Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap 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:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Live Haukvik
Dato for fastsettelse av årsregnskapet:	18.05.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 29.08.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenues	11	61 462 000	62 545 000
Sum inntekter		**61 462 000**	**62 545 000**
Kostnader			
labour and Social expenses	3	34 806 000	28 496 000
Depreciations	10	1 794 000	1 608 000
Other operating expenses	11	47 651 000	45 623 000
Restructuring costs	12		6 454 000
Sum kostnader		**84 251 000**	**82 181 000**
Driftsresultat		**-22 789 000**	**-19 636 000**
Finansinntekter og finanskostnader			
Group Contribution	4	46 430 000	
Dividends from subsidiaries	4	9 985 000	10 037 000
Interest from subsidiaries	4	2 683 000	4 228 000
Currency exchange effects	4	0	1 000
Other interest income	4	91 000	2 500 000
Sum finansinntekter		**59 189 000**	**16 766 000**
Foreign currency exchange loss	4	398 000	0
Impairment	4		85 458 000
Other interest expense	4	5 190 000	5 755 000
Sum finanskostnader		**5 588 000**	**91 213 000**
Netto finans		**53 601 000**	**-74 447 000**
Ordinært resultat før skattekostnad		**30 812 000**	**-94 083 000**
Skattekostnad på ordinært resultat	5	-1 054 000	-4 557 000
Ordinært resultat etter skattekostnad		**31 866 000**	**-89 526 000**
Årsresultat		**31 866 000**	**-89 526 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangible assets	10	8 589 000	5 297 000
Utsatt skattefordel	5	7 475 000	6 422 000
Sum immaterielle eiendeler		**16 064 000**	**11 719 000**
Varige driftsmidler			
Property and equipment	10	1 443 000	373 000
Right of use assets	10	165 000	698 000
Sum varige driftsmidler		**1 608 000**	**1 071 000**
Finansielle anleggsmidler			
Investering i datterselskap	1	69 276 000	80 399 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	14	116 667 000	103 560 000
Other long -term receivables		7 207 000	697 000
Sum finansielle anleggsmidler		**193 150 000**	**184 656 000**
Sum anleggsmidler		**210 822 000**	**197 446 000**
Omløpsmidler			
Varer			
Fordringer			
Intra - group receivables		27 339 000	83 773 000
Other current receivables		11 403 000	1 429 000
Cash and bank	6	132 000	132 000
Sum fordringer		**38 874 000**	**85 334 000**
Sum omløpsmidler		**38 874 000**	**85 334 000**
SUM EIENDELER		**249 696 000**	**282 780 000**
BALANSE - EGENKAPITAL OG GJELD			

Balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Share capital	8	63 366 000	63 366 000
Beholdning av egne aksjer		-6 151 000	
Overkurs		57 657 000	57 657 000
Sum innskutt egenkapital		**114 872 000**	**121 023 000**
Opptjent egenkapital			
Retained earnings		-7 952 000	-39 816 000
Merger with subsidiary		104 000	
Sum opptjent egenkapital		**-7 848 000**	**-39 816 000**
Sum egenkapital	8	**107 024 000**	**81 207 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	9	6 591 000	5 605 000
Sum avsetninger for forpliktelser		**6 591 000**	**5 605 000**
Annen langsiktig gjeld			
Langsiktig konserngjeld	2		73 783 000
Long term provisions		4 896 000	1 881 000
Sum annen langsiktig gjeld		**4 896 000**	**75 664 000**
Sum langsiktig gjeld		**11 487 000**	**81 269 000**
Kortsiktig gjeld			
Bank overdraft	2	19 391 000	71 174 000
Leverandørgjeld		3 115 000	7 366 000
Intra group other current liabilities		3 212 000	
Other current liabilities	7,12	15 308 000	41 766 000
Current borrowings	2	90 158 000	
Sum kortsiktig gjeld		**131 184 000**	**120 306 000**
Sum gjeld		**142 671 000**	**201 575 000**
SUM EGENKAPITAL OG GJELD		**249 695 000**	**282 782 000**

Konsernets resultatregnskap

Beløp i: EUR	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenues	4	115 182 000	103 006 000
Other income		814 000	1 698 000
Sum inntekter		**115 996 000**	**104 704 000**
Kostnader			
Cost of materials	13	35 133 000	32 276 000
Labour and Social expenses	5	50 688 000	51 019 000
Depreciations and impairments	10,11	5 868 000	6 279 000
Other operating expenses	6	16 120 000	13 855 000
Other gains/losses		-12 000	-492 000
Sum kostnader		**107 797 000**	**102 937 000**
Driftsresultat		**8 199 000**	**1 767 000**
Finansinntekter og finanskostnader			
Financial income		217 000	492 000
Sum finansinntekter		**217 000**	**492 000**
Financial expense		1 297 000	1 576 000
Sum finanskostnader		**1 297 000**	**1 576 000**
Netto finans	7	**-1 080 000**	**-1 084 000**
Ordinært resultat før skattekostnad		**7 119 000**	**683 000**
Taxes	8	2 010 000	971 000
Ordinært resultat etter skattekostnad		**5 109 000**	**-288 000**
Årsresultat		**5 109 000**	**-288 000**

Konsernets balanse

Beløp i: EUR	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	2 666 000	1 836 000
Goodwill	10	2 944 000	2 789 000
Other intangible assets	10	3 346 000	1 396 000
Sum immaterielle eiendeler		**8 956 000**	**6 021 000**
Varige driftsmidler			
Buildings and land	11	10 121 000	9 191 000
Machinery and equipment	11	5 780 000	5 902 000
Right of use assets	11	11 045 000	9 838 000
Sum varige driftsmidler		**26 946 000**	**24 931 000**
Finansielle anleggsmidler			
Other long term receivables	12	1 102 000	715 000
Sum finansielle anleggsmidler		**1 102 000**	**715 000**
Sum anleggsmidler		**37 004 000**	**31 667 000**
Omløpsmidler			
Varer			
Inventory	13	23 257 000	17 647 000
Sum varer		**23 257 000**	**17 647 000**
Fordringer			
Accounts recevables	15	26 778 000	21 699 000
Accrued receivables	4	7 807 000	11 248 000
Other current receivables	14,16	5 263 000	4 199 000
Sum fordringer		**39 848 000**	**37 146 000**
Bankinnskudd, kontanter og lignende			
Cash and bank	17	14 082 000	12 543 000
Sum bankinnskudd, kontanter og lignende		**14 082 000**	**12 543 000**
Sum omløpsmidler		**77 187 000**	**67 336 000**

Konsernets balanse

Beløp i: EUR	Note	2021	2020
SUM EIENDELER		**114 191 000**	**99 003 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	18	7 379 000	7 379 000
Beholdning av egne aksjer		-605 000	
Overkurs		7 120 000	7 120 000
Sum innskutt egenkapital		**13 894 000**	**14 499 000**
Opptjent egenkapital			
Retained earnings	14	26 652 000	19 177 000
Sum opptjent egenkapital		**26 652 000**	**19 177 000**
Sum egenkapital		**40 546 000**	**33 676 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	19	1 772 000	1 821 000
Utsatt skatt	8	309 000	582 000
Sum avsetninger for forpliktelser		**2 081 000**	**2 403 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	20,21	10 998 000	17 255 000
Long term provisions		618 000	309 000
Sum annen langsiktig gjeld		**11 616 000**	**17 564 000**
Sum langsiktig gjeld		**13 697 000**	**19 967 000**
Kortsiktig gjeld			
Short term interest bearing debt	20	17 087 000	10 502 000
Leverandørgjeld	4	17 509 000	12 606 000
Betalbar skatt	8	3 477 000	1 196 000
Other current liabilities	21,22	21 875 000	21 056 000
Sum kortsiktig gjeld		**59 948 000**	**45 360 000**

Konsernets balanse

Beløp i: EUR	Note	2021	2020
Sum gjeld		**73 645 000**	**65 327 000**
SUM EGENKAPITAL OG GJELD		**114 191 000**	**99 003 000**

EFD INDUCTION

The right heat for a better world

Annual & Sustainability Report 2021

29.08.2023 kl 14:21

EFD INDUCTION

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The right heat for a better world. Induction heating is incredibly fast, accurate, controllable and repeatable. It makes the manufacturing of metal products clean and green. It promotes safe and healthy workplaces. It enables companies to reach their productivity and sustainability goals. It is a proven technology with a bright future – a way to create heat that contributes to a better world.

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This is EFD Induction

EFD Induction designs, builds, installs and maintains a complete range of energy-efficient and eco-friendly induction heating equipment. We have more than 20 000 installations in over 80 countries for a wide range of industrial applications – bringing the benefits of induction technology to many of the world's leading manufacturing and service companies.

Who we are

EFD Induction is an international high-tech company that supplies advanced heating systems based on induction technology to engineering industries. The company was established in 1996 and our roots go back to the 1950s. Today, we are one of the world's largest industrial induction equipment makers.

What we do

Heating solutions from EFD Induction can be used professionally for almost any industrial application that requires heat. We improve heat processes by making them cost-effective, safe and robust and minimising their energy consumption.

Key figures 2021

1152
Operating revenue, EUR millions

5.2
Profit for the year, EUR millions

8.2
EBIT, EUR millions

7.1
EBIT-margin, percent

9.4
Cash flow from operating activities, EUR millions

979
Average number of employees (FTE)

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How we act

Our values embody the spirit and energy of EFD Induction at its best. They help us set direction, and they guide our decisions.

Respectful
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.

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

Cooperative
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.

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

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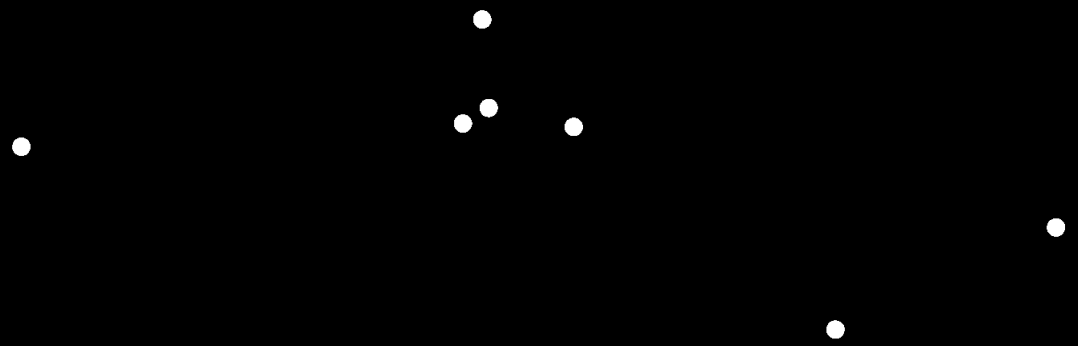
Where we operate

EFD Induction is present in strategic locations worldwide. We want to be close to our customers and have a broad base for recruitment and collaboration.



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, Denmark, France, Spain, Italy, Austria, Poland, South Korea, China, Japan, India, Thailand, US, Brazil and Malaysia. The headquarter is situated in Skien, Norway.

Sales offices Sales & Service ● Manufacturing, sales and service

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A strong year

Year 2021 was a good year for EFD Induction. We continued to deliver value despite all the challenges related to the COVID-19 pandemic, and clarified our dedication to protecting the environment and fighting against climate change.

Highlights 2021

Improved supplier evaluation
We implemented a system for continuous follow-up on supplier performance. The system is based on self-assessment, reduces our business risk and increases our ability to fulfil our ESG (Environmental, Social and Corporate governance) responsibilities.

Updated Code of Conduct
We revised our Code of Conduct with new policies, for example, about whistleblowing. An educational program started in January, and our target for 2023 is that everyone within our organisation has completed the training.

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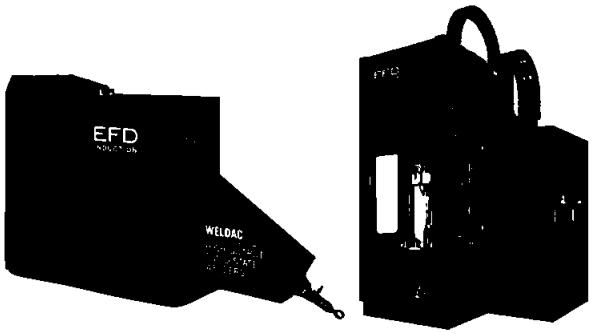
Highlights 2021, continued

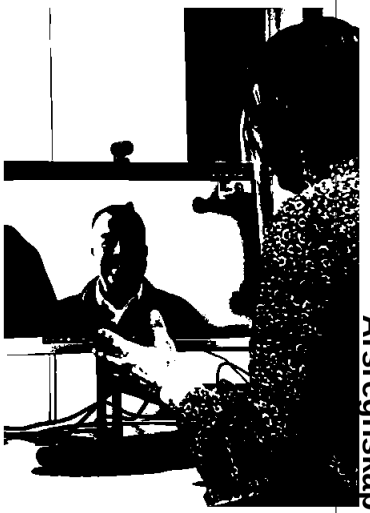


Product launches
We introduced HardLine M (modular induction hardening machine) and Compact Weldac (tube welder). Compact Weldac uses SiC (Silicon Carbide) inverter technology for increased efficiency and thermal stability.

75%

Switching to LED lights
We changed to LED lights with advanced control functionality at our headquarter and all production sites in Norway. The initiative will reduce our energy consumption from lighting by 75%.

ISO 14001 certification
We certified our production facility in Norway according to ISO 14001. Our target is to certify all plants according to ISO 14001, continuing in 2022 with our plants in Germany, China and India.



Handling of COVID-19
When possible, we continued with digital meetings and managed to avoid large disease outbreaks throughout the organisation. The pandemic forced us to develop new ways of supporting our customers, such as remote commissioning and recording instruction videos for installation.

6.7

ENPS – Employee Net Promoter Score

Initiation of design guidelines
We finalised a comprehensive document that describes our work process for product development. The document covers all the aspects you have to consider as a designer at EFD Induction, such as choosing sustainable materials and production methods.

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An eco-friendly technology

Induction heating is an inherently clean process. It is far more energy-efficient than other heating alternatives. It does not emit carbon dioxide. It eliminates open flames, reduces the need for fuel and transport, and promotes safer, healthier workplaces.

What is induction heating?
Induction heating is the process of heating electrically conductive materials, such as metals, by using an alternating current to create a magnetic field around a coil. When you place an object inside the coil, the object is immediately heated. The heat is generated from inside the object itself rather than an external heat source via heat conduction.

Fast
The heat produced with induction heating is instant. It takes less than one second to achieve a uniform surface temperature of 1,000°C on small metal components.

Accurate
The right temperature is created precisely where it is needed. Customised coils ensure optimal heat patterns with minimal energy consumption.

Controllable
Transistorised converters and process control software enable complete control over the entire heating process.

Repeatable
Induction heating can accurately repeat the desired heating cycle, including key parameters such as temperature, penetration depth and heat pattern.

Clean, safe and compact
No gas, no open flames, no noticeable increase in ambient temperature and no excessive floor space occupied by furnaces.

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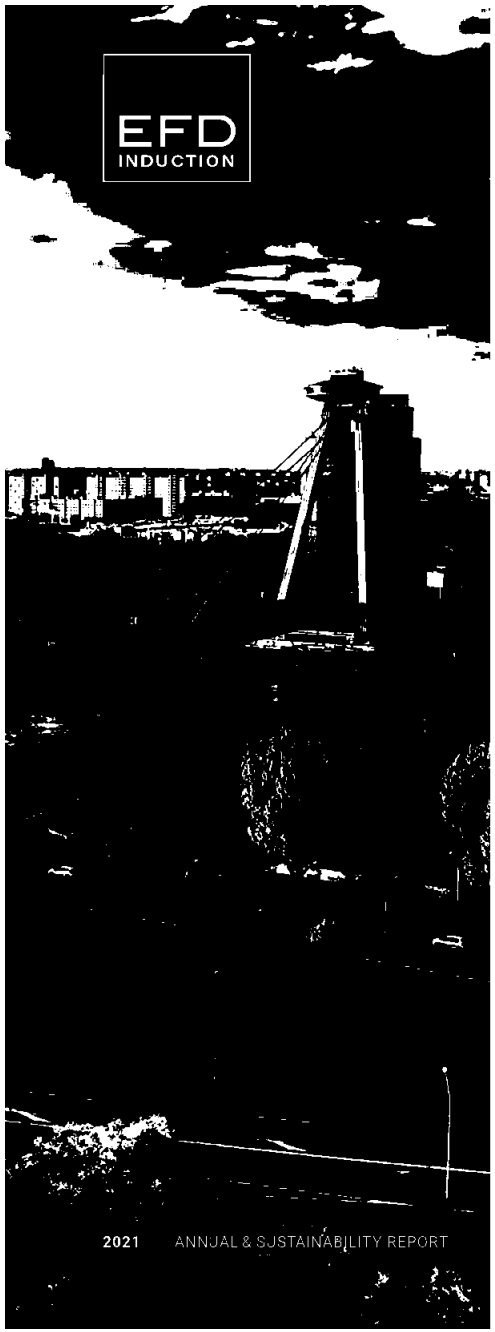

Where and how we add value

Heating is critical in many industrial processes worldwide. Our induction heating solutions contribute to sustainable and profitable production and can be used in virtually any application that requires heat.

Areas of activity
EFD Induction's largest customers are found in the following industries:

- Automotive
- Renewable
- Electrotechnical, Appliances & HVAC
- Building & Infrastructure

The Group's operations are concentrated in three activity areas:

- Induction heating machines
- Induction power systems and
- Spares and services

Induction heating machines
Heat treatment and hardening machines include complete integrated lines with automatic control and handling of a workpiece throughout the entire process of heating, quenching and tempering. The main application area is surface hardening, particularly on shafts, gears, joints and valves. Heating machines with built-in power sources can be standardised or tailored to customers' specifications.

Induction power systems
EFD Induction supply induction power sources (frequency converters) and heating processes. Induction power systems cater to a broad range of applications in many different industries.

Frequency converters are 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 aluminium, cable manufacturing, straightening, tube welding and annealing, and heating of steel wire, strips, plates and chains. Deliveries also include several other processes where standard products can 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 critical for customers as increasing automation and higher quality standards are combined with a continued focus on cost control.

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Brønnøysundregistrene

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Virtually everywhere

Heating solutions from EFD Induction can be used in almost every industrial application imaginable. We create value by combining induction expertise and materials know-how with experience of production processes worldwide. To date, we have installed more than 20 000 induction solutions in many of the world's most demanding industries.

Automotive

The automotive industry is going through a paradigm shift where electrical motors are replacing internal combustion engines. New innovative and lightweight materials are also being introduced. As induction heating is a versatile and environmentally friendly technology, EFD Induction has strong potential for further growth in this field.

Examples of applications

- Brazing of evaporator and condenser connections, brake linings, fuel injection pipes
- Bonding of magnets in electric motors, doors, hoods, trunks and rear-view mirrors
- Hardening of driveline and suspension parts
- Post-heating of engine parts and brake discs
- Pre-heating of transmission parts, for example, shrink-fitting of gear wheels
- Straightening of steel chassis
- Tempering of brake discs, driveshafts, suspension arms and torsion bars

Renewable energy

EFD Induction is the world's leading supplier of heating solutions for the renewable energy sector. Our technology has already made great contributions to the wind turbine industry's efficiency, safety and profitability– making the manufacture and maintenance of the turbines a clean and green process.

Examples of applications

- Brazing of stator windings, rotor windings and terminal ends on high voltage cables
- Hardening of pitch bearings, gearbox shaft and bearings and generator bearings
- Pre-heating of baseplate and tower rings before welding
- Shrink-fitting of yaw motor and pitch motor, main shaft bearings and sleeve rings.

Electrotechnical, Appliances & HVAC

EFD Induction supplies induction heating equipment to the world's leading producers of products we take for granted in modern society. Everything from white goods such as refrigerators, dishwashers and tumble-driers to heating, ventilation and air-conditioning for homes and workplaces.

Examples of applications

- Brazing of bars, strands, rings and wires in motors, generators and transformers
- Brazing of compressor parts and faucets
- Brazing of evaporator and condenser connections
- Post-heating for softening bars and removing shrink-fitted parts
- Pre-heating of generator components and casings before welding.

Building & Infrastructure

EFD Induction is a well-known name in the tube and pipe industry. The excellent reliability, efficiency and robustness of our high frequency, solid-state Weldac tube welders has confirmed our position as a leading provider of cost-effective, high-uptime systems.

Examples of applications

- Brazing of heat transfer tubing
- Coating and PWHT (Post-weld Heat Treatment) of oil and gas pipes
- Full body annealing of both magnetic and non-magnetic tube products
- Post-heating of various workpieces
- Pre-heating and stress relieving of OCTG (Oil Country Tubular Goods) pipe ends
- Seam annealing of longitudinal tube welds.

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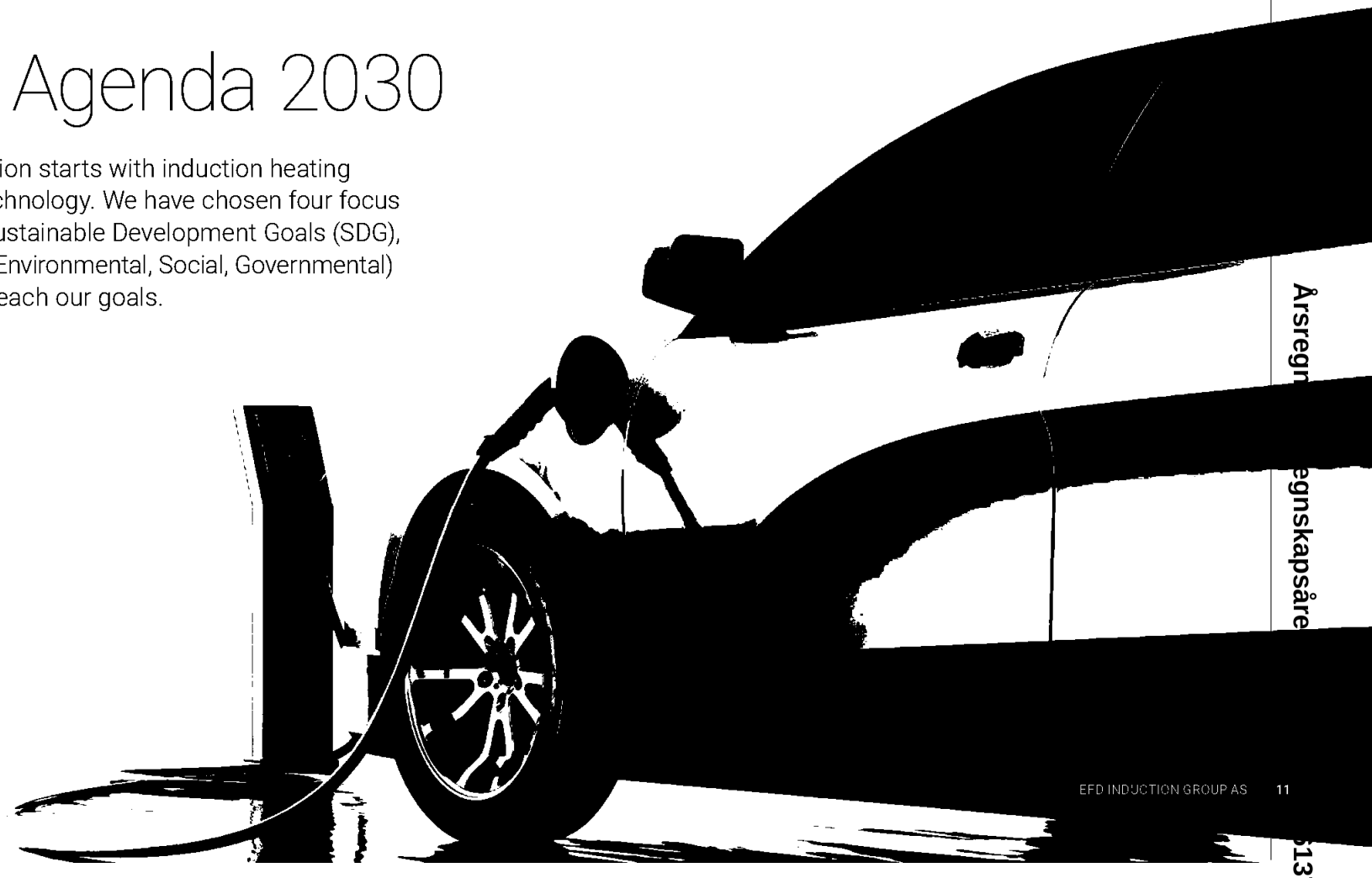
Focus on Agenda 2030

Sustainability for EFD Induction starts with induction heating being an inherently green technology. We have chosen four focus areas based on the 17 UN Sustainable Development Goals (SDG), and work according to ESG (Environmental, Social, Governmental) methods and processes to reach our goals.

SUSTAINABLE DEVELOPMENT GOALS



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Ready to meet new demands

For decades, induction heating has been considered a high-end technology thanks to its accuracy, repeatability and speed – a choice that helps industries all over the world to boost their productivity and improve their level of quality. Today, more and more companies are discovering that induction heating is also a clean and green technology. You can truly say that the future looks bright for EFD Induction.

A year to be proud of
However, success can never be taken for granted. As soon as you slow down, somebody else is gearing up. Instead, you must always take the initiative and show progress. In 2021, we advanced in several areas worldwide within EFD Induction. Here are some highlights that I would like to share with you:

- We launched new, energy-efficient products that reduce downtime and waste
- We certified our production site in Norway according to ISO 14001
- We maintained a very low number of work-related injuries
- We increased the number of women in leadership roles
- We implemented a system for supplier evaluation based on self-assessment
- We introduced new design guidelines for eco-friendly product development
- We have made analyses on climate risk based on TCFD and evaluated the to date guidelines in the EU Taxonomy

The COVID-19 pandemic continued to be a challenge in 2021, for EFD Induction as for many companies. However, we adapted to the situation early in 2020, and the pandemic has also driven positive change. We have, for example, managed to decrease travel and thereby our carbon footprint thanks to digital meetings, remote commissioning and pre-recorded installation videos.

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Excellent discipline throughout the organisation has also allowed us to avoid disease outbreaks and maintain our daily business activities. A big thank you to all of you. Together, we have managed to deliver on our promises, take responsibility and keep our spirits up.

Where we are heading

Limiting global warming to 1.5°C above pre-industrial levels is a matter that concerns us all. As heating is part of many industrial processes, induction can make a real difference. The technology is proven in many industries, not least within automotive manufacturing, and can be used in virtually any process that requires heat. In 2021, to clarify the potential of induction heating, we re-categorized our customer segments.

A successful business starts with people. People have ideas that turn into amazing products, and people collaborate and do business with other people. Attracting, recruiting, keeping and developing people is and will remain a top priority at EFD Induction. Having an encouraging approach is crucial for us now and in the future.

We will also continue with our systematic approach – finding intelligent ways to perform demanding tasks and finetune them to perfection. In 2021, we took a major leap by initiating new design guidelines where productivity and sustainability go hand in hand. With this document in place, we ensure that efficiency and eco-friendliness are always considered in our product development.

"Excellent discipline throughout the organisation has also allowed us to avoid disease outbreaks and maintain our daily business activities. A big thank you to all of you.

We have ambitious plans for 2022 which include the launch of several new and innovative products. To demonstrate our rigorous quality standards and commitment to continuously improve our production processes, we will make sure that our production plants in Germany, China and India will be awarded the ISO 14001 certification before the end of the year.

Our highly skilled, passionate people are what makes our company great, and we will do our utmost to ensure that EFD Induction remains a great place to work by launching new management training programs and recruiting a diverse workforce.

We recognize the urgency of the environmental challenges the world faces and see the EU taxonomy as an important tool to help the transition to an economy that is consistent with the EU's environmental objectives. We place particular importance

on continuing the work to further reduce our CO_2 footprint. In accordance with this, we plan to introduce more digital solutions that advance remote assistance and reduce the need for travel. This will further improve the service we provide, so that we may continue to be a preferred partner for our customers worldwide.

The ecological system and humanity are under pressure. At EFD Induction, we contribute to positive change by creating and providing the right heat for a better world – a heat that is controllable, fast and precise as well as eco-friendly and safe to work with. Even if we have had an incredible journey so far as a company, I believe that we have the best years ahead of us.

Bjørn Eldar Petersen
CEO at EFD Induction

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A global challenge

The 17 UN Sustainable Development Goals (SDG) address the global challenges the world is facing. Whilst they are all interconnected, EFD Induction has chosen to focus on four that are most relevant to the company and the industry we operate in.

SDG 8: Decent work and economic growth
We ensure equal rights and opportunities for all our employees. EFD Induction bans all forms of discrimination on the grounds of ethnicity, gender, sexual orientation, religion or disability. In 2021, it is particularly worth noticing that we:

- Updated our Code of Conduct with new policies
- Translated our Code of Conduct and Environmental policy from English to Chinese, French, German, Hindi, Norwegian and Romanian
- Started an educational program to implement the updated Code of Conduct
- Provided corona pandemic support (oxygen and vaccine) to local markets.

SDG 9: Industry, innovation and infrastructure
EFD Induction is always at the forefront of technological development and has unrivalled expertise and experience with induction heating. We are constantly working on innovative application development. For 2021, it is particularly worth noting that we:

- Initiated new design guidelines for sustainable product development
- Launched products with silicon carbide inverters for increased efficiency.

SDG 12: Responsible consumption and production
Our technology is eco-friendly, and our products contribute to high energy efficiency, minimal pollution and rational production for the customers. For 2021, it is particularly worth noting that we:

- Implemented a system for continuous follow-up on supplier performance
- Started to evaluate hydrogen brazing at our Romanian operations.

SDG 13: 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. For 2021, it is particularly worth noting that we:

- Certified our production facility in Norway according to ISO 14001
- Moved production of time-critical parts from India to Romania to reduce the carbon footprint from transportation
- Switched to LED lights with advanced control functionality across our Norwegian facilities (headquarter and production sites).
- Produced information videos presenting induction heating for automotive and renewable sectors.

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Brønnøysundregistrene

Coping with the second wave in India

As the second wave of COVID-19 was raging through the country in April, EFD Induction in India not only helped their co-workers but also extended helping hands to the community. Similarly, sister companies in other countries helped them to.

Due to the high number of patients in need of treatment, the government had banned the supply of oxygen to industries and diverted all oxygen for medical use. EFD Induction came to the rescue by promptly providing twenty cylinders of oxygen from the office in Thailand and ten oxygen concentrators from the Chinese office. We also supported government hospitals with food for almost a month, provided food kits to over 200 underprivileged people and supplied police stations with personal protective equipment.

Organising a vaccination drive was another initiative from EFD Induction. The demand was massive, but the Indian organisation managed to vaccinate both its own staff and employees from a neighbouring company at EFD Induction's production premises.

"Throughout the ordeal, the Indian organisation showed tremendous resolve to ensure business continuity."

Eighteen employees at EFD Induction India were infected in the second wave. Thankfully, all have recovered and are back at work. Throughout the ordeal, the Indian organisation showed tremendous resolve to ensure business continuity.

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An integrated business

EFD Induction is committed to integrating our Environmental, Social and Corporate governance (ESG) responsibilities into our business decisions and operation. We have identified five areas to focus our ESG efforts on.

Environmental

Conservation of our natural world

Global production and consumption have a major impact on our environment. When producing and consuming everything from cars to food, we contribute to climate change, resource depletion, waste, pollution, deforestation and lack of biodiversity, to name a few examples.

Focus areas

- Sustainable products
- Resource-efficient production

Social

Consideration of people and relationships

Companies have a responsibility for their employees as well as their impact on the societies in which they operate – for instance, in terms of working conditions, labour rights and diversity.

Focus areas

- A great place to work

Governance

Standards for running the company

Governance can serve as a control mechanism in relation to bribery and corruption, tax, executive remuneration, shareholders' voting possibilities and internal control. We believe active corporate governance is important to the development of companies and that it provides long-term benefits for both shareholders and employees as well as the society as a whole.

Focus areas

- Ethical business conduct
- A responsible and robust supply chain

Prioritising ESG issues

When choosing which issues to focus on, EFD Induction conducted a series of workshops and interviews with a number of stakeholders. We identified several concerns that are significant to both sustainability and societal impact on our conduct, investments and operation. These were then evaluated to find which had the highest ESG impact and importance to us and our stakeholders. A very clear picture soon emerged and revealed the issues that had highest priority for us in order to future-proof our business.

As the threat of climate change and the depletion of resources grows, more and more customers choose to factor ESG issues into their investment choices. Likewise, other stakeholders such as public authorities, our business partners, and our own employees will demand that we demonstrate how we are working to get better. All will want to see which concrete measures we are taking, so ESG must be the DNA of everything we do. For more information on the Materiality Matrix se page 81.

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Our five focus areas

SUSTAINABLE PRODUCTS

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

Prioritised topics

- Energy use and GHG emissions in use phase
- Resource efficiency
- Safe and durable products
- Impact of end-product and customer activities

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 prioritise environmental, social and governance factors, and customers should feel secure that our products are manufactured and distributed sustainably and responsibly.

Prioritised topics

- Energy efficiency and GHG emissions at production sites
- Resource efficiency at production sites
- GHG emissions from transportation
- E-waste

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. We bring our dedication to safe working conditions one step further, as our induction heating solutions contribute to a safer and better working environment.

Prioritised topics

- Employee health and safety
- Employee satisfaction
- Labour and human rights at production sites

ETHICAL BUSINESS CONDUCT

All employees base their daily work and behaviour on the company values – respectful, reliable, cooperative and passionate. The values make sure that we follow the laws, act honourably, provide qualitative and reliable products and services to our customers, and serve our customers in the best possible way wherever they are located.

Prioritised topics

- Bribery and corruption
- Transparency

A RESPONSIBLE AND ROBUST SUPPLY CHAIN

EFD Induction is part of a major global industry and operates in a premium market segment, with many of the world's largest production companies as customers. In this market, there is a strong demand to demonstrate a sustainable supply chain – most particularly so in the automotive industry.

Prioritised topics

- Environmental and social impact of supplier manufacturing activities
- E-waste
- Conflict minerals

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Sustainable products

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

The year in brief

Preparing for remote services
Industry 4.0 is a prioritised area for many customers today. Sharing and analysing production data allow companies to integrate with other companies in the value chain and improve predictive planning and performance while reducing waste and travelling. To meet an expected rise in customer demand within IoT connectivity solutions, we now equip our mobile and stationary induction heating systems with a digital control system prepared for remote service and control.

New design guidelines for product development
We want to ensure that our product developers always think with a holistic perspective to find the most cost-efficient yet eco-friendly alternative. In 2021, we developed our product development vision and guidelines and will continue to improve this in the coming period, by a process integrated and structured learning approach.

Launching more efficient products
Getting more done with fewer resources is the driving-force in all development. During 2021, we launched a new generation of vertical hardening machines, HardLine M. This modular hardening machine is equipped with all the functions needed for smart manufacturing in the age of Industry 4.0.

We also introduced Compact Weldac, the world's most compact one-cabinet 300 kW solid-state welder. Less power consumption, better weld quality and easier operation are some of the benefits.

Targets and ambitions

- Establish infrastructure for IoT connectivity and launch digital services.
- Continue the implementation of new design guidelines.
- Keep on launching highly efficient, durable machines ensuring lower energy consumption as well as lower GhG (Greenhouse Gas) emissions.

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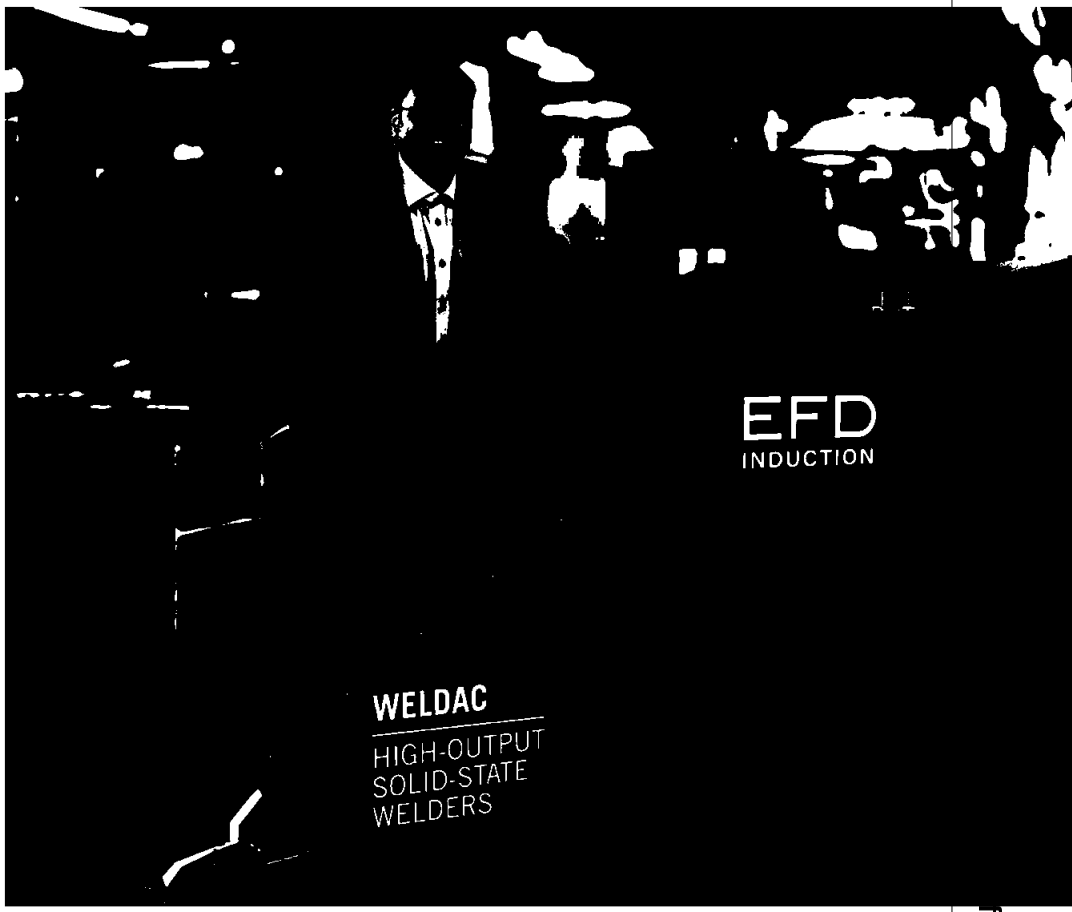
Case: Compact Weldac – Space-saving and sustainable

Compact Weldac is the most compact tube welder on the market. SiC (Silicon Carbide) inverter technology gives an impressive 91% efficiency from the mains to the coil – 7% more than previous systems and 35% more than vacuum tube converters. Along with a constant high electrical power factor – 95% at all power levels – there are substantial energy cost savings to be had. The communication platform is ready for Industry 4.0.

Improvement comparison: Weldac Compact 04 SiC (new) vs Weldac 03 IGBT (old)

-34%	-40%	+20%
Weight 460 vs 700 (kg)	Electricity loss 9 vs 15 (1 – efficiency %)	Max output power 300 vs 250 (kW)

-16%	-29%
Cooling water flow 80 vs 95 (l/min)	Raw water flow 50 vs 70 (l/min)



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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 prioritise environmental, social and governance factors, and customers should feel secure that our products are manufactured and distributed sustainably and responsibly.

The year in brief

Certification according to ISO 14001 in Norway
Certification according to ISO 14001 makes EFD Induction a more attractive company to work with and work for. We performed the certification process for our production sites in Norway in November 2021, and received the certificate in December. The plan for 2022 is to certify all our sites in Germany, China and India according to ISO 14001, and the goal is to certify all our sites worldwide.

Moving production of time-critical parts
Logistics is closely connected to carbon emissions. In 2021, we moved production of a number of time-critical parts from the production site in India to our Romanian site in order to reduce our environmental footprint.

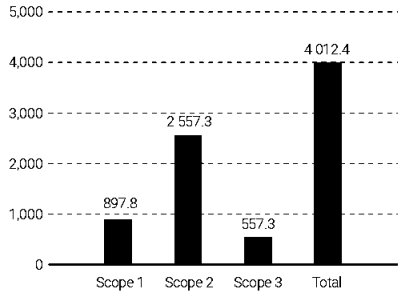
LED lights and lighting controls initiative
In December, we replaced all our lighting with controllable LED light armature at our headquarter and all production sites in Norway. An investment of 2.7 MNOK with the potential to reduce our electricity costs for lighting by 75%. In addition, the armatures will last longer as we go from 5 000 hours of illumination to 2 500 hours per year.

The payback time for the new LED lighting solution is 3.5 years, with estimated annual energy savings of 425 000 kWh – which is about the annual electrical consumption of 20 single-family houses.

Targets and ambitions

- Continue with certification of production facilities according to ISO 14001 in Germany, China and India (2022) and eventually for all manufacturing plants.
- Consider even more ways to cut carbon dioxide emissions, for example, by having electric vehicles as the preferred choice when buying or leasing company cars.
- Evaluate the investment in LED lighting in Norway for further investments in energy-saving lightning at other premises in the organisation.
- Replace traditional brazing with more eco-friendly oxy-hydrogen technology. The first implementation was done in Romania in 2021.

GHG Emissions 2021
Tonne CO_2-eqv.



Carbon footprint
The graphs show EFD Induction's greenhouse gas (GHG) emissions for 2021 based on the total energy consumption related to corporate operations. The carbon footprint is converted into CO2 equivalents from reported internal and external systems data. The analysis is based on the Greenhouse Gas Protocol Initiative, developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

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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. We bring our dedication to safe working conditions one step further, as our induction heating solutions contribute to a safer and better working environment.

The year in brief

New ways of working driven by the COVID-19 pandemic
The pandemic made us challenge conventional work methods and take a pragmatic approach to finding new ones. Digital meetings became part of our daily lives at our offices, and our production sites made tremendous efforts to maintain operations. At the most intense stages of the pandemic, the CEO sent out weekly emails to the organisation and local managers spread the word to employees not using email in their daily work.

Vision: No work-related injuries
In 2021, we had had a total of four work-related injuries in USA, India and Germany. EFD Induction has consistently had low rates of sickness absence and accidents at work throughout the years. Low turnover and an exceptionally loyal workforce are testaments to the employees' high job satisfaction and feeling of achievement. Our vision is to have zero accidents across all our operations.

Attracting the right talent
Finding and developing talented people is critical for a high-tech international company such as EFD Induction. Our Employee Net Promoter Score for 2021 was 6.7 and our ambition is to stay well above 7.0. Employee development and wellbeing are priority areas for us, and we are open to new ways of learning, for example, online training. We also believe that autonomy in responsibility and having the ability to influence are essential for our employees.

Increase the ratio of women
The female ratio at EFD Induction was 15.1% for 2021, and our goal for 2024 is to reach 19%. EFD Induction's business is largely connected to electrical and mechanical production and engineering – traditionally a male-dominated arena.

Continue with and re-start human resource initiatives
During the year, we continued with our succession plan (executive committee, managing directors and development managers) and re-started a talent management and leadership development initiative from 2019.

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Targets and ambitions

- Continuously improve employee satisfaction (Employee Net Promoter Score > 7).
- Increase the long-term ratio of women in the workforce to 20%.
- Reach the vision of zero work-related injuries.
- Keep the absentee rate below 2.5%.
- Future-proof company profiling for attracting the best talent.

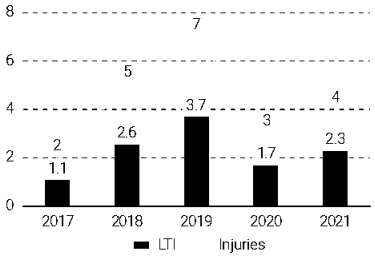
KPIs 2021

2.8%
Annual Absentee Rate

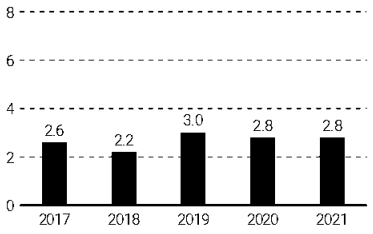
6.7
Employee Net Promotor Score

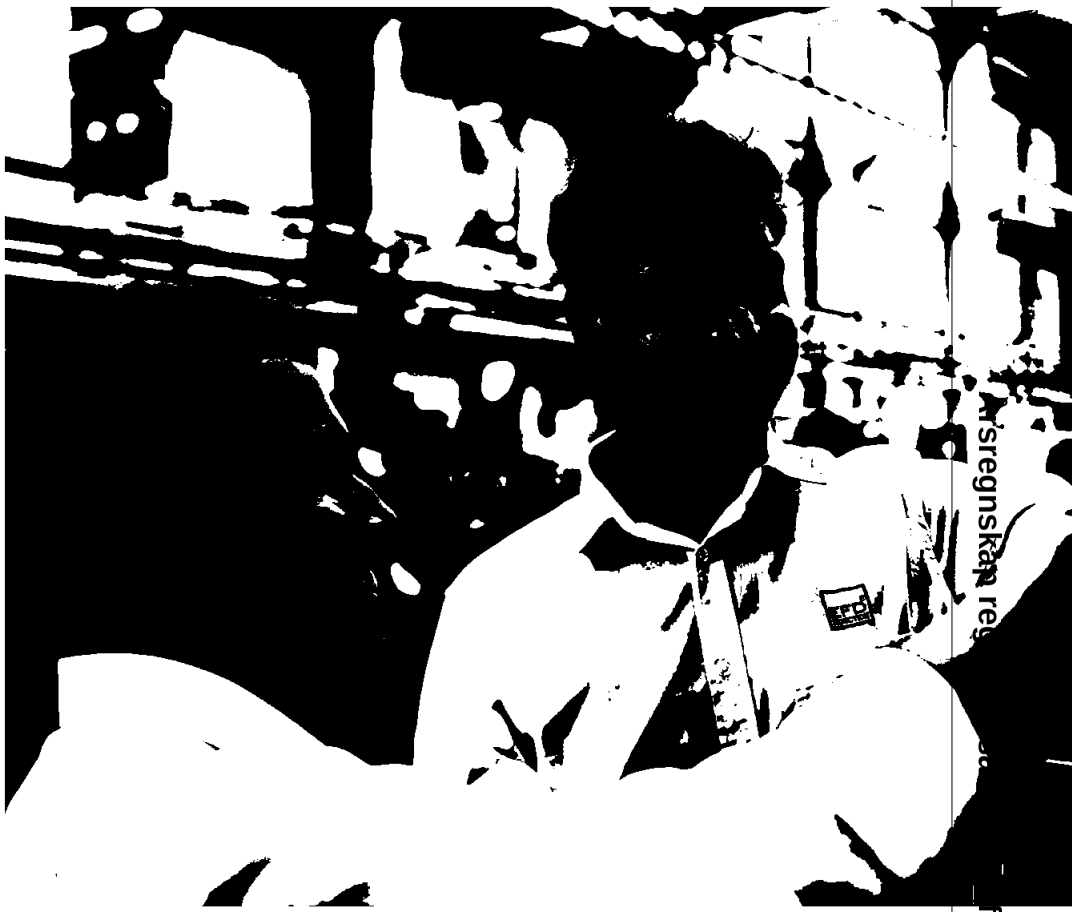
15.1%
Female ratio in the workforce

LTI and Injury



Sickness absence %





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Ethical business conduct

All employees base their daily work and behaviour on the company values – respectful, reliable, cooperative and passionate. The values make sure that we follow the law, act honourably, provide qualitative and reliable products and services to our customers, and serve our customers in the best possible way wherever they are located.

The year in brief

Revised content in Code of Conduct
We updated our Code of Conduct in several areas, including the whistleblowing policy. Our Code of Conduct ensures equal rights and opportunities for all employees and bans all forms of discrimination on the grounds of ethnicity, gender, sexual orientation, ethnicity, religion or disability. The Code of Conduct is available in Chinese, English, French, German, Hindi, Norwegian and Hindi.

Implementation of educational program regarding Code of Conduct
Starting with an educational program in January, we trained 17% of the workforce during 2021. The program continues in 2022, when half of our global staff will undergo training, and the goal is that everyone in our organisation has taken part in the program before the end of 2023.

Targets and ambitions

- Train at least 50% of the workforce in the Code of Conduct in 2022.
- Train the remainder of the workforce in 2023.

KPIs 2021

17%

of staff trained (via e-learning) in Code of Conduct during 2021

100%

of staff signed Code of Conduct during 2021

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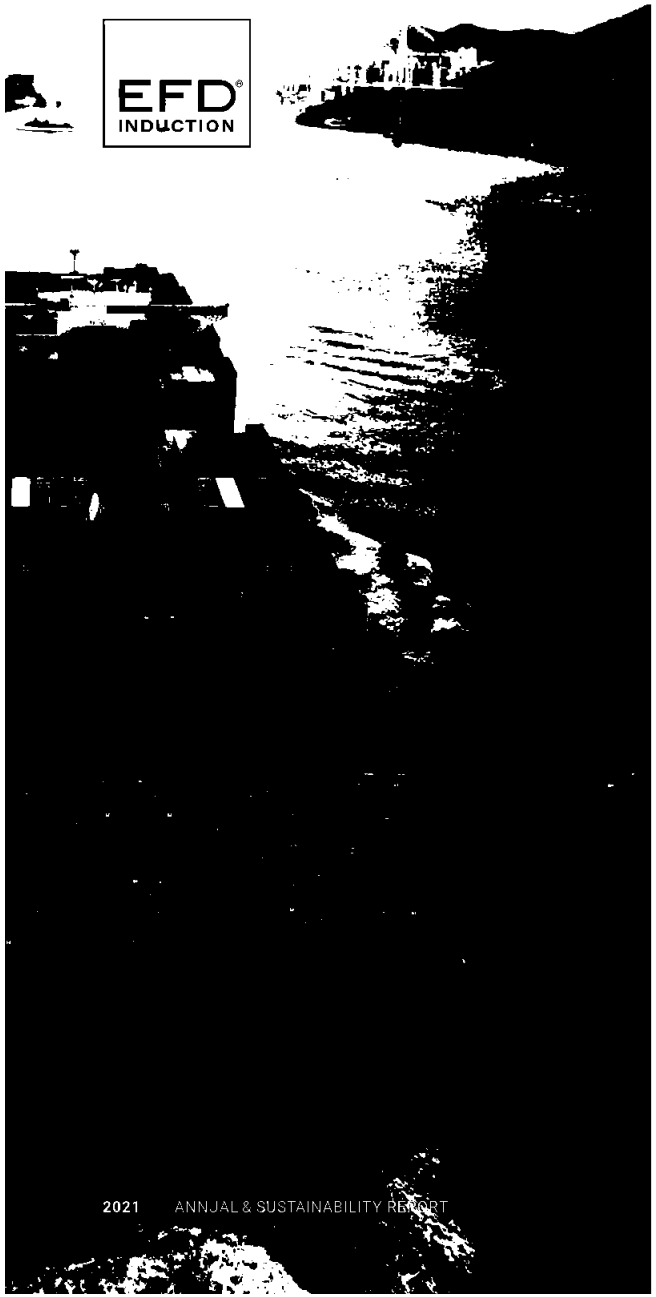

A responsible and robust supply chain

EFD Induction is part of a major global industry and operates in a premium market segment, with many of the world's largest production companies as customers. In this market, there is a strong demand to demonstrate a sustainable supply chain – particularly in the automotive industry.

The year in brief

A new system for evaluating supplier performance
In 2021, we established an online system for evaluating supplier performance based on self-assessment. Each supplier is categorised (strategic, volume, one-off), and the categorisation determines the way we perform our follow-up activities. Moreover, the system takes into consideration our Supplier Code of Conduct and thereby reduces our business risks.

58.8%

of prioritised suppliers completed the self-assessment questionnaire

84.3%

of prioritised suppliers that completed the questionnaire has agreed to Supplier Code of Conduct

Targets and ambitions

- Stronger demands on suppliers to contribute to an eco-friendlier production chain.
- Ensure that 100% of suppliers have signed the Supplier Code of Conduct before the end of 2022.
- Ensure that 100% of prioritised suppliers have completed the self-assessment questionnaire before the end of 2022.

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Climate risks and opportunities

EFD Induction is part of a major global industry and operates in a premium market segment, with many of the world's largest production companies as customers. Considering climate risks and opportunities related to our business is essential for our decision-making.

Climate Scenarios

EFD Induction conducted multiple workshops in 2021 with the third party EY to assess the climate impact on EFD Induction. The workshop was carried out with internal subject matter experts from all regions, assessing the impact in the three scenarios;

1. Green Revolution,
2. Delayed Transition and
3. Climate Crisis.

The three scenarios are based on IEA's World Energy Outlook (WEO) 2020, IEA's Net Zero Emissions by 2050 Report (2021), and IPCC Representative Concentration Pathway (RCP).

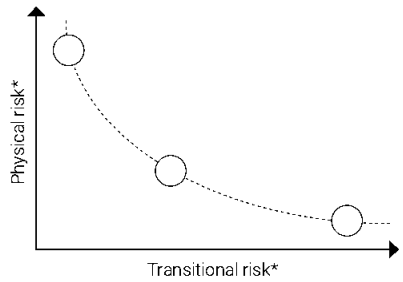
The term "climate risk" covers both the consequences of climate change and those of our efforts to tackle it. We have assessed the opportunities and risks, thereof physical risks and transition risks.

Climate Crisis
- More than 3°C global warming
- IEA WEO Stated Policies
- IPCC RCP 6.0

Delayed Transition
- 2 – 2.5°C global warming
- IEA WEO Delayed Recovery
- IPCC RCP 4.5

Green Revolution
- Below 1.5°C global warming
- IEA WEO Net Zero Emissions 2050
- IPCC RCP 1.9

We have considered the scenarios for climate risk as a function of physical risk and transition risk.



* Physical risks could be extreme rainfall due to the consequences of changing wather and climate. Transition risk could be the economic consequences of adressing climate change.

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Risk review outcomes

- Continue with assessment of climate risks
- Improve risk management and use the EU Taxonomy as a tool for transition risk management
- Reduce climate risk exposure in own operations
- Identify high risk suppliers based on risk exposure
- Address opportunities to reduce customer's climate risk exposure
- Expand opportunities related to zero-emission technologies
- Continue with reporting on greenhouse gas emissions (scope 1, 2 and 3)

See appendix on page 81 for the Climate risk matrix.

The physical risks (acute and chronic) relate to the consequences of changing weather and climate and transition risks (policy, legal, technology, market and reputation) relate to the economic consequences of addressing climate changes.

Some climate risks are likely to affect most industries. Extreme weather events may disrupt customers and supply chains. Insurance premiums and transportation costs may increase due to extreme events. EFD Induction welcomes climate risk mitigation and increased disclosures according to green activity standards, such as the EU Taxonomy, and plans and acts accordingly.

The main physical risks are in the supply chain and our own operations located in countries with higher climate risk exposures. All of our locations are nonetheless well located, where even extreme weather events would have limited impact on our ability to conduct business.

The main opportunities are related to the transition to the low carbon economy (EU Taxonomy, GHG reporting). The demand for zero-emission technologies may drive demand for EFD Inductions products and services, while it may also affect the prices of input.

Governance

The management is committed to making sustainability an integrated part of the organization and way of working in EFD Induction. This started off with broad involvement from the organization in outlining ESG as part of our group strategy. In 2021, a substantial amount of work has been put into mapping suppliers, managing the employee KPIs, and evaluating the actual footprint of products and the production activities. As a part of this work, EFD Induction has also updated the Code of Conduct as well as the Group product design guidelines.

The board of directors follows EFD Induction's work with ESG closely and addresses relevant sustainability matters as well as follow-up on key performance indicators. Specific sustainability topics including health, safety, security and environment (HSSE), corruption, procurement, environmental and social impacts are reviewed by the management and the Board of Directors regularly during the year.

Strategy

EFD Induction has laid out a strategic plan to continue the growth while handling climate-related risks and realize the climate-related opportunities identified over the short, medium, and long term. This plan includes extensive and dynamic reporting externally as well as internally. It is the intention to bring ESG to the top of the mind of all employees and to be embedded in all parts of the business. The strategy has already impacted the dialogue with suppliers. It is no longer sufficient to choose partners based on financial goals alone; EFD Induction only cooperates with suppliers who are complying with the Group's guidelines. This implies a closer dialogue and has strengthened the relationship with key suppliers.

EFD Induction considers ESG as a long-term commitment and an area that will develop a lot over the next years. The management and the board of directors intend to be a strong partner to the climate and sustainability going forward. The process for identifying and assessing climate risks, as well as managing and integrating climate risk into the organization's overall risk management will be ongoing.

Metrics and Targets

Annual GHG emission per scope, Tonne CO2-eqv.	**2021**
Scope 1 Total	897.8
Scope 2 Total	2 557.3
Scope 3 Total	557.3
Total	**4 012.4**

Annual energy consumption (MWh) Scope 1 & 2	**2021**
Scope 1 Total	3 967.5
Scope 2 Total	7 040.6
Total	**11 008.1**

The key external sources used as a basis for the calculations in this report are; World Resource Institute (WRI/US), International Energy Agency (IEA/OECD), Intergovernmental Panel on Climate Change (IPCC), Department of Energy and Climate Change (DECC/UK), EcoInvent LCI Database.

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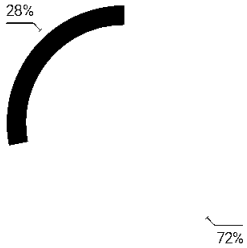
EU Taxonomy – preliminary study

EFD Induction has in 2021 carried out a project with external party EY and its majority shareholder Arendals Fossekompani ASA ("AFK"), with objective to make a first assessment of activities that are likely to be taxonomy aligned. The project was based on the Taxonomy Regulation in the version 18th June 2020 and the technical screening criteria in the Draft Delegated Acts of 20th November 2020.

The assessment by the multi-disciplinary team of ESG specialists indicates that EFD Induction's activities for manufacturing of other low carbon technologies contribute to climate mitigation by enabling substantial reduction in GHG emissions, in compliance with the relevant criteria for "Do No Significant Harm" for the identified activities.

The next steps include third party verification of quantifies life cycle GHG emission savings for activities identified as taxonomy-eligible and continue with the assessment as the EU Taxonomy as the EU Taxonomy releases the next four environmental objectives.

High taxonomy eligibility estimated for EFD Induction
EU Taxonomy eligibility in percentage of revenue 2020.



* EU Taxonomy has not yet been released for: Circular Economy, Healthy Ecosystem, Pollution Prevention and Sustainable use of Water and Marine Resources.

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Directors report

Main Events 2021

EFD Induction has successfully completed a turnaround during 2021 and saw higher revenue and improved operating margins throughout the year. The pace of the revenue recovery has been negatively affected by persistent global supply chain constraints and logistic challenges in 2021, as well as the continued adverse effects of the Covid-19 pandemic. However, the order intake has gradually recovered to pre-pandemic levels during 2021. Total operating revenues increased to EUR 115.2 million in 2021. Operating profit (EBIT) was EUR 8.2 million compared to EUR 1.8 million in 2020. The Board sees the improvement in full-year operating margins as a result of both a higher activity level and that the cost initiatives have taken gradually more substantial effects through 2021.

EFD Induction, with its broad global presence, proved resilience serving customers in multiple industries world-wide. The Group is firmly positioned in its mission to serve customers with efficient and eco-friendly induction heating solutions, technology, and services for enabling the green transition in the industry and economy. Further measures to enhance revenue, strengthen the operating profit and increase the number of product offerings are an ongoing focus from the Management and Board of Directors going forward. The annual accounts are prepared under the assumption of going concern.

Results, Cash Flow and Balance Sheet

EFD Induction prepares its consolidated financial statements in accordance with IFRS accounting principles. Comparable figures for 2020 are shown in parentheses below.

Operating revenues for the 2021 financial year were EUR 115.2 million (EUR 103.0 million). EBIT in 2021 was EUR 8.2 million (EUR 1.8 million), while Income before taxes was EUR 7.1 million (EUR 0.7 million). Total tax for the year amounted to EUR 2.0 million (EUR 1.0 million). Net Income in 2021 was EUR 5.1 million (EUR -0.3 million). Earnings per share in 2021 were EUR 0.81 (EUR -0.05).

Net interest-bearing debt was reduced by EUR 0.6 million to EUR 17.1 million at year-end. The subordinated loan from Arendals Fossekompani ASA of EUR 3 million was repaid during the year. Net financial expenses were EUR 1.1 million (EUR 1.1 million). EUR 0.5 million (EUR 0.4 million) of the interest expenses in 2021 was on finance leases according to IFRS 16. The Group's unrestricted bank deposits and unused credit facilities decreased from EUR 31 million at the start of the year to EUR 26.8 million by the end of 2021.

The Group's total assets at the end of 2021 amounted to EUR 114.2 million (EUR 99 million). The equity on 31 December 2021 was EUR 40.5 million (EUR 33.7 million). The equity ratio was 35.5%, compared to 34.0% at year-end 2020. No dividend was paid to shareholders in 2021.

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

Most parts of the markets in which EFD Induction operates have had a substantial pick-up during 2021, despite the ongoing Covid-19 situation and worldwide supply-chain constraints. However, the automotive industry in Europe remains weak, but the Group has more than compensated for this within other market segments and regions. The order intake for the 2021 financial year was EUR 128 million, representing an increase of 15.3% from 2020 (EUR 111 million).

Product and Process Development

EFD Induction has a focused R&D pipeline to drive improved profitability and growth as well as enhance 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 internally to strengthen EFD Induction's competitiveness in general. In 2021 EFD Induction's product and process development costs were EUR 4.2 million (EUR 4.5 million), of which EUR 1.8 million of R&D costs were capitalized.

Organisation, working environment and the natural environment

The number of employees was 992 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 regarding career development, salary, pensions and other work benefits. EFD Induction works to prevent discrimination against employees due to ethnicity, national origin, descent, skin colour, sexual

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orientation, language, religion or reduced functional ability. The Group complies with all official regulations in this area.

The Group's absence due to sickness was 2.84% in 2021 (2.61%). The Group experienced four work-related accidents resulting in injuries with absence in 2021, in USA, India and Germany. In total, there were 76 days of absence due to injuries. The corresponding figures in 2020 were three accidents and 20.5 days of absence. The LTI rate (Lost Time Injury) was 2.3 at the end of 2021, up from 1.8 in 2020.

The Group's operations involve a low risk of polluting the external environment. To the extent such a risk exists, measures have been implemented in accordance with national legislation and guidelines to prevent any negative environmental impact. In 2021 EFD Induction started to estimate greenhouse gas emissions.

Board and Shareholders

Arendals Fossekompani ASA holds 94.1% of the outstanding shares. EFD Induction Group AS held a total of 129 000 (2.04%) of own shares at year-end. The company had 114 shareholders totally, with non-Norwegian shareholders owning 0.47% of the shares at the end of 2021. EFD-Induction has taken out insurance for the board members for their possible liability to the company and third parties.

Risks and factors of uncertainty

The ongoing Covid-19 pandemic may create further uncertainty for the global economy in 2022. Measures taken in 2021 to safeguard employees, partners and customers will continue to apply as long as necessary. The Group is exposed to foreign exchange risk, credit risk, market risk and liquidity risk from its global operations and use of financial instruments. These circumstances are described in greater detail in Note 2 to the accounts.

Financial standing

The financial standing of the EFD Induction Group is good. The Board of Directors expects a positive development in revenues and profitability in the Group in 2022.

The Parent Company – Allocation of Net income

The main business objective of the Group's parent company, EFD Induction Group AS, is to set the Group's strategic direction, manage the Group, and provide the Group with support in relation to marketing, product development, IT operations, management information and funding. EFD Induction Group AS had 18 employees at the end of 2021, of whom 67% were men and 33% were women.

The parent company's accounts are based on IFRS accounting principles.

The board proposes to allocate the net income of the parent company, EFD Induction Group AS, in 2021 as follows:

Retained earnings	EUR 3.189 million

Skien, 3rd March 2022

Ørjan Svanevik
Chairman of the board

Åge Landro

Finn Amund Norbye

John Inge Asperheim

Pål Haugerud

Bjørn Eldar Petersen
Chief Executive Officer

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Consolidated statement of income

EUR 1 000	Notes	2021	Restated 2020
Operating revenues	4	115 182	103 006
Other income		814	1 698
Total operating income		**115 996**	**104 704**
Cost of materials	13	35 133	32 276
Employee benefit expenses	5	50 688	51 019
Other operating expenses	6	16 120	13 855
Other gains / losses		-12	-492
Depreciation and amortization	10,11	5 410	5 557
Impairment	10,11	458	722
Operating profit		**8 199**	**1 768**
Financial income		217	492
Financial expenses		1 297	1 576
Net financial items	**7**	**-1 079**	**-1 083**
Profit before taxes		7 120	684
Tax expense	8	2 010	971
Profit for the year		**5 110**	**-287**
Profit attributable to the equity holders of the company		**5 110**	**-287**
Earnings per share	9	0.81	-0.05
Diluted earnings per share	9	0.81	-0.05

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Consolidated statement of other comprehensive income

EUR 1 000	Notes	2021	2020
Profit for the year		**5 110**	**-287**
Items that will never be reclassified to profit or loss			
This year's actuarial gain / loss	19	39	-78
Hereof tax effect		0	0
		39	**-78**
Items that are or may be reclassified to profit or loss			
Change in translation difference		2 792	-2 488
Effect of hedging future cash flows	14	-597	861
Hereof tax of hedging future cash flows	8	131	-190
		2 326	**-1 816**
Other comprehensive income, net of tax		2 365	-1 894
Total comprehensive income		**7 475**	**-2 181**
Total comprehensive income attributable to the equity holders of the company		7 475	-2 181

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Consolidated Balance Sheet

EUR 1 000	Notes	At December 31, 2021	At December 31, Restated 2020	January 1 2020
ASSETS				
Deferred tax asset	8	2 666	1 836	1 444
Goodwill	10	2 944	2 789	3 070
Other intangible assets	10	3 346	1 396	263
Buildings and land	11	10 121	9 191	10 903
Machinery and equipment	11	5 780	5 902	7 740
Right of use assets	11	11 045	9 838	10 185
Other non-current assets	12	1 102	715	934
Total non-current assets		**37 005**	**31 667**	**34 538**
Inventory	13	23 257	17 647	20 821
Accounts receivable	15	26 778	21 699	24 341
Contract assets	4	7 807	11 248	5 937
Other current receivables	16	4 809	3 742	4 577
Derivatives designated as hedging instrument	14	454	457	206
Cash and bank	17	14 082	12 543	9 268
Total current assets		**77 186**	**67 336**	**65 150**
TOTAL ASSETS		**114 191**	**99 004**	**99 688**

EUR 1 000	Notes	At December 31, 2021	At December 31, Restated 2020	January 1 2020
LIABILITIES AND EQUITY				
Share capital	18	7 379	7 379	7 379
Treasury shares		-605	-	-
Share premium		7 120	7 120	7 120
Total paid-in capital	**18**	**13 893**	**14 498**	**14 498**
Retained earnings		29 955	24 806	25 241
Cash flow hedging reserve	14	-123	343	-299
Foreign currency translation reserve		-3 180	-5 972	-3 585
Total shareholders' equity		**40 545**	**33 675**	**35 855**
Pension liabilities	19	1 772	1 821	2 345
Deferred taxes	8	309	582	607
Non-current borrowings	20	14	7 048	6 070
Non-current lease liabilities	21	10 984	10 206	7 679
Long term provisions		618	309	335
Total long-term liabilities		**13 697**	**19 967**	**17 037**
Current borrowings	20	17 087	10 502	11 429
Current portion of lease liabilities	21	3 144	2 459	2 337
Derivatives designated as hedging instrument		431	-	998
Current income tax	8	3 477	1 196	819
Accounts payable		7 899	6 328	7 225
Contract liabilities	4	9 610	6 278	6 515
Other current liabilities	22	16 441	15 090	14 468
Provisions	22	1 860	3 510	3 005
Total current liabilities		**59 949**	**45 362**	**46 796**
TOTAL LIABILITIES AND EQUITY		**114 191**	**99 004**	**99 688**

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Consolidated statement of changes in Equity

EUR 1 000	Share capital	Treasury shares	Share premium	Retained earnings	Cash flow hedging reserve	Foreign currency translation reserve	Total shareholder equity
Opening balance January 1, 2020	**7 379**	**-**	**7 120**	**25 241**	**-299**	**-3 585**	**35 856**
Net income 2020				-287			-287
Other comprehensive income				-149	642	-2 387	-1 894
Closing balance December 31, 2020	**7 379**	**-**	**7 120**	**24 806**	**343**	**-5 972**	**33 675**
Net income 2021				5 110			5 110
Other comprehensive income				39	-466	2 792	2 365
Given group contribution				-2 234			-2 234
Received group contribution				2 234			2 234
Own shares purchased (note 25)		-1 111		-			-1 111
Own shares sold		506		-			506
Closing balance December 31, 2021	**7 379**	**-605**	**7 120**	**29 955**	**-123**	**-3 180**	**40 545**

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Consolidated statement of cash flows

EUR 1 000	Note	2021	Restated 2020
Cash flow from operating activities:			
Profit for the year		5 110	-287
Adjusted for:			
Adj. Depreciation and amortization	10,11	5 410	6 280
Adj. Impairment		458	-
Net financial items		1 080	1 082
Gain / loss from sales of assets		-12	-492
Tax expenses	8	2 010	971
Change in inventory		-4 641	2 518
Change in trade and other receivables		-204	-3 609
Change in accounts payable		813	405
Change in other accruals		128	-149
Taxes paid		-753	-417
Net cash flow from operating activities		**9 399**	**6 301**

EUR 1 000	Note	2021	Restated 2020
Cash flow from investing activities:			
Interest received etc.		253	275
Proceeds from sales of PPE (note 25)	11	420	4 905
Purchase of PPE and intangible assets	11,12	-5 215	-2 609
Purchase of other investments		5	-35
Net cash flow from investing activities		**-4 538**	**2 537**
Cash flow from financing activities:			
New bank loans	23	-	1 000
Repayment of non-current borrowings	23	-2 963	-1 680
Change in bank overdraft		1 972	63
Principal paid on lease liabilities	21	-2 730	-2 915
Interest paid on lease liabilities		-497	-363
Interest paid on borrowings	21	-759	-953
Purchase of own shares		-605	-
Net cash flow from financing activities		**-5 582**	**-4 848**
Net change in cash during the year		**-721**	**3 990**
Cash at the beginning of the year		12 543	9 267
Currency translation effect on cash		2 260	-714
Cash at the end of the year		**14 082**	**12 543**

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Group Accounting Policies

Information about the company

EFD Induction Group AS is a limited company registered in Norway. The company's head office is located in Bøleveien 4b, 3724 Skien, Norway. The consolidated financial statements for financial year 2021 include the company and its subsidiaries (as a whole, referred to as "the Group"). Information about the companies included in the scope of consolidation is disclosed in Note 24.

The annual and consolidated financial statements were approved by the board of directors on 3 March 2022. The annual and consolidated financial statements will be submitted for adoption at the Annual General Meeting scheduled for 18 May 2022. The Board is authorised to amend the annual and consolidated financial statements until final adoption.

Basis of preparation

The annual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and associated interpretations, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act applicable as of 31 December 2021.

The financial statements have been prepared using the historical cost principle, with exception of the following assets, which are presented at fair value:

- Financial derivatives (hedge instruments) at fair value through other comprehensive income

The Group recognises changes in equity arising from transactions with owners in the statement of changes in equity. Other changes in equity are presented in the statement of comprehensive income (total return).

Preparation of financial statements in accordance with IFRS requires the use of assessments, estimates and assumptions that influence which accounting policies shall be applied and influence recognised amounts for assets and liabilities as well as revenues and costs. Actual amounts can deviate from estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period in which they arise if they only apply to that period. If the changes also apply to subsequent periods, the effect is allocated over the current and subsequent periods. Areas with significant estimation uncertainties, and where assumptions and assessments made have significantly influenced the application of the accounting policies, are disclosed in Note 1.

Accounting policies

The 2021 financial statements are the first financial statements for the Group prepared in accordance with IFRS. Details regarding the implementation of IFRS are disclosed in note 27.

The accounting policies applied in the preparation of the annual and consolidated financial statements are described below. With exception of effects described in the section on changes in accounting policies below, the policies are applied consistently for all periods. In case that subsidiaries have used other principles to prepare their separate annual financial statements, adjustments have been made so the consolidated financial statements are prepared according to common policies.

Accounting standards and interpretations issued but not adopted

The company has not early-adopted any IFRS standards or IFRIC that have been issued but are not mandatory as of 31 December 2021. Based on the assessments made so far, it is assumed that coming standards and IFRIC approved by the EU will not have a material effect on the financial statements.

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 prepared in the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the parent company EFD Induction Group as, is NOK.

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.

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand EURO units unless otherwise stated.

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Principles of consolidation

Business combinations

The acquisition method of accounting is used to account for the acquisition of shares that lead to control over another company. The Group's consideration is allocated to identifiable assets and liabilities. These are recognised in the consolidated financial statements at fair value at the date when control is obtained. Goodwill is calculated when the consideration exceeds identifiable assets and liabilities:

- The consideration transferred; plus
- Any non-controlling interest in the acquired entity; added any gradual acquisition, the fair value of existing shareholdings in the acquired entity; less
- Net value (normally fair value) of identifiable net assets included in the transaction

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. If the business combination is achieved in stages, the investment changes classification from associated company to subsidiary, the upward adjustment of the existing shareholding at fair value is recognised as a gain in the income statement.

A buyout of non-controlling interests is considered a transaction with owners and does not require a calculation of goodwill. Non-controlling interests for such transactions are adjusted based on a proportionate share of the subsidiary's equity.

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control exists when the Group is exposed or has rights to variable returns from its investment in the company and when it has ability to influence the return through its power over the company. To determine the level of control, the potential voting rights that can be exercised or converted must be considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of EFD Induction Group AS has appointed a Group management (executive committee) which assesses the financial performance and position of the Group and makes strategic decisions.

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.

Revenues from contracts with customers

Under IFRS 15, the Group recognises as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. For each performance obligation identified at the inception of the contract, it is separately determined if those performance obligations are satisfied at a point in time or on an over-time basis. Revenue regarding each performance obligation is recognised when that performance obligation is satisfied. Consequently, revenue is recognised in full upon completion of a contract if it includes only one performance obligation or more than one performance obligations that are satisfied at the same time.

The Group's main revenues come from the sale of induction heating machines, induction power systems and from providing service. Contract for sale of goods (sale of induction heating machines and induction power systems) are accounted for either as point in time (when delivered) or over time (when constructed) based on an assessment of when control is transferred under the specific contract. 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. Below is more information about the different types of revenues and related contract types.

Revenue from delivery of goods recognized at a point in time

Revenues relating to contracts with customers for delivery of goods, which are not customized, or the goods have alternative use or that the Group does not have a right to payment based on the progress in the project, are recognized in the income statement when the goods are transferred to the customer (point in time).

Revenue from delivery of goods recognized over time

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).

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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.

Estimates of revenues and 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. Losses related to onerous contracts are recognized in the period they are identified.

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.

Revenue from service
Revenues from services are recognized when the performance obligations for the service is provided and the Group has a right to payment.

Transaction price
The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract balances
Contract balances consist of client-related assets and liabilities. Contract assets relate to consideration for work complete, but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment has become unconditional, which usually occurs when invoices are issued to the customers.
When a client pays consideration in advance, or an amount of consideration is due contractually before transferring of the goods or service, then the amount received in advance is presented as a liability. Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations.

Government grants
Government grants that compensate for incurred expenses are recognised as a cost reduction in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants related to the acquisition of operating assets are recognised as reduction of cost and amortised by reducing amortisation over the operating asset's useful economic life.

Income tax
Income tax on the profit for the period consists of current and deferred tax. Income tax is recognised in the income statement with the exception of tax on items that are recognised directly in equity or in other comprehensive income. The tax effect of the latter items is recognised directly in equity or in other comprehensive income.

Current tax is the forecast tax payable on the year's taxable income at current tax rates at the balance sheet date, and any adjustments of tax payable for previous years less tax paid in advance. Deferred tax liabilities are calculated based on the balance sheet-oriented liability method, taking into account temporary differences between the carrying amount of assets and liabilities for financial reporting and tax values.

The following temporary differences are not considered: goodwill not deductible for income tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries that are not expected to reverse in the foreseeable future. The provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, measured at the tax rates in force at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that the asset can be utilized against future taxable results. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax asset will be realized. Tax assets that can only be utilised via Group contributions from the parent company are not recognised until the contribution has actually been paid and is recognised in the individual companies.

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.

Impairment of assets
The carrying amount of the company's and Group's assets is, with the exception of inventories and deferred tax assets, reviewed each balance sheet date to assess whether there are indications of impairment. If any such indication exists, the asset's recoverable amount will be estimated.
An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (valuation unit) exceeds the recoverable amount. Impairment losses are recognised in the income statement.

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Impairments for cash-flow generating entities are allocated by reducing the carrying amount of any goodwill in cash-generating units first. Subsequently, the remaining impairments on the other assets in the unit are allocated pro-rata based on the carrying amounts.

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.

Cost 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.
Other development costs that do not satisfy these criteria are recognized as an expense as incurred. Development costs that are expensed cannot subsequently be recognized in the balance sheet.

Amortisation of intangible assets

Amortisation is calculated and recognised in income using the straight-line-method over the estimated useful economic life of the intangible assets, unless the lifetime is indefinite. Goodwill is annually tested for impairment, at balance sheet date. Excess values associated with customer relations, customer contracts, brands and own software development and other development costs are amortised over a period of 4 – 10 years.

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.

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.

Leases

The company's and the Group's leases consist mainly of office space, machines, cars, IT equipment and other office machines. Assets and liabilities arising from a lease are initially measured on a present value basis.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.
- If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

Trade and other receivables

The fair value of trade and other receivables is calculated as the present value of net future cash flows discounted at the market interest rate at the balance sheet date.

Cash and Cash Equivalents

Cash includes cash at 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.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in debt and equity instruments, trade and other receivables, cash and loans, trade payables and other debts.

Trade and other receivables that fall due in less than three months are not discounted. Non-derivative financial instruments are measured on initial recognition at fair value plus any directly attributable transaction costs. After initial recognition, the instruments are measured as described below.

Interest-bearing loans are valued at fair value less transaction costs on initial recognition in the balance sheet. Instruments are subsequently measured at amortised cost, with any differences between cost and redemption value recognised over the term of the loan as part of the effective interest rate.

Financial assets are derecognised when the contractual rights to the cash flows from an asset expire, or when the Group has transferred the contractual rights in a transaction where the risk and return of ownership of the financial asset have substantively been transferred.

Other

Other non-derivative financial instruments are measured at amortized cost less any impairment losses.

Hedging

The Group's criteria for classifying a derivative as a hedging instrument is that the forthcoming transaction is highly probable.

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.

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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.

Employee benefits

The companies in the Group operate different pension plans.

Defined contribution pension plans

Obligations to provide contributions to defined contribution pension plan are recognised as costs in the income statement in the period in which they occur.

Defined benefit pension plans

The net liability related to defined benefit pension plans is calculated separately for each plan by estimating the size of the future benefits that the employees have earned through their work efforts in the current and prior periods. These future benefits are discounted to present value, and the fair value of the pension assets is subtracted to establish the net obligation. The discount rate corresponds to the market interest rate for high-quality corporate bonds (OMF interest rate) with approximately the same term as the Group's obligations. The calculations are performed by a qualified actuary and based on the straight-line earnings model.

When the benefits in a pension plan improve, the share of the increase in benefits that the employee has earned the right to are recognised as a cost in the income statement on a straight-line basis over the average period until the employees have earned an unconditional right to the increased benefits. The cost is recognised immediately in the income statement if the employees have already acquired an unconditional right to increased benefits at the time of allotment.

Actuarial gains and losses on the calculation of the company's obligation for a pension plan are recognised in other comprehensive income when they incur. Pension costs/earnings, as well as gains and losses on curtailment/termination are recognised in the income statement.

The net interest on the calculation of pension obligations is reported as financial items in the income statement.

When the calculations result in an asset for the company, recognition of this asset is limited to the net amount of the total of unrealised actuarial losses and the cost of previous periods' pension earnings, and the present value of future refunds from the scheme or reductions in payments to the scheme.

Share based compensation

Sale of shares to Employees

The Group grants performance shares to all employees. The cost of equity settled transactions is determined by the fair value of the date when the grant is using appropriate valuation model, further details of which are given in Note 25.

The cost is recognized in employee benefits expense, together with a corresponding increase in equity (other paid in capital) over the period in which the service and, where applicable the performance conditions are fulfilled (the vesting period).

Accounting treatment of social security tax is not treated in IFRS 2. Social security tax is accrued over the vesting period based on the actual value of the stock units.

LTIP synthetic options.

The Group grants synthetic options units to employees in Group Management. The cost of cash settled transactions is determined by the fair value of the date when the grant is using appropriate valuation model, further details of which are given in Note 25.

The cost is recognized in employee benefits expense, together with a corresponding provision over the period in which the service and, where applicable the performance conditions are fulfilled (the vesting period).

Accounting treatment of social security tax is not treated in IFRS 2. Social security tax is accrued over the vesting period based on the actual value of the stock units.

Borrowing Costs

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

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Provisions
A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that this will result in an outflow of resources to settle the obligation, and the obligation can be reliably estimated.

Provisions for restructuring are recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either begun or has been announced to those affected.

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

Equity
The following describes the nature and purpose of each reserve within equity

Treasury Shares
On the repurchase of treasury shares, the purchase amount including directly attributable costs are recognised as a change in equity. Purchased shares are classified as treasury shares and reduce total equity. When treasury shares are sold, the received amount is recorded as an increase in equity, and the subsequent gain on the transaction is recognised in Other paid-in equity.

Share premium
Amount subscribed for share capital in excess of nominal value

Cash flow hedging reserve
Gains/losses arising from the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.

Translation Differences
Translation differences arise in connection with currency differences when entities with functional currencies other than euro are consolidated.

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.

Retained earnings
All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 9).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Events after the Balance Sheet Date
New information on the Group'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 Group'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.

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Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The Group's significant accounting estimates are related to:
- Impairment of goodwill (Note 11)
- Recognition of revenue on construction contracts (Note 4)
- Deferred tax assets (Note 8)

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. Changes in estimates relating to the calculation of value in use resulted in no goodwill impairment in 2021. Details regarding the assumptions and sensitivity in changes in these assumptions are disclosed in note 11.

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 costs spent compared to total estimated costs or direct labour spent compared to total estimated direct labour. 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. As of year-end the estimate is relevant for the ongoing projects disclosed in Note 4. As of year-end on-going projects has an estimated margin of 27.4% (24.2% as of year-end 2020). A final margin at Group level typically deviates +/- 3% at a certain time, and below 1% calculated on 12-month average. In a single project, deviation up to 5% would be within expectations. Changes above 5% of contract margin would be considered unexpected. Addition details of ongoing projects are disclosed in Note 4.

Deferred tax asset consists mainly of tax loss to carry forward, financial lease 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. Deferred tax asset for tax loss carried forward is not recognized unless the Group has sufficient convincing evidence for the availability of available taxable profits in the relevant jurisdiction. Deferred tax asset of EURO 11 791 000 (EURO 11 782 000 in 2020) related mainly to tax loss carried forward in Germany, France and Romania are not recognized as of year- end 2021. Additional details on deferred tax are disclosed in Note 8.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Note 2 Financial instruments based on category

General objectives, policies and processes
This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's Board of Directors and Executive Management conduct risk assessments relating to various dimensions and aspects of operations, to verify that adequate risk management systems are in place. The Group's risk management is predominantly controlled by the finance departments in the Group companies, under policies approved by the Board of Directors. The responsible identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for currency risk and credit risk. An overall risk assessment is performed annually.

Capital management
The Group's objectives when maintaining capital are:
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the

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Note 2 Financial instruments based on category, continued

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

There are covenants on existing financing. The main standard covenants are the equity covenant (27%) and the gearing ratio (NIBD/EBITDA (<3). There is also a covenant on minimum cash reserve > 10 million euro (available liquidity)

Covenants calculations as of year end	2021	Restated 2020
Equity ratio	35.51%	37.03%
NIBD/EBITDA	1.21	2.17

Market risk
Market risk is the risk that changes in market prices such as exchange rates and interest rates will impact net income or the value of financial instruments.

Foreign exchange risk
The company and the Group are exposed to currency exchange risk on purchases, sales and loans in currencies other than the companies functional currency. The entities in the Group have EURO, NOK, USD, RMB, INR, GBP, THB, JPY,MYR, BRL, RON, PLN and SEK, as their functional currencies. The currency exchange exposure is primarily associated with NOK costs and USD sales. The EFD Induction uses derivatives to limit the exchange risk. The parent company also use foreign currency loans and currency swaps to llimit foreign exchange risk associated with changes in value in the subsidiaries. The main foreign currency exposure in the parent company and the Group's Norwegian subsidiaries is to USD.

In the table below the entities have been sorted according to their functional currency, ex "RMB" consist of EFD China, "USD" consist of the US companies etc. The table shows EUR amount of net foreign exposure in their balance sheet after balance sheet hedging. The Norwegian entities have zero exposure due to full hedging etc. The main foreign currency exposure in EFD Induction is related to future cash flows.

As of 31 December the Group's net exposure to foreign exchange risk was as follows:

	Functional currency of individual entity						
2021 (thousands)	**NOK**	**USD**	**EUR**	**JPY**	**RMB**	**Other**	**Total**
Net foreign currency financial assets / (Liabilities)	0	0	57	868	-3 632	-1 434	-4 141
Currency							
EUR	0	0	-69	868	190	-752	237
USD	0	0	126	0	-3 799	-682	-4 355
OTH	0	0	0	0	-23	0	-23
Total net exposure	**0**	**0**	**57**	**868**	**-3 632**	**-1 434**	**-4 141**

	Functional currency of individual entity						
2020 (thousands)	**NOK**	**USD**	**EUR**	**JPY**	**RMB**	**Other**	**Total**
Net foreign currency financial assets / (Liabilities)	0	13	-126	54	-2 202	-2 577	-4 838
Currency							
EUR	0	13	0	54	113	-1 243	-1 063
USD	0	0	-126	0	-2 291	-1 334	-3 751
OTH	0	0	0	0	-24	0	-24
Total net exposure	**0**	**13**	**-126**	**54**	**-2 202**	**-2 577**	**-4 838**

A sensitivity analysis indicates that a 5% appreciation of EUR against other currencies as at the year-end would impact earnings for the Group in 2021 by the equivalent of TEUR 12 (TEUR -53 i 2020), and for USD against other currency TEUR - 217 (TEUR -188)The amounts are stated before taxes. Other subsidiaries have only modest exposure to currencies other than the company's functional currency.

Interest rate risk
The Group's interest rate risk arises in both the short and medium-term perspective as The Group's borrowings are held at floating interest rates. Changes in the interest rate level will have a direct impact on future cash flows and can also affect future investment opportunities.

Borrowings have been at a low level. Therefor there are currently no measures implemented towards reducing the exposure towards interest rate risk.

A 1% increase in floating interest rate would result in an increased net interest costs of TEUR 170 .

Credit risk
Credit risk arises from cash and cash equivalents and contractual cash flows carried at amortised cost, as well as credit exposures related to sales, including outstanding receivables. The Group has a credit risk policy and is following up credit risk on a regular basis.

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Note 2 Financial instruments based on category, continued

The maximum exposure to credit risk associated with receivables at the balance sheet date was:

EUR 1 000	2021	2020
Other non-current assets	1 102	715
Contract assets	7 807	11 248
Outstanding trade receivables	27 723	22 355
Provision for losses	-945	-655
Other current receivables	4 809	4 199
Cash and bank	14 082	12 543
Maximum credit exposure	**54 578**	**50 405**

Provision for losses
Provisions for losses are based on individual assessment of each item and customer. Expected loss in categories without any provisions made is based on the assumption that there are not risk of any material losses.

EUR 1 000	2021	2020
Balance at 1 January	655	610
Changes in expected losses (loss rates) and outstanding receivables (volume)	294	80
Realized losses during the period	-4	-35
Balance at 31. December	**945**	**655**

Breakdown of the book value of outstanding trade receivables in:

EUR 1 000	External customer rec not due	External customer rec 1-30 days past due	External customer rec 31-60 days past due	External customer rec 61-90 days past due	External customer rec > 90 days past due	Trade accounts receivable
2021						
Outstanding trade receivables	20 663	2 893	1 296	733	2 137	27 723
Provision for losses	125	4	10	-	806	945
2020						
Outstanding trade receivables	17 538	1 933	479	294	2 111	22 355
Provision for losses	-	-	3	-	652	655

Liquidity risk
Liquidity risk is the risk that the Group will not be able to fulfil its financial obligations as they fall due. The aim of liquidity management is to secure sufficient liquidity to fulfil the obligations as they fall due, without this causing unacceptable losses to the company and the Group.

Cash flow from the company and the Group's ordinary operations, as well as unutilised credit facilities means that the liquidity risk is considered to be low.

EFD Induction has established a group account arrangement covering most of the subsidiaries. This includes currencies NOK, EUR, USD, JPY, SEK, DKK and GBP. This helps increase the flexibility and efficiency of liquidity management.

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Note 2 Financial instruments based on category, continued

The breakdown of the liabilities of the company and the Group is as follows:

(Contractual cash flows include interest calculated based on interest rates at the balance sheet date)

EUR 1 000	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
2021							
Non-current borrowings	14	14	-	-	14	-	-
Lease liabilities (current and non-current)	14 128	15 354	1 653	1 867	3 318	3 408	5 108
Current borrowings	17 087	17 270	3 913	13 357	-	-	-
Trade and other payables	7 899	7 899	7 890	9	-	-	-
Other current liabilities (note 22)	16 441	16 441	12 331	4 110	-	-	-
Derivatives designated as hedging instrument	431	431	1	220	211	-	-
Total	**56 000**	**57 410**	**25 787**	**19 564**	**3 543**	**3 408**	**5 108**

EUR 1 000	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
2020							
Non-current borrowings	7 048	7 369	-	-	7 369	-	-
Lease liabilities (current and non-current)	12 665	15 054	1 054	1 282	3 013	3 783	5 922
Current borrowings	10 502	10 597	7 523	3 074	-	-	-
Trade and other payables	6 328	6 328	4 746	1 582	-	-	-
Other curr. Liabilities (note 22)	9 569	9 569	7 177	2 392	-	-	-
Derivatives designated as hedging instrument	-	-	-	-	-	-	-
Total	**46 112**	**48 916**	**20 500**	**8 329**	**10 382**	**3 783**	**5 922**

Financial instruments based on category

	Fair value through profit or loss		Amortised cost	
Carrying amount financial assets	**2021**	**2020**	**2021**	**2020**
Other non-current assets[1]	-	-	37	35
Accounts receivable	-	-	26 778	21 699
Contract assets	-	-	7 807	11 248
Other current receivables[2]	-	-	2 704	1 926
Derivatives designated as hedging instrument	454	457	-	-
Cash and bank	-	-	14 082	12 543
Total financial assets	**454**	**457**	**51 408**	**47 452**

	Fair value through profit or loss		Amortised cost	
Carrying amount financial liabilities	**2021**	**2020**	**2021**	**2020**
Non-current borrowings	-	-	14	7 048
Non-current lease liabilities	-	-	10 984	10 206
Current borrowings	-	-	17 087	10 502
Current portion of lease liabilities	-	-	3 144	2 459
Derivatives designated as hedging instrument	431	-	-	-
Accounts payable	-	-	7 899	6 328
Other current liabilities[3]	-	-	8 298	6 958
Total financial liabilities	**431**	**0**	**47 426**	**43 501**

[1] For further information see table Other non-current assets on page 47.
[2] For further information see table Other current receivables on page 47.
[3] For further information see table Other current liabilities on page 47.

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Note 2 Financial instruments based on category, continued

Balanse sheet item include none Financial assets

Other non-current assets *(Footnote 1 to table Carrying amount financial assets)*	**2021**	**2020**
Financial instruments at amortised costs	37	35
Other non-current assets	1 065	680
Total other non-current assets	**1 102**	**715**

Other current receivables *(Footnote 2 to table Carrying amount financial assets)*	**2021**	**2020**
Prepayments	2 105	1 816
Financial instruments at amortised cost	2 704	1 926
Total other current receivables	**4 809**	**3 742**

Other current liabilities *(Footnote 3 to table Carrying amount financial liabilities)*	**2021**	**2020**
Financial instruments at amortised costs	8 298	6 958
Other current liabilities	2 511	2 611
Total other current liabilities	**10 809**	**9 569**

Fair value categories financial assets and liabilities
The carrying amount for all amortized cost assets and - liabities represent a good indicator for fair value of same. Only derivates are measured at fair value.

Fair value hierarchy
The table below analyses financial instruments measured at fair value according to valuation method.

The different levels are defined as follows:
Level 1: Fair value is measured using listed prices from active markets for identical financial instruments. No adjustment is made to these prices.
Level 2: Fair value is measured using other observable inputs than those used at level 1, either directly (prices) or indirectly (derived from prices).
Level 3: Fair value is measured using inputs that are not based on observable market data (unobservable inputs).

2021	**Level 1**	**Level 2**	**Level 3**	**Sum**
Derivatives designated as hedging instrument		-454		-454

2020	**Level 1**	**Level 2**	**Level 3**	**Sum**
Derivatives designated as hedging instrument		672		672

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Note 3 Segment

Segment information
The Group's management examines the Group's performance both from a product and services perspective and has identified two reportable segments of its business:

P&P
P&P segment consists of two operational segments, but as they have the same characteristics they are presented as one presentational segment. The two segments are IHM and IPS. IHM relates to heat treatment and hardening machines for integrated production lines. IPS is covering induction power sources and heating sources for a broad line of applications. EFD Induction has more than 20 000 installations in more than 80 countries. EFD has a comprehensive range of induction heating equipment and solutions. The product range from standard heat sources to complete manufacturing processes through customized solutions. This is a mature business with steady growth.

SAS
This segment is involved in service and aftersales. Approximately 35% of the Group order intake in 2021 came from the Service and After Sales segment. This business comes directly from the installed base and is mainly connected to sales of spares parts, consumables and retrofit solutions.

In order to assess the performance of the operating segments, the Group's management uses a measure of operating profit.

Operating segments 2021	P&P	SAS	Elim.	Total
Operating revenues	72 315	42 855		115 170
Other operating income	290	536		826
Cost of materials	26 382	9 721		36 103
Employee benefit expenses	34 891	15 796		50 688
Other operating expenses	10 314	4 837		15 150
Other gains / losses	0	-12		-12
Depreciation and amortization	3 660	1 749		5 410
Impairment	458	0		458
Operating profit	**-3 100**	**11 300**		**8 199**
Non-current assets	25 473	11 076	456	37 005
Current assets	57 959	21 214	-1 986	77 186
Total assets	**83 432**	**32 289**	**-1 530**	**114 191**
Total liabilities	**51 856**	**20 070**	**1 720**	**73 646**

Operating segments 2020	P&P	SAS	Elim.	Total
Operating revenues	66 087	36 919		103 006
Other operating income	407	1 291		1 698
Cost of materials	24 593	8 373		32 966
Employee benefit expenses	31 932	16 103		48 035
Other operating expenses	10 870	5 279		16 149
Other gains / losses	-492	0		-492
Depreciation and amortization	3 554	2 002		5 557
Impairment	420	302		722
Operating profit	**-4 382**	**6 149**		**1 767**
Non-current assets	23 361	9 692	694	33 747
Current assets	49 381	17 944	11	67 336
Total assets	**72 743**	**27 636**	**705**	**101 083**
Total liabilities	**42 898**	**17 344**	**5 087**	**65 329**

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Note 4 Revenue from contracts with customers

Accounting principles and information related to external customers are described in note 1.

The Group has a large number of customers globally, comprising of international blue-chip customers, and national and local players. The Group has a strong and diverse customer base in the automotive, electrotechnical, tube and pipe, wind energy and industrial suppliers industry. Our sale contract terms are in line with Orgalime, and payment terms are normally 30% in advance and the remaining at delivery.

Disaggregation of revenue from contracts with customers

Segment, EUR 1 000	P&P	SAS	Total
2021			
Revenue from customer	72 604	43 391	115 996
Geographical distribution			
Asia	27 625	10 133	37 758
Europe	27 921	23 020	50 941
North America	17 214	10 083	27 297
Others	0	0	0
Total	**72 760**	**43 236**	**115 996**
Timing of revenue recognition			
At a point in time	22 816	43 236	66 052
Over time	49 944	-	49 944
Total	**72 760**	**43 236**	**115 996**

Segment, EUR 1 000	P&P	SAS	Total
2020 (Restated)			
Revenue from customer	66 495	38 209	104 704
Geographical distribution			
Asia	22 055	7 991	30 046
Europe	27 340	21 072	48 411
North America	17 100	9 147	26 247
Other segments / elimination	0	0	0
Total	**66 495**	**38 209**	**104 704**
Timing of revenue recognition			
At a point in time	14 852	38 209	53 060
Over time	51 644	-	51 644
Total	**66 495**	**38 209**	**104 704**

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Note 4 Revenue from contracts with customers

Reported income from uncompleted contracts.	2021	2020
Reported accrued income per Dec 31st	14 890	17 321
Reported accrued expenses per Dec 31st	-10 815	-13 132
Reported margin per Dec 31st	**4 074**	**4 189**

For further comments to margins and risk see note 1.

Remaining performance Obligations	2021	2020
To be completed within one year	22 878	13 224
More than one year	-	-

Contract asset consist of	2021	2020
Reported accrued income per Dec 31st	14 890	17 320
Payments received per Dec 31st	-7 084	-6 072
Contract asset	**7 807**	**11 248**
Contract liabilities		
Payments received	9 610	6 278

Note 5 Employee benefit expenses

EUR 1 000	2021	2020
Salaries	44 293	44 748
Social security contribution	3 785	3 791
Pension costs (note 19)	1 314	1 032
Capitalized R & D (note 10)	-1 660	-802
Other staff costs	2 955	2 250
Total	**50 688**	**51 019**

Average number of FTE employees:	2021	2020
Europe	474	517
America	85	78
Asia	420	412
Total	**979**	**1 007**

Note 6 Other operating expenses

EUR 1 000	2021	2020
Sales, marketing costs	947	671
Travelling, freight and transport	3 493	2 837
Cost related to buildings, equipment and fixtures	3 545	2 228
Other operating costs	7 165	7 596
Commission costs	970	523
Total other operating expenses	**16 120**	**13 855**

EUR 1 000	2021	2020
Auditing fee	279	257
Fee for tax services	43	43
Fee for other audit related services	68	18
Fee for non audit services	142	472
Total	**532**	**790**

Note 7 Financial items

EUR 1 000	2021	2020
Foreign currency exchange gain	0	230
Interest income	249	263
Financial income	**249**	**492**
Foreign currency exchange loss	76	242
Interest expenses on lease labilities	497	363
Interest expenses	756	970
Financial expenses	**1 329**	**1 576**
Net financial expenses	**1 079**	**1 083**

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Note 8 Income tax

EUR 1 000	2021	2020
Current income tax	2 890	1 592
Gross change in deferred taxes	-881	-621
This year's tax expenses	**2 010**	**971**
Reconciliation of effective tax rate		
Total pre tax income	7 120	2 764
Tax based on current ordinary tax rate (in Norway)	1 566	608
Effect of different tax rates abroad	-67	604
Calculated tax	**1 500**	**1 212**
Effect of non-deductible expenses	655	125
Effect of non-taxable income	-345	-2 226
Effect of unrecognised tax loss to carry forward	728	1 785
Effects of changed tax rates	-80	
Effect of changed tax assessments for previous years	35	77
Effects of given group contribution with tax effects	-476	
Over- /under provisions relating to previous years	-5	-2
Tax expense in reconciliation of effective tax rates	**2 010**	**971**
Effective tax rate	28.2%	35%
Tax recognised in other revenues and costs		
Regarding cash flow hedges	131	-190
Total tax recognised in OCI	**131**	**-190**

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 deferred tax/deferred tax asset varies between 15% and 45%.

	Deferred tax asset			Deferred tax			Net		
EUR 1 000	2021	2020	January 1, 2020	2021	2020	January 1, 2020	2021	2020	January 1, 2020
Property, plant and equipment	5	31	452	-861	-1 461	-862	-856	-1 430	-409
Goodwill, intangible assets	-	-	-	-320	-233	-248	-320	-233	-248
Non-current receivables and liabilities in foreign currency	70	-	-	-52	-	-	-	-	-
Construction contracts				-247	-250	-115	-247	-250	-115
Inventories	1 042	1 063	657	-25	-2	-4	1 017	1 061	653
Trade and other receivables	90	40	57	0	-	-	90	40	57
Financial leases	1 326	1 202	251	-7	-9	-490	1 319	1 194	-239
Provisions	619	444	529	-23		-8	597	444	522
Other items	12	44	3	-322	-589	-371	-310	-544	-368
Financial instruments	-	-	84	-100	-115	-	-100	-115	84
Employee benefits	112	257	314	0	-	-	112	257	314
Subtotal	**3 277**	**3 081**	**2 348**	**-1 957**	**-2 659**	**-2 097**	**1 302**	**422**	**251**
Tax losses to carry forward	12 828	12 614	12 237			-16	12 828	12 614	12 221
Unrecognized tax losses to carry forward	-11 791	-11 782	-11 635				-11 791	-11 782	-11 635
Net recognized tax losses to carry forward	**1 038**	**832**	**602**	**0**	**0**	**-16**	**1 038**	**832**	**586**
Deferred tax asset / deferred tax liability	4 315	3 913	2 950	-1 957	-2 659	-2 113	2 357	1 254	837
Offsetting of assets and liability	-1 649	-2 077	-1 506	1 649	2 077	1 506	0	0	0
Net deferred tax asset / liability	**2 666**	**1 836**	**1 444**	**-309**	**-582**	**-607**	**2 357**	**1 254**	**837**

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Note 8 Income tax, continued

Reflected in the balance sheet as follows:

EUR 1 000	2021	2020	January 1, 2020
Deferred tax asset	2 666	1 836	1444
Deferred tax liability	309	582	607
Net recognized deferred tax asset	**2 358**	**1 254**	**837**

Changes in deferred taxes:	2021	2020	January 1, 2020
Change in deferred tax according to the balance sheet	-1 104	-417	1588
Deferred tax recognized in comprehensive income	131	-189	-170
Translation difference	92	-15	
Change in deferred taxes recognized in the income statement	**-881**	**-621**	**1 419**

Taxable loss to carry forward
None of the taxable loss 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 of EUR 11.8 million as per end of December 2021. These unrecognized taxable losses to carry forward belong mainly to the companies in Germany, France and Romania.

Note 9 Earnings per share

Basic earnings per share are based on profit attributable to the equity holders of the parent and the weighted average number of outstanding ordinary shares.

EUR 1 000	2021	Restated 2020
Net profit for the year	5 110	-287
Attributable to ordinary shares	5 110	-287
Number of shares beginning of period	6 336 646	6 336 646
Number of shares end of period	6 207 646	6 336 646
Weighted number of ordinary shares, basic and diluted	6 325 896	6 336 646
Earnings per share	**0.81**	**-0.05**
Diluted earnings per share	**0.81**	**-0.05**

Diluted earnings per share takes into consideration all shares issued by the company while the basic earning per share are calcuated based on the all shares issued less own shares.

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Note 10 Intangible assets

Goodwill **EUR 1 000**	**2021**	**2020**	**January 1, 2020**
Cost price December 31	5 844	6 043	5 977
Translation differences	155	-199	66
Cost price December 31	**5 999**	**5 844**	**6 043**
Accumulated impairment losses	**3 055**	**3 055**	**2 973**
Book value December 31	**2 944**	**2 789**	**3 070**
Impairment loss this year	**-**	**82**	**152**

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

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. The interest rate used for discounting cash flows is WACC.

The goodwill values carried forward is as follows:

EUR 1 000	**USA**	**China**	**UK**	**Others**	**Total**
Value of goodwill carried forward	2 014	441	204	284	2 944

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 December 2026. Other major assumptions are as follows:

	USA	**China**	**UK**	**Others**
2021				
Average growth rate[1]	4.4 %	6.0 %	4.5 %	13.0 %
Growth rate[2]	2.0 %	2.0 %	2.0 %	2.0 %
Discount rate (WACC)	8.7 %	10.3 %	8.1 %	9.1 %
2020				
Average growth rate[1]	2.5 %	2.5 %	2.5 %	5.5 %
Growth rate[2]	0.0 %	0.0 %	0.0 %	0.0 %
Discount rate (WACC)	8.3 %	10.7 %	7.7 %	8.8 %

[1] Average growth rate is the average annual growth rate over the five-year period; based on past performance and management's expectations of the market development.
[2] The growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.

Based on the table below an increase in the discount rate by 1% do not suggest any changes to the valuation of goodwill. Likewise an increase in the growth rate by 1% do not suggest any changes to the valution. All evalutations are based on 2021 figures.

	USA	**China**	**UK**	**Others**
2021				
Discount rate (WACC), increase 1 % point	-650	-3 700	-850	-500
Average growth rate* decrease 1 % point (to perpetuity)	-500	-3 000	-650	-400

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Note 10 Intangible assets, continued

Other intangible assets

EUR 1 000	Research & Development	Other intangible assets	Total intangible assets
Cost price January 1, 2020	**-**	**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**
Translation differences	200	118	318
Adjustments assets register	-	-2	-2
Disposals during the year	-	0	0
Additions during the year	1 829	476	2 305
Cost price December 31.2021	**2 918**	**3 291**	**6 209**
Depreciation and impairment:			
Accumulated depreciation and impairment January 1, 2020	**-**	**3 002**	**3 002**
Deprecation charge for the year	-	78	78
Adjustments asset register	-	-772	-772
Translation differences	-	-117	-117
Accumulated depreciation and impairment December 31, 2020	**-**	**2 192**	**2 192**
Deprecation charge for the year	103	21	124
Impairment charge for the year	458	-	458
Acc. Depreciation on disposals	-	-	0
Adjustments asset register	-	2	2
Translation differences	2	86	88
Accumulated depreciation and impairment December 31, 2021	**562**	**2 301**	**2 864**
Net book value			
At December 31, 2021	2 356	990	3 346
At December 31, 2020	889	507	1 396
At January 1, 2020	-	263	263
Depreciation period in years	5 to 7	5	-

Research and development costs

EUR 1 000	2021	2020
R & D costs	2 387	3 620
Devopment costs capitalized	1 829	889
Total R & D costs	**4 216**	**4 509**

The Group's research and development work consist mainly of product and application development initiated to strengthen EFD Induction's competitiveness in general. It involves development of new platform technologies for use in existing products with better features, lower costs, more production friendly and modularized designs as well as new products for new markets, but based on the same core technology. One project was written down by 0.46 million due to lack of sales in some of the planned markets. A significant part of booked R & D costs relates to research, maintenance of current product lines and smaller R &D projects not qualifying for capitalization.

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Note 11 Property, plant and equipment and right of use assets

EUR 1 000	Machinery/equipment	Buildings and land	Total
Cost as of January 1, 2020	**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 as of December 31, 2020	**27 242**	**15 465**	**42 706**
Adjustment asset register	3 741	-445	3 297
Translation differences	1 301	670	1 971
Additions during the year	1 407	1 508	2 915
Reclassifications	-100	-39	-139
Disposals during the year	-516	-413	-929
Cost as of December 31, 2021	**33 075**	**16 745**	**49 820**
Depreciation and impairment:			
At January 1, 2020	**21 070**	**6 066**	**27 133**
Depreciation charges for the year	1 872	659	2 531
Impairment	143	60	203
Disposals	-1 649	-520	-2 169
Translation differences	-96	8	-88
At December 31, 2020	**21 339**	**6 274**	**27 610**

EUR 1 000	Machinery/equipment	Buildings and land	Total
Adjustment asset register	3 701	-449	3 252
Depreciation charges for the year	1 815	697	2 512
Reclassifications	-98	-41	-139
Disposals	-443	-78	-522
Translation differences	982	222	1 204
At December 31, 2021	**27 296**	**6 625**	**33 917**
Net book value			
At December 31, 2021	5 780	10 121	15 900
At December 31, 2020	5 902	9 191	15 093
At January 1, 2020	7 740	10 904	18 643
Depreciation period in year	3 to 10	10 to 25	

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Note 11 Property, plant and equipment and right of use assets, continued

Right of use asset
The Group's leased assets include machinery, equipment, offices and other real estate. The Group's right of use assets are categorized and presented in the table below:

EUR 1 000	Machinery/equipment	Buildings and land	Total
At 1 January 2020	1 515	12 562	14 077
Translation differences	-44	-540	-584
Additions (note 25)	379	4 346	4 725
Disposals	-242	-3 545	-3 787
Cost as of 31 December, 2020 (restated)	**1 608**	**12 823**	**14 431**
Adjustments to opening balance	59	-	59
Translation differences	33	795	827
Additions	92	2 818	2 911
Disposals		-2 013	-2 013
At 31 December 2021	**1 792**	**14 423**	**16 216**
Depreciation and impairment			
At January 1, 2020	**521**	**3 372**	**3 893**
Depreciation charges for the year	525	2 421	2 946
Impairment	-	437	437
Translation differences	-17	-324	-341
Reclassifications	-18	18	0
Disposals	-227	-2 115	-2 342
At December 31, 2020 (restated)	**784**	**3 809**	**4 593**
Adjustment to opening balance	104	51	155
Depreciation charges for the year	460	2 314	2 773
Translation differences	18	219	238
Disposals	-287	-2 302	-2 588
At December 31, 2021	**1 079**	**4 092**	**5 171**
Net book value			
At December 31 2021	713	10 332	11 045
At December 31 2020	824	9 014	9 838
At January 1, 2020	995	9 191	10 185
Economic life/lease term	3 to 5 years	4 to 15 years	-
Amortisation method	Straight line	Straight line	-

Information on lhe related lease liabilities is included in note 21.

The figures for 2020 is restated due to a mistake in 2020 annual financial accounts. In a sale and leaseback transaction the gain for the sale of building were overstated. This effected the cost price for the ROU asset. The effect is corrected in the figures in the table above. See note 23 transaction with related parties for details on transaction.

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Note 12 Other long-term Receivables

EUR 1 000	2021	2020	January 1, 2020
Cash with restrictions	-	-	36
Loans to employees	37	35	-
R&D subsidy	-	398	580
Pension assets (note 19)	687	156	-
Other non-current assets	378	125	319
Total other non-current assets	**1 102**	**715**	**935**

Note 13 Inventory and cost of materials

EUR 1 000	2021	2020	January 1, 2020
Cost of materials and sub-contracting	40 744	29 102	39 008
Inventory change	-5 610	3 174	-1 382
Cost of materials	**35 133**	**32 276**	**37 625**
Finished goods	1 378	1 595	1 947
Raw materials	12 512	8 564	8 350
Semi-manufactured goods	5 581	4 522	7 261
Spare parts	3 787	2 967	3 264
Inventory	**23 257**	**17 647**	**20 821**
Provision for obsolescence	4 510	3 693	4 078

Note 14 Derivative financial instruments and hedge accounting

Derivative financial instrument and hedge accounting
The Group has the following derivative financial instruments in the following line items in the balance sheet:

EUR 1 000	2021	2020	January 1, 2020
Current assets			
Foreign currency forwards - cash flow hedges	454	457	206
Current Liabilities			
Foreign currency forwards - cash flow hedges	431	0	998

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

Hedge accounting
Cash flow hedge accounting is generally applied to qualifying foreign currency hedges. Under the EFD hedge accounting model, the portion of the fair value change related to a change in the spot rate is recognised in the fair value reserve within equity until the cumulative profit or loss is recycled to the statement of income simultaneously with the hedged item.

The effects of the cash flow forward foreign exchange contract hedging relationships are as follows at 31 December

EUR 1 000	2021	2020
Carrying amount of derivatives	87	457
Change in fair value of designated hedging instruments	-597	861
Notional amount		
EUR	17 150	15 550
USD	17 526	10 553
Other	859	1 343

Maturity date: All contracts at December 31st 2021 are due by end of May 2024

	2021		2020	
Hedge ratio	**EUR**	**USD**	**EUR**	**USD**
0-12 months	72%	61%	113%	91%
13-24 months	71%	36%	31%	2%
25 > months	23%	0	0%	0%

Hedging reserves	**2021**	**2020**
Opening balance	343	-299
Change in fair value of hedging instrument recognised in OCI	-597	861
Reclassified from OCI to profit or loss	0	-30
Deferred tax	131	-189
Closing balance	**-123**	**343**

There is no inefficiency in the hedging - see note 7 Financial items

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Note 15 Accounts receivable

EUR 1 000	2021	2020	January 1, 2020
Accounts receivable at nominal value	27 723	22 355	24 951
Less provision for bad debt	-945	-655	-610
Carrying amount of accounts receivable	**26 778**	**21 699**	**24 341**

Detail regarding aging and bad debt provisions are included in Note 3.

Note 16 Other current receivables

EUR 1 000	2021	2020	January 1, 2020
Prepaid tax on profit	188	264	379
VAT	1 833	-	-
Other current receivables	1 124	2 090	1 839
Prepayments	1 663	1 388	2 359
Total other current receivables	**4 809**	**3 742**	**4 577**

Note 17: Cash and cash equivalents

EUR 1 000	2021	2020	January 1, 2020
Cash at bank and in hand	14 082	12 543	9 268
hereof restricted	332	332	-

The restricted bank account is related to a lease agreement for the subsidiary in France.

Bank accounts in Norway related to tax withdrawn from salaries have been secured through a "skattetrekksgaranti". The guarantee facilities, raised by an insurance company, amounts to totally EUR 0.84 million.

Note 18 Share capital, shares and shareholders

EUR 1 000	2021	2020	January 1, 2020
Dividends paid	0	0	3 374

Shareholders holding 1% or more of the share capital:	**No. of shares**	**% of total**
Arendals Fossekompani ASA	5 963 356	94.1 %
EFD Induction Group AS (own shares) (note 25)	129 000	2.0 %
Total	**6 092 356**	**96.1 %**
Others	244 290	3.9 %
Total shares	**6 336 646**	**100.0 %**

Note 19 Pension Liabilities

The companies in the Group have different arrangement regarding employee benefits and pension plans. These pension plans are classified as defined contribution plans or defined benefits plans based on the details of the plans.

Defined 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.

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 funded.

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.

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Note 19 Pension Liabilities, continued

EUR 1 000	2021	2020	January 1, 2020
Pension liabilities			
Present value of unfunded liabilities	466	571	2 345
Present value of funded liabilities	1 082	1 319	
Fair value of pension assets	-650	-766	
Recognised employers' contributions	0	-156	
Present value of net liabilities	**899**	**968**	**2 345**
Of which presented as pension assets	687	156	
Other pension assets	187	697	
Gross pension liabilities	**1 772**	**1 821**	**2 345**
Change in recognised net liability for defined-benefit pensions			
Net funded defined-benefit pension liability as at 1 January	1 038	625	
Liability for unfunded schemes as at 1 January	0	839	2 219
Paid-in contributions	25	119	
Paid out from the scheme	-377	-213	-291
Actuarial (gains) losses from other comprehensive income	-39	78	-131
Exchange rate changes, pension liabilities	0	0	380
Costs of defined-benefit schemes	-4	-410	168
Net liability for defined-benefit schemes as at 31 December	**643**	**1 038**	**2 345**
Costs recognised in the income statement			
Costs relating to this period's pension entitlements	30	-379	181
Interest on the liabilities	4	15	26
Expected return on pension plan assets	-38	-46	-39
Effect of partial discontinuation of Board pensions	0	329	
Expenses from defined benefit plans	**-4**	**-82**	**168**
Costs of defined-contribution pension schemes	1 281	1 073	1 737
Net interest on pension liabilities transferred to finance	37	41	
Total pension costs	**1 314**	**1 032**	**1 904**

Note 20 Borrowings

EUR 1 000	2021	2020	January 1, 2020
Non-current borrowings			
Secured			
Mortgage loans	14	7 048	6 070
Total non-current borrowings	**14**	**7 048**	**6 070**
Current borrowings			
Secured			
Bank overdrafts	8 048	6 842	8 444
Bank loans (first years instalments)	9 038	-	-
Total secured current borrowings	**17 087**	**6 842**	**8 444**
Not secured			
Not secured current borrowings	0	3 660	2 984
Total current borrowings	**17 087**	**10 502**	**11 428**
Total secured borrowings			
Bank overdraft	8 048	6 842	8 444
Secured borrowings	9 053	7 048	6 070
Total secured borrowings	**17 101**	**13 890**	**14 514**

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

EUR 1 000	2021	2020	January 1, 2020
Receivables	10 952	7 491	2 803
Inventory	11 927	6 831	5 956
Machinery and equipment	7 299	683	591
Buildings and Land	2 710	3 121	3 931
Total pledged assets	**32 888**	**18 125**	**13 282**

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Note 20 Borrowings, continued

EFD Induction has an international cash pool with a EUR 12.25 million credit limit. It consist of participating companies in Western Europe and USA.

The parent company has a revolving credit facility amounting to EUR 13.2 million and a guarantee facility of EUR 14 million. Renewal of banking agreements happens typically every 3rd- 4th year. Next time of renewal is December 2022.

The facilities are secured through asset pledges in the Norwegian entities and negative pledge with subsidiaries participating in the cash pool. All subsidiaries have established surety agreements. The Chinese entity has a EUR 2.64 million credit facility and EUR 1.39 million guarantee facility. The Indian entity has totally EUR 1.9 million of credit facilities and a guarantee facility of EUR 2.0 million. The facilities in both entities are secured by local asset pledges. The Group had unused credit facilities of EUR 26.8 million as at December 31, 2021.

Note 21 Leases

Lease liabilities

Undiscounted lease payments and year of payment	2021	2020	January 1, 2020
6 months or less	1 653	1 054	1 333
6 to 12 months	1 867	1 282	1 306
1 to 2 years	3 318	3 013	3 535
2 to 5 years	3 408	3 783	2 093
Over 5 years	5 108	5 922	2 880
Total undiscounted lease payments	**15 354**	**15 054**	**11 147**

Changes in lease liabilities	2021	2020	January 1, 2020
At 1 January	12 665	9 999	10 535
Additions	2 911	5 514	2 481
Interest expenses	497	363	390
Lease payments	-3 226	-3 278	-3 290
Translation differences	1 282	68	-117
At 31 December	**14 128**	**12 665**	**9 999**

	2021	2020	January 1, 2020
Current lease liabilities	3 144	2 459	2 337
Non-current lease liabilities	10 984	10 206	7 679

Total cash flows lease liabilities
The lease contracts do not include any restrictions with regards to the Group's dividend policy or financing opportunities. Information on the related right of use asset is included in note 11.

The duration of the lease agreements on buildings are between 2 -15 years. The terms for increase of leases differ from a yearly regulation according to consumer price index to fixed increases already agreed in contract. One of the contracts has a option for two 5 year extentions. No material lease payments expensed for the periods presented.

Note 22 Other current Liabilities and provisions

Other current Liabilities

EUR 1 000	2021	2020	January 1, 2020
VAT	2 511	2 611	2 813
Accrued labour cost and social expenses	8 298	6 958	5 721
Other current liability	5 630	5 520	5 934
Other current liabilities	**16 439**	**15 089**	**14 468**

Provisions EUR 1 000	Warranty	Restruc-turing	Total
Provision January 1, 2020	**1 262**	**1 743**	**3 005**
Increases	554	3 350	3 904
Provisions used	-571	-2 828	-3 399
Provision December 31, 2020	**1 245**	**2 265**	**3 510**
Increases	753	136	889
Provisions used	-573	-1 967	-2 539
Provisions December 31, 2021	**1 425**	**434**	**1 860**

Provisions for warranties cover the estimated costs to repair or replace products that are still under warranty on the balance sheet date. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

A restructuring provision is recognised when EFD has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. A restructuring plan shall include the following information: business which is affected, the main units and personnel affected by the restructuring, as well as the costs to be incurred and the timetable of the plan. A restructuring provision and other restructuring related expenses are booked to the function costs to which they by nature belong.

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Note 23 Supporting information for the cash flow statement

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below.

	Borrowings	Lease liabilities	Total
At 1 January, 2021	**17 550**	**12 665**	**30 215**
Cash flows			
Change bank overdraft	1 972	-	1 972
Principal paid on lease liabilities	-	-2 730	-2 730
Repayment of non-current borrowings	-2 963	-	-2 963
Net change in current interest bearing debt	368	-	368
Non-cash items			
Additions to lease liabilities	-	2 911	2 911
Translation differences	174	1 282	1 456
At 31 December, 2021 (note 21)	**17 101**	**14 128**	**31 230**

	Borrowings	Lease liabilities	Total
At 1 January, 2020	**17 499**	**9 999**	**27 498**
Cash flows			
New non-current borrowings	1 000	-	1 000
Principal paid on lease liabilities	-	-2 915	-2 915
Repayment of non-current borrowings	-1 680	-	-1 680
Net change in current interest bearing debt	63	-	63
Non-cash items			
Additions to lease liabilities	-	5 514	5 514
Translation differences	668	68	736
At 31 December 2020, (note 21)	**17 550**	**12 665**	**30 215**

Note 24 Subsidiaries

Shares owned by the parent company	Location	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 a.s	Skien, Norway	100%
EFD Induction Inc.	Detroit,USA	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 Inducao Brazil LTDA	São Paulo, Brazil	100%
EFD Induction s.l.u	Portugalete, Spain	100%
EFD Induction Srl	Bucharest, Romania	100%
EFD Induction Sp. Z o.o	Gliwice, Poland	100%
EFD Induction Co.,Ltd.	Bangkok,Thailand	100%
EFD Induction Snd. Bhd	Penang, Malaysia	100%
EFD Induction Oil and Gas Service Sdn.Bhd	Penang, Malaysia	100%
EFD Induction S.de R.L.de C.V.	Querétaro, Mexico	99%
Shares owned by other EFD Induction companies		
EHE Aquisition Corp	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%

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Note 25 Related party transactions

Arendals Fossekompani ASA owns shares in EFD Induction Group AS. Table below shows the movements in 2021

Number of shares owned by Arendals Fossekompani ASA at January 1, 2021	6 252 408
Sold to EFD Induction Group AS	-232 500
Sold to others	-56 552
Number of shares at December 31, 2021	**5 963 356**

The shares sold to EFD Induction Group AS had a purchase price of TEUR 1 110. During 2021 EFD Induction Group AS has repaid the loan in TEUR 2 984 to Arendals Fossekompani ASA. The interest rate has been 3 months Euribor plus 400 basis points.

Board of Directors compensation 2021 and number of shares owned 31 December 2021

EUR 1 000	Position	Position	Annual remuneration	No of shares
Ørjan Svanevik		Chairman	18	0
Finn Amund Nordbye		Board member	15	4 000
Åge Landro		Board member	15	4 000
John Inge Asperheim	(employee representative)	Board member	3	750
Kjetil Svendsen	(employee representative)	Board member	3	750
Total directors' fees			**54**	

Board of Directors compensation 2020 and number of shares owned 31 December 2020

EUR 1 000	Position	Position	Annual remuneration	No of shares
Ørjan Svanevik		Chairman	17	0
Tor Kim Steinsland		Board member	5	0
Christian Must		Board member	9	0
Kjell Stamnes		Board member	9	0
Finn Amund Nordbye		Board member	5	0
Åge Landro		Board member	5	0
Christine Allouard	(employee representative)	Board member	1	0
John Inge Asperheim	(employee representative)	Board member	3	0
Kjetil Svendsen	(employee representative)	Board member	1	0
Total directors' fees			**55**	

Management remuneration 2021

EUR 1 000	Fixed salary	Bonus	Pension cost	Other befits	Number of shares
CEO	247	-	62	11	22 147
Other management	1 008	117	46	92	74 623

Management remuneration 2020

EUR 1 000	Fixed salary	Bonus	Pension cost	Other befits	Number of shares
CEO	225	-	35	11	7 250
Other management	947	25	40	99	28 968

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. The 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 management, has an agreement regarding bonus. The bonus of the CEO is limited to the 50% of annual salary and is calculated based on achieved results.

In March 2019, the board decided to introduce a long-term incentive program "LTIP" for the employees in the Group management, the executive committee, in effort to stimulate the best possible value development of the company. The incentive program is a bonus in the form of increase of synthetic shares that grants economic rights as if the employee was an actual shareholder. Unlike ordinary owership of shares, the synthetic shares do not hold any possibility to exercise ownership rights in the company, such as voting rights. If the development of the value of the synthetic shares is positive in the vesting period, rights to a bonus in form of cash payment will be achieved, and contrarily no achievement of bonus in the case of negative value development. The total number of synthetic shares are 253 466, with 1/4 vesting each year on a rolling basis. The amount payable will be dermined based on increase of the synthetic share value from reference year (issue year) to vesting year. The vesting period is 4 (four) years. The rights must be exercised on the vesting date and will expire if not exercised on that date or the value development is zero (0) or negative (<0). The fair value of the synthetic shares was dermined using a predetermined formula with the following inputs: EBIT, non-recurring items, net interest-bearing debt, accumulated dividends, and number of outstanding shares.

As of 31 December 2021, the total LTIP program is valued at TEUR 484, and provisioned expenses arising from synthetic share-based bonus recognized during the period as part of employee benefit expense were as follows:

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Note 25 Related party transactions, continued

EUR 1 000	2021	2020
Expensed provision for synthetic shares	291	-
Number of rights to synthetic shares		
Total right to syntetic shares issued	**253 466**	**253 466**
Hereof CEO's right to synthetic shares issued	50 693	50 693

In 2021, the board approved to assign new 1/4 synthetic shares vesting at 31 December, 2021 with the same conditions, with value reference to 31 December 2020. The 1/4 of the allocated synthetic shares that vested by year-end 2020 had no value increase (and expense provision) over the vesting period, and thus no bonus payment.

Transactions with related companies
Bøleveien 4B AS a subsidiary of Arendals Fossekompani ASA

EUR 1 000	2021	2020
Lease payment	341	-
Sale of property	-	4 423

The Group has a lease agreement with Bøleveien 4B AS for the premises in Bøleveien 4B. The contract has a term of 15 years from January 1, 2021. The property was transferred to Bøleveien 4B AS in a sale-leaseback transaction at the end of December 2020 after the Group exercised the option to acquire the property from the original lessor.

The lease back means that the Group retained an interest (right of use asset) in the property. The right of use asset retained was measured based on the carrying amount/cost of the property. A gain of EUR 517 recognised related to the interest in the property that was transferred in the transaction, measured as the lease liability divided by the fair value of the property. The sales price was TEUR 4 423

Sale of shares to employees
On Mai 7, 2021 Arendals Fossekompani ASA sold 14 759 shares to executive Managament in EFD Induction Group, to share price of NOK 47.68 per share. The agreement with executive management has a lockup period where 33 % of the shares can be sold in 2024, 33 % in 2025 and the rest in 2026.

AFK will offer to buy Shares October 1 each year based on audited income statement being approved by the board according to the following plan provided the Key Management Shareholder is still employed at the time of offer:

On offer as pct of initial position
2024 33.33%
2025 33.33% + remaining unsold shares from 2024
2026 33.34% + remaining unsold shares from 2024/25
2027 and later All remaining shares

Price offered will be based on average EBITDA over the two last accounting years.

If the Key Management Shareholder leaves the company before October 1st, 2024, AFK has a right to buy back The Shares at cost price + interest paid on the loan. If AFK does not use their right to buy back the shares after agreement with the Shareholder that leaves the company – the leaving Shareholder can keep the shares and pay back the loan to AFK. The same applies for the shares vested in October 1, 2025 and 2026.

On November 30, 2021 Arendals Fossekompani ASA sold 66 759 shares to executive Managament in EFD Induction Group, to share price of NOK 47.68 per share, with the same condition as the sale on Mai 7, 2021.

On November 30, 2021 EFD Induction Group AS sold 104 250 shares to the employees in EFD Induction Group, to share price of NOK 47.68 per share. The agreement with the employees has a lockup period for 3 years for all employees that were offered more than 3 999 shares. All other emplyees has no lock up condition to the shares bought.

A Summary of performance shares transaction during 2021 and 2020 is below:

	2021	2020
Outstanding performance shares January 1	0	0
Granted during	185 492	0
Vested	0	0
Outstanding performance shares December 31	**185 492**	**0**

The value of the performance shares are set on the grant date and expensed over the vesting period. No performance shares vested in 2021, and as the lookup periode starts January 1, 2022 no expenses was incurred in 2021. The value between the excess price of the performance shares and the fair value of the performance share are expensed over the vesting period.

The estimated fair value of the performance shares granted in Mai and November 2021 was NOK 77.64. The fair value was calculated based on an DCF modell with the following main assumptions:

	2021
Average growth rate[1]	2.5 %
Growth rate[2]	0.0 %
Discount rate (WACC)	10.0 %
Control premium[3]	18.0 %

[1] Average growth rate is the average annual growth rate over the five-year period; based on past performance and management's expectations of the market development.
[2] The growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.
[3] Control premium was discounted as a premium and reduced enterprise value with 18 % due to purchase of minority positions.

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Note 26 Event after the balance sheet date

There are no events after the balance sheet date.

Note 27 Transition to IFRS

The Group's consolidated financial statement for 2021 is the first prepared in accordance with IFRS. The transition to IFRS is made based on the regulation in IFRS 1. According to IFRS 1 all IFRS standards should be applied retrospectively unless one of the allowed exceptions in IFRS 1 is applied.

Reconciliation of equity at the date of transition to IFRS		**Note**
Equity as of January 1, 2020 - Previous GAAP	**35 856**	
Effect of transition to IFRS		**A**
Total effect of transition to IFRS	-	
Equity as of January 1, 2020 - IFRS	**35 856**	

Reconciliation of equity at the latest period presented in the most recent annual financial statements		**Note**
Equity as of December 31, 2020 - Previous GAAP	**35 754**	
Effect of transition to IFRS		**A**
Total effect of transition to IFRS	-	
Equity as of December 31, 2020 - IFRS	**35 754**	

Reconciliation of comprehensive income in the most recent annual financial statements.		**Note**
Profit for the period - Previous GAAP	**1 792**	
Effect of transition to IFRS		**A**
Total effect of transition to IFRS	-	
Total comprehensive income - IFRS	**1 792**	

Notes to the reconciliation of equity at the date of transition to IFRS

A) The annual accounts for the previous year was prepared in accordance with Section 3-9 of the Accounting Act and the Regulations on Simplified application of IFRS (2014) laid down by the Ministry of Finance on 3 November 2014. According to previous gaap measurement and recognition followed international accounting standards (IFRS) and presentation and note information are in accordance with Norwegian accounting law and good accounting practice. Based on this the assets and liabilities of EFD Induction included in the financial statement of the parent has are the same as has being included in the consolidated financial statements of EFD Induction.

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Income Statement Parent Company

NOK 1 000	Notes	2021	2020
Operating revenues	11	61 462	62 545
Total operating income		**61 462**	**62 545**
Employee benefit expenses	3	34 806	28 496
Other operating expenses	11	47 651	45 623
Depreciation	10	1 794	1 608
Restructuring costs	12		6 454
Operating profit		**-22 789**	**-19 635**
Financial income	4	59 188	16 766
Impairment loss financial assets	1		85 459
Other financial expenses	4	5 587	5 755
Net Financial items		**53 601**	**-74 447**
Profit before taxes		30 812	-94 082
Taxes	5	-1 054	-4 556
Profit for the year		**31 866**	**-89 526**

Comprehensive Income Parent Company

NOK 1000	2021	2020
Net income	**31 866**	**-89 526**
Other comprehensive income, net of tax		
Total other comprehensive income	**0**	**0**
Total comprehensive income	**31 866**	**-89 526**

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Balance Sheet Parent Company

NOK 1 000	Notes	At December 31 2021	2020
ASSETS			
Deferred tax asset	5	7 475	6 422
Other intangible assets	10	8 589	5 297
Property and equipment	10	1 443	373
Right of use assets	10	165	698
Shares in subsidiaries	1	69 276	80 399
Intra-group loans	14	116 667	103 560
Other long-term receivables		7 207	697
Total non-current assets		**210 822**	**197 447**
Account receivables		27 339	83 773
Other current receivables		11 403	1 429
Cash and bank	6	132	132
Cash and bank cashpool	2		0
Total current assets		**38 874**	**85 335**
TOTAL ASSETS		**249 696**	**282 782**

NOK 1 000	Notes	At December 31 2021	2020
LIABILITIES AND EQUITY			
Share capital	8	63 366	63 366
Treasury shares		-6 151	
Share premium		57 657	57 657
Total paid-in capital		**114 872**	**121 024**
Retained earnings		-7 952	-39 816
Merger with subsidiary		104	
Total shareholders' equity	**8**	**107 024**	**81 208**
Pension liabilities	9	6 591	5 605
Non current borrowings	2		73 783
Long-term provisions		4 896	1 881
Total long-term liabilities		**11 487**	**81 268**
Bank overdraft	2	19 391	71 174
Accounts payable		3 115	7 366
Other current liabilities, intra-group		3 212	
Other current liabilities	7, 12	15 307	41 766
Current borrowings	2	90 157	
Total current liabilites		**131 184**	**120 305**
TOTAL LIABILITIES AND EQUITY		**249 696**	**282 782**

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Statement Of Changes In Equity Parent Company

NOK 1000	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Closing balance 31.12.2018 - NGAAP	**63 366**	**-122**	**57 657**	**113 940**	**234 841**
Gain on shares sold				1031	1031
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					
Closing balance 31.12.2020 - IFRS Light	**63 366**	**-**	**57 657**	**--39 815**	**81 208**
Gain on shares sold					
Shares Purchased		-11 086			-11 086
Shares sold		4 935			4 935
Net income 2021				31 865	31 865
Dividends paid					
Merger with subsidiary				104	104
Closing balance 31.12.2021 - Light	**63 366**	**-6 151**	**57 657**	**-7 846**	**107 026**

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Cash Flow Statement Parent Company

NOK 1000	2021	2020
Cash flow from operating activities:		
Profit for the year	30 811	-94 082
Depreciation	1 794	1 607
Net finacial items	-53 601	74 447
Change in trade and other receivables	-594	1 241
Change in trade and other payables	-1 074	2 452
Change in internal accounts payable and receivables	-5 195	8 007
Change in current liabilities	2 959	614
Change in other provisions	1 646	2 015
Change in employee benefits	-4 209	-2 380
Taxes payable		14
Net cash flow from operating activities	**-27 462**	**-6 065**
Cash flow from investing activities:		
Interest received	2 774	4 267
Dividends received	9 985	10 037
Group contribution Received	46 430	
Purchase of non-current assets	-5 898	-3 629
Purchase of other investments		-370
Net cash flow from investing activities	**53 290**	**10 305**

NOK 1000	2021	2020
Cash flow from financing activities:		
New long term liabilities		10 471
Repayment of non current borrowings	-252	-420
Net Change in current borrowings	352	
Intercompany loans	-38 315	-8 722
Interest paid	-5 190	-5 754
Cash flow from own shares	-6 151	
Net cash flow from financing activities	**-49 556**	**-4 425**
Cash flow during this year	**-23 728**	**-185**
Net change in cash during the year	**-23 727**	**-184**
Cash at the beginning of the year	132	-316
Cash at the end of the year	-23 595	132

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Accounting Policies Parent Company

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

Changes in Accounting Policies
There are no changes in accounting policies in 2021.

Operating Revenues
Operating revenues are corporate services and other distributable costs and 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 Group has control. Control exists when the Group is exposed or has rights to variable returns from its investment in the company and when it has ability to influence the return through its power over the company. To determine the level of control, the potential voting rights that can be exercised or converted must be considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The subsidiary EFD Induction AB has been merged with EFD Induction Group AS at 30.06.2021.

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.

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
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.

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
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.

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.

Non-current intangible assets are recorded at acquisition costs. Amortisation is calculated and recognised in income using the straight-line-method over the estimated useful economic life of the intangible assets unless the lifetime is indefinite.

Impairment of assets
The carrying amount of the company's assets is, with the exception of deferred tax assets, reviewed each balance sheet date to assess whether there are indications of impairment. If any such indication exists, the asset's recoverable amount will be estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (valuation unit) exceeds the recoverable amount. Impairment losses are recognised in the income statement.

Employee benefits
Pension Liabilities
Obligations to provide contributions to defined contribution pension plan are recognised as costs in the income statement in the period in which they occur. This will also be the case for any individual agreement.

Share based compensation
Sale of shares to Employees
The Group grants performance shares to all employees. The cost of equity settled transactions is determined by the fair value of the date when the grant is using appropriate valuation model, further details of which are given in Note 3.

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The cost is recognized in employee benefits expense, together with a corresponding increase in equity (other paid in capital) over the period in which the service and, where applicable the performance conditions are fulfilled (the vesting period) note 3.

Accounting treatment of social security tax is not treated in IFRS 2. Social security tax is accrued over the vesting period based on the actual value of the stock units.

LTIP synthetic options.
The Group grants synthetic options units to employees in Group Management. The cost of cash settled transactions is determined by the fair value of the date when the grant is using appropriate valuation model, further details of which are given in Note 3.

The cost is recognized in employee benefits expense, together with a corresponding provision over the period in which the service and, where applicable the performance conditions are fulfilled (the vesting period) note 3. Accounting treatment of social security tax is not treated in IFRS 2. Social security tax is accrued over the vesting period based on the actual value of the stock units.

Taxes
Income tax on the profit for the period consists of current and deferred tax. Income tax is recognised in the income statement with the exception of tax on items that are recognised directly in equity or in other comprehensive income. The tax effect of the latter items is recognised directly in equity or in other comprehensive income.

Current tax is the forecast tax payable on the year's taxable income at current tax rates at the balance sheet date, and any adjustments of tax payable for previous years less tax paid in advance. Deferred tax liabilities are calculated based on the balance sheet-oriented liability method taking into account temporary differences between the carrying amount of assets and liabilities for financial reporting and tax values.

The following temporary differences are not considered: goodwill not deductible for income tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries that are not expected to reverse in the foreseeable future. The provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, measured at the tax rates in force at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that the asset can be utilized against future taxable results. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax asset will be realized. Tax assets that can only be utilised via group contributions from the parent company are not recognised until the contribution has actually been paid and is recognised in the individual companies

Equity
The following describes the nature and purpose of each reserve within equity

Treasury Shares
On the repurchase of treasury shares, the purchase amount including directly attributable costs are recognised as a change in equity. Purchased shares are classified as treasury shares and reduce total equity. When treasury shares are sold, the received amount is recorded as an increase in equity, and the subsequent gain on the transaction is recognised in Other paid-in equity.

Share premium
Amount subscribed for share capital in excess of nominal value.

Retained earnings
All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Use of Estimates when Preparing the Annual Financial Statements
The annual financial statements have been prepared in accordance with IFRS. 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. 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.

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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. wholly owns shares in subsidiaries. These are all classified as long-term share investments. EFDH Holding AS merged with its wholly owned subsidiary EFD Induction AB as on 30.06.2021. At the same date EFD Induction AS purchased the assets of EFD Induction AB for a price of SEK 12 million as per the Asset Transfer Agreement. The Share investment of the holding company in EFD Sweden AB is eliminated. Accounting wise the merger was done prospectively and the profit and loss for the merged company was 0 in second half of 2021.

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 s.r.l	Monza, Italy	100%	EUR	-2	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 Inducao Brazil LTDA	São Paulo, Brazil	100%	BRL	522	1
EFD Induction s.l.u	Portugalete, Spain	100%	EUR	150	1 204
EFD Induction Srl	Bucharest, Romania	100%	RON	11 162	12 007
EFD Induction Sp. Z o.o	Gliwice, Poland	100%	PLN	133	3 561
EFD Induction Co.,Ltd.	Bangkok,Thailand	100%	THB	67 000	4 306
EFD Induction Snd. Bhd	Penang, Malaysia	100%	MYR	635	0
EFD Induction Oil and Gas Service Sdn.Bhd	Penang, Malaysia	100%	MYR	350	356
EFD Induction S.de R.L.de C.V.	Querétero, Mexico	99%	MXN	10 400	1
Shares owned by the parent company					**69 276**
EHE Aquisition Corp	Seattle , USA	100%	USD	0.5	4 410
EFD Induction S.A	Grenoble, France	100%	EUR	1 223	12 216
EFD Induction Marcoussis S.A	Paris, France	100%	EUR	168	1 678
EFD Induction S.de R.L.de C.V.	Querétero, Mexico	1%	MXN	20	3
Shares owned by other group companies					**18 307**

During the previous 6 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 IndictionS.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 , 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 I EFR Induction S.A). Shares in other subsidiaries are valued at acquisition cost. There is no impairment losses in 2021.

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Note 2 Financial instruments - risk management

The parent company follows the Group's risk management policies approved by the Board of Directors. An overall risk assessment is performed annually.

Capital management
The main standard covenants are the equity covenant (27%) and the gearing ratio (NIBD/EBITDA (<3).

Foreign exchange risk
EFD Induction Group AS uses foreign currency loans and currency swaps to limit foreign exchange risk associated with changes in value in the subsidiaries. The main foreign currency exposure in the company is to USD.

Liquidity risk
Liquidity risk is the risk that the company will not be able to fulfil its financial obligations as they fall due. The liquidity management ensure the timely repayment of obligations without causing unexpected losses to the company.

EFD Induction Group AS has a revolving credit facility amounting to EUR 13.2 million and a guarantee facility of EUR 14 million. Renewal of banking agreements happens typically every 3rd-4th year. Next time of renewal is December 2022.

EFD Induction has an international cash pool with a EUR 12.25 million credit limit. It consists of participating companies in Western Europe and USA.

The facilities are secured through asset pledged in the Norwegian entities and negative pledge with subsidiaries participating in the cash pool. All subsidiaries have established surety agreements.

NOK 1 000	2021	2020
Bank deposits	0	0
Bank overdraft	0	0
On demand guaranties	139 843	146 584

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

NOK 1 000	2021	2020
Receivables	94 238	78 431
Inventory	81 527	71 522
Machinery and equipment	9 379	7 147
Buildings and land	27 066	32 673
Total pledge assets	**212 209**	**189 773**

Note 3 Labour Costs and Social Expenses

Specification of labor costs and social expenses:

NOK 1 000	2021	2020
Salary	28 727	22 553
Payroll tax	3 354	3 624
Pension costs	2 230	1 915
Other social expenses	496	403
Total	**34 806**	**28 496**
Number of working years	20.0	19.0

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

Remuneration to the Board of Directors 2021
The employees' representaties in the board have agreements regarding bonus, as is the case for nearly all employees of the Group.

		Position	No of shares
Ørjan Svanevik		Chairman	
Finn Amund Nordbye		Board member	4 000
Åge Landro		Board member	4 000
John Inge Asperheim	(employee representative)	Board member	750
Kjetil Svendsen	(employee representative)	Board member	750

Renumeration to the Chief Executive Officer

NOK 1 000	Position	Salary	Bonus	Other benefits	Pension cost	Total renumeration	No. of shares
Management							
Bjørn Eldar Petersen	CEO	2 507 891		109 708	547 000	3 164 599	22 147

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Note 3 Labour Costs and Social Expenses, continued

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.

In March 2019, the board decided to introduce a long-term incentive program "LTIP" for the employees in the Group management, the executive committee, in effort to stimulate the best possible value development of the company. The incentive program is a bonus in the form of increase of synthetic shares that grants economic rights as if the employee was an actual shareholder. Unlike ordinary owership of shares, the synthetic shares do not hold any possibility to exercise ownership rights in the company, such as voting rights. If the development of the value of the synthetic shares is positive in the vesting period, rights to a bonus in form of cash payment will be achieved, and contrarily no achievement of bonus in the case of negative value development.

The total number of synthetic shares are 253 466, with 1/4 vesting each year on a rolling basis. The amount payable will be dermined based on increase of the synthetic share value from reference year (issue year) to vesting year. The vesting period is 4 (four) years. The rights must be exercised on the vesting date and will expire if not exercised on that date or the value development is zero (0) or negative (<0). The fair value of the synthetic shares were determined using a predetermined formula with the following inputs: EBIT, non-recurring items, net interest-bearing debt, accumulated dividends, and number of outstanding shares.

As of 31 December 2021, the total LTIP program is valued at NOK 4 841, and provisioned expenses arising from synthetic share-based bonus recognized during the period as part of employee benefit expense were as follows:

NOK 1 000	2021	2020
Expensed provision for synthetic shares	2 960	0
Number of rights to synthetic shares		
Total right to synthetic shares issued	**253 466**	**253 466**
Hereof CEO's right to synthetic shares issued	50 693	50 693

In 2021, the board approved to assign new 1/4 synthetic shares vesting at 31 December, 2021 with the same conditions, with value reference to 31 December 2020. The 1/4 of the allocated synthetic shares that vested by year-end 2020 had no value increase (and expense provision) over the vesting period, and thus no bonus payment.

Sale of shares to employees
On Mai 7, 2021 Arendals Fossekompani ASA sold 14 759 shares to executive Managament in EFD Induction Group, to share price of NOK 47.68 per share. The agreement with executive management has a lockup period where 33 % of the shares can be sold in 2024, 33 % in 2025 and the rest in 2026.

AFK will offer to buy shares on October 1st each year based on audited income statement being approved by the board according to the following plan provided the Key Management Shareholder is still employed at the time of offer:

On offer as pct of initial position
2024 33.33 %
2025 33.33 % + remaining unsold shares from 2024
2026 33.34% + remaining unsold shares from 2024/25
2027 and later All remaining shares

Price offered will be based on average EBITDA over the two last accounting years.

If the Key Management Shareholder leaves the company before October 1st, 2024, AFK has a right to buy back. Then the shares at cost price + interest paid on the loan. If AFK do not use their right to buy back the shares after agreement with the Shareholder that leaves the company – the leaving Shareholder can keep the shares and pay back the loan to AFK. The same applies for the shares vested in October 1, 2025 and 2026.

On November 30, 2021 Arendals Fossekompani ASA sold 66 759 shares to executive Managament in EFD Induction Group, to share price of NOK 47.68 per share, with the same condition as the sale on Mai 7, 2021.

On November 30, 2021 EFD Induction Group AS sold 104 250 shares to the employees in EFDInduction Group, to a share price of NOK 47.68 per share. The agreement with the employees has a lockup period for 3 years for all employees that bought more than 3 999 shares. All other emplyees has no lock up condition to the shares bought.

A Summary of performance shares transaction during 2021 and 2020 is below:

	2021	2020
Outstanding performance shares 01.01	0	0
Granted during	185 492	0
Vested	0	0
Outstanding perfromance shares 31.12	**185 492**	**0**

The value of the performance shares are set on the grant date and expensed over the vesting period. No performance shares vested in 2021, and as the lookup periode starts 01.01.22 no expences was incured in 2021. The value between the excess price of the performance shares and the fair value of the performance share are expenced over the vesting period.

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Note 3 Labour Costs and Social Expenses, continued

The estimated fair value of the performance shares granted in May and November 2021 was NOK 77.64. The fair value was calculated based on an DCF model with the following main assumptions:

	2021
Average growth rate[1]	2.5%
Growth rate[2]	0.0%
Discount rate (WACC)	10.0%
Control premium[3]	18.0%

[1] Average growth rate is the average annual growth rate over the five-year period; based on past performances and management's expectations of the market development.
[2] The growth rate applies only to the period beyond the formal budgeted period with the value in use and calculation based on an extrapolation of the budgeted cash flows for year five.
[3] Control premium was discounted as a premium and reduced enterprice value with 18 % due to purchase of minority positions.

Auditor's fee

NOK 1 000	2021
Audit fee	431
Tax	25
Other auditor related services	0
Other non-audit service	120
Total	**576**

Note 4 Financial items

EFD Induction AS paid NOK 46 million as Group contribution to parent company in 2021.

NOK 1 000	2021	2020
Group contribution	46 430	0
Dividends from subsidiaries	9 985	10 037
Interest income intra-group	2 683	4 228
Foreign currency exchange gain	0	2 462
Other interest income	91	38
Total financial income	**59 188**	**16 766**
Interest expenses intra-group	1 575	1 382
Foreign currency exchange loss	398	0
Other interest expenses	3 615	4 373
Total financial expenses	**5 588**	**5 755**

Note 5 Taxes

NOK 1 000	2021	2020
Tax on income		-14
Change in deferred taxes	-1 054	-4 542
This year's tax expenses	-1 054	-4 556
Long-term differences	-250	-587
Tax-loss carried forward	-33 733	-22 998
Net total differences	-33 984	-23 585
Pension fund (liabilities)		-5 605
Basis deferred tax	**-33 984**	**-29 190**
Deferred tax assets (22%)	**-7 476**	**-6 421**
Payable taxes in the balance sheet		
Payable tax in the tax charge	0	-14
Tax effect of group contribution given		0
Payable tax in the balance sheet		-14
Calculation of effective tax rate:		
22% of income before taxes	6 778	-20 698
Tax effect of permanent differences	153	18 802
Tax effect of received dividends	-2 197	-2 208
Tax effect previous year	-5 009	-14
Tax effect on not deductible costs subsidiaries	-779	-438
Change in tax rate		0
This year's tax expenses	**-1 053**	**-4 556**

Note 6 Cash and Bank

As of December 31, 2021, NOK 132 514 relates to restricted bank accounts.

Note 7 Other current liabilities

NOK 1 000	2021	2020
Sub ordinated loan from Arendals Fossekompani ASA	0	31 248
Restructuring costs	0	1 977
Other current liabilities	13 221	8 541
Total other current liabilities	**13 221**	**41 766**

Note 8 Shareholders

Shareholders holding 1% or more of the share capital:	No. of shares	% of total
Arendals Fossekompani ASA	5 963 356	94.1 %
EFD Induction Group AS	129 000	2.0 %
Total	**6 092 356**	**96.1 %**
Others	244 290	3.9 %
Total shares	**6 336 646**	**100.0 %**

The shares sold to EFD Induction Group AS had a purchase price of NOK 11 085 600.

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Note 9 Pension Liabilities

All employees in EFD Induction Group AS have a defined contribution plan. All individual pension schemes covered by EFD Induction Group AS until 2021 have been transferred to DNB Asset Management. The agreement has turned to be a pure contribution plan, where the company will pay an annual contribution to the pension schemes without any responsibility for the return.

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 funded. The booked value at 31.12.2021 is the nominal value of the total pension liability including the payroll tax.

NOK 1 000	2021	2020
Pension asset	6 831	1 637
Pension liability	6 590	5 605
	241	**-3 968**

NOK 1 000	2021	2020
Opening balance January 1st	-3 968	-4 708
Cost of defined -contribution pension schemes	-2 230	744
Paid out from the schemes	-124	-129
Paid in contributions	6 591	87
Expected return on pension plans	-28	38
	241	**-3 968**

Note 10 Non-Current Intangible and Right of Use Assets

As of December 31, 2021, NOK 8 589 258 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 1 000	Property	Computers, software, vehicles	Intangible assets	Right of use assets	Total
Historical cost December 31, 2020	**268**	**5 497**	**23 445**	**1 558**	**30 768**
Additions during the year		1 903	5 275		7 178
Disposals during the year	-43			-799	-842
Historical cost December 31, 2021	**225**	**7 400**	**28 720**	**759**	**37 104**
Accumulated depreciation December 31, 2021	**59**	**6 164**	**20 131**	**594**	**26 948**
-Less acc. depreciation disposals					
Total depreciation	**59**	**6 164**	**20 131**	**594**	**26 948**
Book value December 31, 2021	**165**	**1 236**	**8 589**	**165**	**10 155**
Ordinary depreciation	18	177	1 332	267	1 794

Note 11 Related Parties Transactions

Arendals Fossekompani ASA owns shares in EFD Induction Group AS. Table shows the movements in 2021.

Number of shares at 01.01.2021	6 252 408
Sold to EFD Induction Group AS	-232 500
Sold to others	-56 552
Number of shares at December 31st 2021	**5 963 356**

The shares sold to EFD induction Group AS had a purchase price of NOK 11 085 600.

During 2021 EFD Induction Group AS has repaid the loan of EUR 2 984 000 to Arendals Fossekompani ASA. The interest rate has been 3 months Euribor plus 400 basis points.

Operating revenues is generated from 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.

Related party transactions

Operating revenues	2021	2020
Corporate services including R&D fee	43 403	45 911
Other distributable costs and services	18 059	16 547
Total operating revenues to related parties	**61 462**	**62 458**

Operating costs	2021	2020
Staff costs	16 360	19 513
Rent, aquisition and IT-related costs	4 597	4 772
Total operating costs from related parties	**20 957**	**24 286**

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Note 12 Restructuring costs

No restructuring costs in 2021.

NOK 1 000	2021	2020
Restructuring costs		6 454
Total restructuring costs	**0**	**6 454**

Note 13 Intercompany loans

Parent company provided intercompany loans of NOK 116 666 966. The interest rate varies depending on currency; 3 months Euribor plus 1.5%, 6 months LIBOR+ 1.5% Siam Commercial Bank+ 1.5%.

NOK 1 000	December 31, 2021	December 31, 2020
EFD Inducao Brazil LTDA	6 323	6 017
EFD Induction Co.,Ltd.	-	1 398
EFD Induction Oil and Gas Service Sdn.Bhd	2 633	3 286
EFD France Holding s.a.r.l.	22 072	22 815
EFD Induction Srl	3 327	3 501
EFD Induction a.s	12 393	14 191
EFD Induction GmbH	69 917	52 351
Total intercompany loans	**116 667**	**103 560**

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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 2021, the income statement, statement of comprehensive income, statements 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 2021, and 2020, the income statements, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group AS at 31 December 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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 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

Arendal, 3 March 2022
PricewaterhouseCoopers AS

Lars Ole Lindal
State Authorised Public Accountant

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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 2021, the board proposes not to pay dividend on the basis of the net income for 2021.

The company had 114 shareholders at the end of 2021. Non-Norwegian shareholders owned 0.52% of the shares.

NOK			Increase					
Year	**Type of issue**	**New/old ratio**	**Paid in**	**Share cap.**	**Total share capital**	**Par value**	**No. of shares**	**Adj factor.**
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	

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Board of Directors

Ørjan Svanevik (56)
Chief Executive Officer
Arendals Fossekompani ASA
Board member since 2019
Chairman of the board since 2019

Finn Amund Norbye (62)
Chief Executive Officer
OMH Optimum Maritime Holdings
Board member since 2020

Pål Haugerud (45)
Employee representative
EFD Induction AS
Board member since December 2021

Åge Landro (45)
Chief Executive Officer
Altus Intervention
Board member since 2020

John Inge Asperheim (51)
Employee representative
EFD Induction a.s
Board member since 2018

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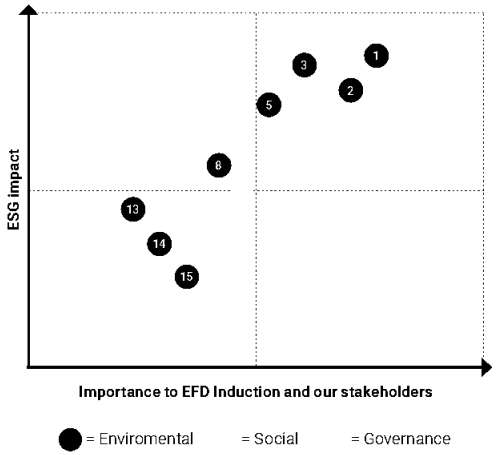
Appendix

Prioritising ESG issues

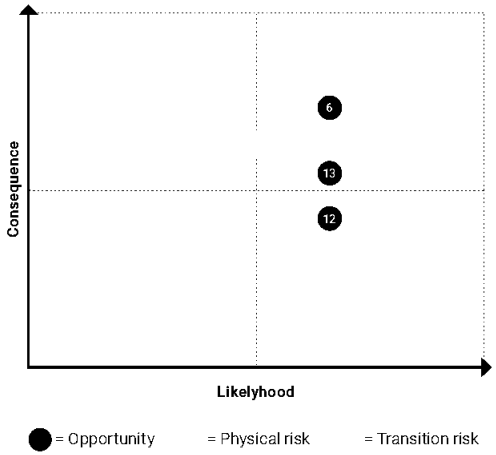
Materiality Matrix, page 16



1. Energy use and GHG emissions in use phase
2. Energy efficiency and GHG at production site
3. Resource efficiency in use phase (water)
4. Employee health and safety
5. Durable products
6. Anti-corruption and bribery
7. Fundamental labour and human rights
8. Environmental impact from suppliers
9. Social conditions at suppliers
10. Employee satisfaction
11. Socio-economic impact of conflict materials
12. Transparency
13. GHG emissions from transportation
14. Electronic waste through the value chain
15. Impact of end-product and customer activities

Risk review outcomes

Climate risk Matrix, page 26



1. Increased demand for components
2. EU Taxonomy disclosures
3. GHG emission reporting (EU CSRD)
4. Prioritize supplisers with GHG disclosures
5. Increased cost of energy intensive processes
6. Increased demand for green technology
7. Power outages from extreme weather
8. Local physical risk exposure
9. Shipping reliability and cost (extreme weather)
10. Risk management to avoid loss from climate risk
11. Raw material scarcity due to climate events
12. Opportunities through circular products/waste reduction
13. Increased demand for energy efficient solutions
14. HSE risk due to higher temperatures
15. Technological innovation reducing total demand

Årsregnskap regnskapsåret 2021 for 955706137

Brønnøysundregistrene

29.08.2023 kl 14:21

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E-mail: firmapost@efdgroup.net

www.efd-induction.com

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Rune Tystad	22.12.2011	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	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		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

Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Telefon
22078139

Deres dato
24.09.2012

Deres referanse
Mk83862.doc/
+47-3550 6026

Vår dato
28.09.2012

Vår referanse
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 lnduction 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 språkkrav.

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
Postboks 9200 Grønland
0134 Oslo

Besøksadresse
Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60

For elektronisk henvendelse se www.skatteetaten.no

"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

pwc

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 2021, the income statement, statement of comprehensive income, statements 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 2021, and 2020, the income statements, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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 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

Arendal, 3 March 2022
PricewaterhouseCoopers AS

Lars Ole Lindal
State Authorised Public Accountant

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Lindal, Lars Ole	BANKID_MOBILE	2022-03-07 15:29

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