åge Landro	Board member	49 450	-
Cristine Allouard (employee representative)	Board member	15 500	-
John Inge Asperheim (employee representative)	Board member	31 000	-
Kjetil Svendsen (employee representative)	Board member	15 500	-
Total directors' fees		590 750	

Remuneration to the Chief Executive Officer:

CEO	NOK Salary	Bonus	Other benefits	Pension costs	Total remuneration	No. of shares ^{*)}
Bjørn Eldar Petersen	2 414 450	0	112 777	378 615	2 905 842	7 250

In addition to participation in the company's collective pension plan, the CEO receives a contribution equal to 25% of the base salary above 12 G to an individual pension plan. This pension plan is a contribution plan. If resigning at the request of the board of directors, the period of notice is twelve months. The CEO, as well as other members of the group's management, has an agreement regarding bonus. The bonus to the CEO is limited to 50% of annual salary and is calculated based on achieved results.

There are no option programs in the EFD Induction group.



Auditor's fee:

NOK 1000	2020	2019
Audit fee	467	194
Tax advice	25	0
Other auditor related services	0	0
Other non-audit service	4 605	3 414
Total	5 097	3 607

Note 4 Financial Items

NOK 1000	2020	2019
Group contribution	0	22 479
Dividends from subsidiaries	10 037	10 672
Interest income intra-group	4 228	3 473
Foreign currency exchange gain	2 462	-
Other interest income	39	-
Total financial income	16 766	36 623
Interest expenses intra-group	1 382	52
Foreign currency exchange loss	0	918
Other interest expenses	4 373	1 606
Total financial expenses	5 755	2 577

Note 5 Taxes

NOK 1000	2020	2019
Tax on income	-14	0
Change in deferred taxes	(4 542)	(649)
This year's tax expenses	(4 556)	(649)
The basis for the change in the deferred taxes is:		
Long-term differences	(587)	(23)
Tax-loss carried forward	(22 998)	(2 173)
Net total differences	(23 585)	(2 196)
Pension fund (liabilities)	(5 605)	(6 348)
Basis deferred tax	(29 190)	(8 543)
Deferred tax assets (22%)	(6 421)	(1 879)
Payable tax in the tax charge	(14)	0
Tax effect of group contribution given	0	0
Payable tax in the balance sheet	(14)	0
Calculation of effective tax rate:		
22% of income before taxes	(20 698)	(14 500)
Tax effect of permanent differences	18 802	16 770
Tax effect of received dividends	(2 208)	(2 348)
Tax effect previous year	(14)	15
Tax effect on not deductible costs subsidiaries	(438)	(586)
Change in tax rate	0	-
This year's tax expenses	(4 556)	(649)
Effective tax rate	6,9 %	1,0 %

Note 6 Cash and Bank

As of December 31, 2020, NOK 132.416,- relates to restricted bank accounts.



EFD Induction Annual Report 2020 // NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Note 7 Other current liabilities

NOK 1000	2020	2019
Subordinated loan from Arendal Fossekompni ASA	31 248	29 439
Restructuring costs	1 977	
Other current liabilities	8 541	10 764
Total other current liabilities	41 766	40 203

Note 8 Shareholders

Shareholders holding 1% or more of the share capital:

	No. of shares	% of total
Arendals Fossekompni ASA	6 252 408	98.7 %
Total	6 252 408	98.7 %
Others	84 238	1.3 %
Total shares	6 336 646	100.0 %

Each share has a nominal value of NOK 10.

Note 9 Pension Liabilities

All employees in EFD Induction Group as have a defined contribution plan.

In addition to participation in the company's collective pension scheme, the management will receive a contribution equal to a percentage of base salary exceeding 12 G. This pension scheme is a defined contribution plan and is unfunded. The booked value at 31.12.2020 is the nominal value of the total pension liability including the payroll tax.

NOK 1000	2020	2019
Pension liability	5 605	6 348

Note 10 Non-Current and Intangible Assets

As of December 31, 2020, NOK 5.298.000 is booked as intangible assets. The amount is consisting of FCCS group consolidation system and group standard ERP system. FCCS was implemented from 01.10.2020.

NOK 1000	Property	Computers, software, vehicles	Intangible assets	Right of use assets	Total
Historical cost December 31, 2019	225	5 431	19 925	1 558	27 138
Additions during the year	43	66	3 520	0	3 629
Historical cost December 31, 2020	268	5 497	23 445	1 558	30 767
Accumulated depreciation December 31, 2020	43	5 349	18 148	859	
-Less acc. depreciation disposals					0
Total depreciation	43	5 349	18 148	859	24 399
Book value December 31, 2020	225	148	5 298	698	6 369
Ordinary depreciation	18	347	811	432	1 608
Depreciation rate	-	33.33%	14.29 %		-



Note 11 Related Parties' Transactions

Operating revenues are corporate services and other direct costs invoiced to the subsidiaries, using arm's length principle. Staff costs and other operating costs invoiced from subsidiaries, are included in operating costs.

Operating revenues:

NOK 1000	2020	2019
Corporate services including R&D fee	45 911	54 837
Other distributable costs and services	16 547	16 951
Total operating revenues to related parties	62 458	71 789

Operating costs

NOK 1000	2020	2019
Staff costs	19 513	35 670
Rent, acquisitions and IT-related costs	4 772	3 064
Total operating costs to related parties	24 286	38 734

Note 12 Forward Exchange Contracts

Forward exchange contracts (sold currency) as of December 31, 2020:

Currency	Currency amount	NOK amount	Average exchange rate
THB	42 300	12 060	0,2851

The THB contract is due at 20.02.2021 at the latest. The fair value, NOK (-3.045) of the exchange contracts, is recognized in the income statement. The fair value is included in other current liabilities.

Note 13 Restructuring costs

Restructuring costs in 2020 relates to the reorganization of group functions.

NOK 1000	2020	2019
Restructuring costs	6 454	0
Total restructuring costs	6 454	0



EFD Induction Annual Report 2020 // AUDITOR'S REPORT

Auditor's Report



To the General Meeting of EFD Induction Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company EFD Induction Group AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, statement of 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, and
- The consolidated financial statements of EFD Induction Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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

PricewaterhouseCoopers AS, Kystveien 14, NO-4841 Arendal
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Auditor's Report

Independent Auditor's Report - EFD Induction Group AS



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 in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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





EFD Induction Annual Report 2020 // AUDITOR'S REPORT

Auditor's Report

Independent Auditor's Report - EFD Induction Group AS



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 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.

Arendal, 24 March 2021
PricewaterhouseCoopers AS

Lars Ole Lindal
State Authorised Public Accountant

(This document is signed electronically)

Note: This translation from Norwegian has been prepared for information purposes only.



// SHARE CAPITAL DEVELOPMENT

40 || 41

Shares and Shareholders

EFD Induction aims to provide its shareholders with a competitive, long-term return on investment. The return is to be achieved by appreciation in the value of its shares and by the distribution of dividends.

For the financial year 2020, the board proposes not to pay dividend on the basis of the net income for 2020.

The company had 38 shareholders at the end of 2020. Non-Norwegian shareholders owned 0,30% of the shares.

Share Capital Development

NOK Year	Type of issue	New/old ratio	Increase		Total share capital	Par value	No. of shares	Adj. factor
			Paid in	Share cap.				
May 94	Private placement		4 237 399	268 700	2 802 000	100	28 020	
Mar 95	Private placement		5 863 034	268 700	3 070 700	100	30 707	
Dec 95	Private placement			937 500	4 008 200	100	40 082	
Dec 96	Private placement		11 355 750	504 700	4 512 900	100	45 129	
Jun 97	Bonus issue	7:1		31 590 300	36 103 200	100	361 032	0.125
Jun 97	Split	10:1			36 103 200	10	3 610 320	0.100
Oct 98	Private placement		18 309 132	5 085 870	41 189 070	10	4 118 907	
Apr 02	Private placement		24 999 996	7 352 940	48 542 010	10	4 854 201	
Nov 09	Private placement		20 085 984	4 184 580	52 726 590	10	5 272 659	
Feb 10	Private placement		2 772 578	639 870	53 366 460	10	5 336 646	
Dec 13	Private placement		24 500 000	10 000 000	63 366 460	10	6 336 646	



EFD Induction Annual Report 2020 // BOARD OF DIRECTORS

Board of Directors



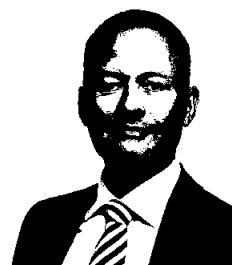
Ørjan Svanevik (55)
Chief Executive Officer
Arendals Fossekompagni ASA
Board member since 2019
Chairman of the board since
2019



Christian Must (48)
Director
Must Invest
Board member since 2013



Finn Amund Norbye (61)
Chief Executive Officer
OMH Optimum Maritime
Holdings
Board member since 2020



Åge Landro (44)
Chief Executive Officer
Altus Intervention
Board member since 2020



John Inge Asperheim (50)
Employee representative
EFD Induction a.s
Board member since 2018



Kjetil Svendsen (52)
Employee representative
EFD Induction a.s
Board member since 2020



Addresses

EFD Induction Group
Boleveien 4b
P.O.Box 84, Sentrum
N-3701 Skien
Norway
Tel.: +47-35 50 60 00
Fax: +47-35 50 60 08
E-mail: firmapost@efdgroup.net

EFD Induction AS
Boleveien 10
P.O.Box 363 Sentrum
N-3701 Skien
Norway
Tel.: +47-35 50 60 00
Fax: +47-35 50 60 10
E-mail: sales@no.efdgroup.net

EFD Induction GmbH
Lehener Strasse 91
D-79106 Freiburg
Germany
Tel.: +49-761-8851-0
Fax: +49-761-8851-139
E-mail: sales@de.efdgroup.net

EFD Induction Ges.m.b.H
Perfektastraße 87 / Top 3
A-1230 Vienna
Austria
Tel.: +43-1-914 23 16
Fax: +43-1-914 33 04
E-mail: sales@at.efdgroup.net

EFD Induction Marcoussis S.A
11 Z.I. du Fond des Prés
F-91460 Marcoussis
France
Tel.: +33-1-6901 4664
Fax: +33-1-6901 6337
E-mail: sales@fr.efdgroup.net

EFD Induction S.A
20, avenue de Grenoble
B.P. 30
F-38171 Seyssinet Pariset
Cedex, France
Tel.: +33-4-7649 3250
Fax: +33-4-7696 2090
E-mail: sales@fr.efdgroup.net

EFD Induction AB
Kokillgatan 3
S-721 33 Västerås
Sweden
Tel.: +46-21-300010
E-mail: sales@se.efdgroup.net

EFD Induction Srl
Via Della Birona, 30/32
I-20900 Monza MB
Italy
Tel.: +39-039-32-3320
Fax: +39-039-32-2697
E-mail: sales@it.efdgroup.net

EFD Induction s.Lu.
Los Palangreros No. 5
(Trasera) Entreplanta
E-48920 Portugalete (Bizkaia)
Spain
Tel.: +34-944-72 09 36
Fax: +34-944-72 09 88
E-mail: sales_es@es.efdgroup.net

EFD Induction Ltd.
Units 1&2,
Wedn.Way Ind. Estate
Well Lane, Wednesfield
Wolverhampton, WV11 1XP
England
Tel.: +44-1902 308800
Fax: +44-1902 739222
E-mail: sales@efdinduction.co.uk

EFD Induction Pvt. Ltd.
Plot No 43 & 44,
KIADB Bengaluru Aerospace Park, Burdigere Post
Bengaluru North Taluk - 562 129, Karnataka
India
Tel.: +91-80-782 0404
Fax: +91-80-782 0405
E-mail: sales@in.efdgroup.net

EFD Induction (Shanghai) Co., Ltd.
Bldg. H, No. 1688 Zhuan Xing Road
Xin Zhuang Industrial Park
Shanghai 201 108
China
Tel.: +86-21-5442 0227
Fax: +86-21-5442 0242
E-mail: sales@cn.efdgroup.net

EFD Induction Inc.
31511 Dequindre Rd.
Madison Heights, MI 48071
USA
Tel.: +1-248-658 0700
Fax: +1-248-658 0701
E-mail: sales@us.efdgroup.net

EHE Acquisition Corporation
1005234th Avenue, Unit D
Bonney Lake, WA 98391
USA
Tel.: +1-360-829-0168
E-mail: sales@impeder.com

EFD Induction Co. Ltd.
7/354 Moo 6
Mabyangporn Pruckdang
Rayong 21140
Thailand
Tel.: +66-81-989 2080
Fax: +66-82-442 7373
E-mail: sales@th.efdgroup.net

EFD Induction S.R.L
Calea Bucuresti no. 20, Village Vidra,
077185 Ilfov
Romania
Tel.: +40-21 332 1948
Fax: +40-21 332 3140
E-mail: sales@ro.efdgroup.net

EFD Induction Sp. z o.o.
Gen J. Sowinskiego 3
Gliwice 44101
Poland
Tel.: +48 32 237 62 27
Fax: +48 32 797 14 74
E-mail: sales@pl.efdgroup.net

EFD Induction K.K.
ERVIC YOKOHAMA 11th floor
65 Yoshidamachi Naka-ku Yokohama city
Kanagawa 231-0041
Japan
Tel.: +81 45 231 5011
Fax: +81 45 330 5151
E-mail: sales-jp@efdgroup.net

EFD Induction Ltda.
Rua Antônio Carlos de Barros Bruni, 136
Jd Empresarial Alfa
18052-017 Sorocaba - SP
Brazil
Tel.: +55 (15) 8102-2241
E-mail: rafael.herrero@efd-induction.com

EFD Induction Oil&Gas Services Sdn. Bhd..
No. 6 Jalan Sitar Satu 33/6A
Shah Alam Premier Industrial Park
Seksyen 33 Shah Alam
40400 Selangor Darul Ehsan
Malaysia
Tel.: +6016 4104217
E-mail: jon.philpott@efd-induction.com



EFD Induction Group AS

Bølleveien 4b
P.O. Box 84 Sentrum
NO-3701 SKIEN, Norway
Tel.: +47-3550 6000
E-mail: firmapost@efdgroup.net

www.efd-induction.com



PUTTING THE SMARTER
HEAT TO SMARTER USE