



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Jørn-Inge Throndsen
Dato for fastsettelse av årsregnskapet:	15.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 04.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Revenue		442 223 381	242 445 569
Sum inntekter	2, 3	442 223 381	242 445 569
Kostnader			
Raw materials and consumables used	4	232 742 240	98 075 744
Employee benefits expense	5	85 472 558	66 039 160
Depreciation and amortisation expenses	6	8 766 087	10 030 525
Other expenses	3, 5, 7, 8	74 970 894	45 434 684
Sum kostnader		401 951 779	219 580 113
Driftsresultat		40 271 602	22 865 456
Finansinntekter og finanskostnader			
Annen renteinntekt		295 039	34 871
Other financial income		8 955 278	5 627 448
Sum finansinntekter		9 250 317	5 662 319
Rentekostnad til foretak i samme konsern	3		
Annen rentekostnad		29 704	7 371
Other financial expenses		11 903 170	10 202 096
Sum finanskostnader		11 932 873	10 209 467
Netto finans		-2 682 556	-4 547 148
Ordinært resultat før skattekostnad		37 589 046	18 318 308
Income tax expense	9	7 913 512	3 729 631
Ordinært resultat etter skattekostnad		29 675 534	14 588 677
Årsresultat		29 675 534	14 588 677
Årsresultat etter minoritetsinteresser		29 675 534	14 588 677
Totalresultat		29 675 534	14 588 677



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Overføringer og disponeringer			
Ordinært utbytte		15 000 000	30 000 000
Other equity		14 675 534	-15 411 323
Sum overføringer og disponeringer	10	29 675 534	14 588 677



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	2 106 464	1 996 405
Sum immaterielle eiendeler		2 106 464	1 996 405
Varige driftsmidler			
Buildings and land	6, 11	30 564 701	30 752 315
Machinery and equipment	6, 11	7 092 923	11 205 544
Equipment and other movables	6, 11	15 803 790	13 852 824
Sum varige driftsmidler		53 461 415	55 810 682
Finansielle anleggsmidler			
Investering i datterselskap	12	30 000	30 000
Lån til foretak i samme konsern	12	500 000	500 000
Investments in shares	12	249 950	249 950
Sum finansielle anleggsmidler		779 950	779 950
Sum anleggsmidler		56 347 829	58 587 037
Omløpsmidler			
Varer			
Inventories	4, 11	94 759 808	86 015 176
Sum varer		94 759 808	86 015 176
Fordringer			
Accounts receivables	8, 11	64 262 675	43 465 461
Other short-term receivables	13	2 303 670	8 275 597
Sum fordringer		66 566 345	51 741 058
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	33 881 655	61 221 542
Sum bankinnskudd, kontanter og lignende		33 881 655	61 221 542
Sum omløpsmidler		195 207 808	198 977 776



Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		251 555 637	257 564 813
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	15	11 000 000	11 000 000
Overkurs		90 335	90 335
Annen innskutt egenkapital		22 245 565	22 245 565
Sum innskutt egenkapital		33 335 900	33 335 900
Opptjent egenkapital			
Other equity		106 853 575	92 178 041
Sum opptjent egenkapital		106 853 575	92 178 041
Sum egenkapital	10	140 189 475	125 513 941
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Other non-current liabilities	7	8 232 790	11 141 693
Sum annen langsiktig gjeld		8 232 790	11 141 693
Sum langsiktig gjeld		8 232 790	11 141 693
Kortsiktig gjeld			
Liabilities to financial institutions	11	688 163	
Leverandørgjeld	3	42 484 682	59 277 808
Tax payable	9	6 306 946	2 487 099
Public duties payable		7 792 777	6 018 336
Utbytte	10	15 000 000	30 000 000
Other current liabilities	3, 16, 17	30 860 804	23 125 936
Sum kortsiktig gjeld		103 133 373	120 909 179
Sum gjeld		111 366 162	132 050 872



Balanse

Beløp i: NOK	Note	2022	2021
SUM EGENKAPITAL OG GJELD		251 555 637	257 564 813



Skatteetaten

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

U.off.

KLINGER WESTAD AS
Heggenvæien 530
3360 GEITHUS

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Tor Willumsen
seniorskattejurist
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



BDO AS
Bragernes Torg 2A
3017 Drammen

Independent Auditor's Report

To the Annual Shareholders meeting of Klinger Westad AS

Opinion

We have audited the financial statements of Klinger Westad AS.

The financial statements comprise:

- The balance sheet as at 31 December 2022
- The income statement for 2022
- Statement of cash flows for the year that ended 31 December 2022
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and 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.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

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



Opinion on the Board of Director's report

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

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

Penneo Dokumentnøkkel: ZT4YP-APV7J-JE7PU-J6Z7E-DE3LL-0V4XC



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Anders Nordahl

Partner

På vegne av: BDO AS

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IP: 188.95.xxx.xxx

2023-03-17 16:20:17 UTC



Anders Nordahl

Statsautorisert revisor

På vegne av: BDO AS

Serienummer: 9578-5998-4-995843

IP: 188.95.xxx.xxx

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Financial statement 2022 Klinger Westad AS

Organization number: 936 612 741



**ANNUAL REPORT 2022
KLINGER WESTAD AS**

Place and nature of business

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

Market and financial review 2022

The order intake continued the stable trend from last year's H2. The volume driver, LNG Cargo new build, had two peaking months in June and December, where we received of 9 and 10 such orders. The HPBV segment showed a declining trend from last year's order boom, so the segment is now back to more normal state. The total order intake for 2022 ended 493 MNOK. This resulted in a development in the backlog balance from the opening 379 MNOK to 430 MNOK at the end of the year.

The 2022 revenue ended at 442.2 MNOK, which is 199,8 MNOK up from 2021. The solid increase is a result of the post Covid market development, and we are now back at the level we saw before the start of the pandemic. Also, the important Aftermarket segment delivered a record strong year.

Although Klinger Westad faced a ramp-up situation in 2022, we still managed to deliver a good EBIT. We had good operational control, which in turn led to low extraordinary costs, especially related to air freight. The aftermarket also delivered a record strong year, which contributed well to the EBIT which ended at 40.2 MNOK against the budgeted 28.0 MNOK.

The profit before tax for 2022 was 37.6 MNOK and the net result after tax was 29.7 MNOK.

The financial statements have been prepared based on continued operations.

The portfolio of liquidities was 33.9 MNOK per 31.12.2022, a decrease from 61.2 MNOK per 31.12.2021. The balance sheets show total assets of 251.6 MNOK, down from 257.6 MNOK in 2021. The company is in a solid financial position. The balance sheet shows an increase in the working capital from 70.2 MNOK in 2021 to 116.5 MNOK in 2022. Trade receivables increased from 43.5 MNOK in 2021 to 64.3 MNOK in 2022. The increase relates mainly to the ramp-up in the activity level. The inventory increased from 86.0 MNOK to 94.8 MNOK and reflects that the activity level will continue in 2023.

The board of directors confirm that the financial statements for the year 2022, to the best of our knowledge, gives a true and fair view of the company's consolidated assets, liabilities, financial position and result of operations. Nor has it occurred events after the fiscal year that changes this.



Financial risk

Overall objectives and strategy

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

Exchange rate and interest risk

The company is exposed for exchange rates of foreign currencies, especially USD and EUR. All material purchases of raw materials and about 45% of the income is in foreign currencies. The company has entered into forward contracts related to both sales and purchases to reduce the currency exposure of the company and thereby operational related market risk. The company is also exposed against NIBOR on leasing agreements with DNB on machinery.

Credit risk

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

Liquidity risk

The assessment of the liquidity situation is reflected by the last years good results. After paying a dividend of 30 MNOK in 2022, the liquidity portfolio is decreased with 27.3 MNOK from 2021, but the company's current liquidity situation is still solid.

Working environment and personnel

The company had 110 employees at the end of 2022, a 21% increase compared to year-end 2021.

During 2022, the company had three unwanted incidents which did not result in sick leave, and one incident that resulted in sick leave. The company is working systematically on HSE to eliminate incidents. The total sick leave in 2022 was 4.2%, up from 3.8% the previous year.

Westad is a part of the Norwegian IA cooperation and worked together with the Norwegian Social Service (NAV) and the local industrial health service organization on measures to reduce sick leave. The cooperation with the employee's representatives has been constructive and had a positive impact on the operation in 2022.

Equality and anti-discrimination work

The overall objective of the company is complete equality between men and women. The current distribution between men and woman is 24% woman and 76% men. The company does not treat men and woman differently in cases related to salary, recruitment, and promotions. Westad has employees of various nationalities, ethnical and religious backgrounds and it has a clear policy against any discrimination based on sex, age, religion, sexual orientation, identity, or nationality. The company further has a zero tolerance for all types of discrimination, including sexual harassment at the workplace. However, no specific measures were implemented in 2022.



Environmental reporting

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

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

Director's and Officer's Liability insurance

The Directors and officers are insured through Klinger Holding GmbH Master insurance policy with Zurich Insurance Company Ltd. This policy covers Directors and Officers of Klinger Holding GmbH in Austria and its subsidiaries worldwide, including Klinger Westad AS.

Annual results and disposals

A dividend of 15 million NOK is allocated to the shareholder. The annual result is booked to other equity.

2022 changes of equity

	Share capital	Premium	Invested equity	Other equity	Sum equity
Pr. 01.01.2021	11 000 000	90 335	22 245 565	92 178 041	125 513 941
Dividend				-15 000 000	-15 000 000
Net result				29 675 534	29 675 534
Pr. 31.12.2022	11 000 000	90 335	22 245 565	106 853 575	140 189 475

Outlook for 2023

Going into 2023, Klinger Westad is leaving behind a strong performance in 2022 that will contribute to the results in the new year. With a revenue ending at 442,2 MNOK, EBIT was 40,7 MNOK. Additionally, 2022 ended with an all-time-high backlog of 430 MNOK following the second highest order intake in the company's history at 493 MNOK. Also, and in addition to receiving orders for 2023 delivery, the company is also booking orders for delivery in both 2024 and 2025.

The stress on margins continues as many suppliers of the company are still impacted by the post-Covid effects of higher demand and pressure on raw material prices and the logistics value chain. In combination with an ongoing energy-crisis, a result has been inflation and higher interest rates which are driving cost, resulting in demands for price increases. The ongoing war in Ukraine and other geopolitical instability clearly introduces a higher-than-normal uncertainty. All of this also impacts Klinger Westad in various ways, but most directly on the material and transportation cost.

It has been necessary for Klinger Westad to accept some material cost increases, but at the same time the company is in ongoing negotiations with key suppliers on reversing some of the increases in order to improve the competitive position. However, this in addition to other general cost




increases, makes it necessary for Klinger Westad to also increase prices to the customers. A positive development is that the activity on larger projects in the NCS is picking up, and Klinger Westad is in a strong competitive position.

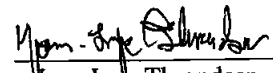
The company also has a very clear strategic direction related to new future market opportunities within alternative fuel combined with product development and -improvement and is also putting significant resources into continuous improvement initiatives and internal development of employees, processes, and technology. These are initiatives both for the short term, but also for the medium and long term.

In a world with a steadily increasing demands for energy, gas will continue to be an important factor, and Klinger Westad sees opportunities both in traditional markets segments, but also in new. The Westad board of directors are therefore confident that Klinger Westad through strong management of the current position and challenging business environment will deliver another strong year.

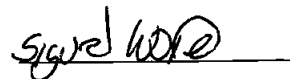
Klinger Westad AS, 15. March 2023


Daniel Schibli
Chairman


Christoph Klinger-Lohr
Director


Jørn-Inge Throndsen
Director / MD Westad


Øyvind Berget
Director


Sigurd Woie
Employee rep.



Income statement

Klinger Westad AS

Operating income and operating expenses	Note	2022	2021
Revenue		442 223 381	242 445 569
Total income	2, 3	442 223 381	242 445 569
Raw materials and consumables used	4	232 742 240	98 075 744
Employee benefits expense	5	85 472 558	66 039 160
Depreciation and amortisation expenses	6	8 766 087	10 030 525
Other expenses	3, 5, 7, 8	74 970 894	45 434 684
Total expenses		401 951 779	219 580 113
Operating profit		40 271 602	22 865 456
Financial income and expenses			
Other interest income		295 039	34 871
Other financial income		8 955 278	5 627 448
Other interest expenses		29 704	7 371
Other financial expenses		11 903 170	10 202 096
Net financial items		-2 682 556	-4 547 148
Net profit before tax		37 589 046	18 318 308
Income tax expense	9	7 913 512	3 729 631
Net profit or loss		29 675 534	14 588 677
Attributable to			
Ordinary dividend		15 000 000	30 000 000
Other equity		14 675 534	-15 411 323
Total	10	29 675 534	14 588 677



Balance sheet

Klinger Westad AS

Assets	Note	2022	2021
Non-current assets			
<i>Intangible assets</i>			
Deferred tax assets	9	2 106 464	1 996 405
Total intangible assets		2 106 464	1 996 405
<i>Property, plant and equipment</i>			
Buildings and land	6, 11	30 564 701	30 752 315
Machinery and equipment	6, 11	7 092 923	11 205 544
Equipment and other movables	6, 11	15 803 790	13 852 824
Total property, plant and equipment		53 461 415	55 810 682
<i>Non-current financial assets</i>			
Investments in subsidiaries	12	30 000	30 000
Loan to group companies	12	500 000	500 000
Investments in shares	12	249 950	249 950
Total non-current financial assets		779 950	779 950
Total non-current assets		56 347 829	58 587 037
Current assets			
<i>Inventories</i>			
Inventories	4, 11	94 759 808	86 015 176
Total Inventories		94 759 808	86 015 176
<i>Debtors</i>			
Accounts receivables	8, 11	64 262 675	43 465 461
Other short-term receivables	13	2 303 670	8 275 597
Total receivables		66 566 345	51 741 058
<i>Cash and bank deposits</i>			
Cash and cash equivalents	14	33 881 655	61 221 542
Total cash and bank deposits		33 881 655	61 221 542
Total current assets		195 207 808	198 977 776
Total assets		251 555 637	257 564 813

**Balance sheet****Klinger Westad AS**

Equity and liabilities	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Share capital	15	11 000 000	11 000 000
Share premium reserve		90 335	90 335
Other paid-up equity		22 245 565	22 245 565
Total paid-up equity		33 335 900	33 335 900
<i>Retained earnings</i>			
Other equity		106 853 575	92 178 041
Total retained earnings		106 853 575	92 178 041
Total equity	10	140 189 475	125 513 941
Liabilities			
<i>Other non-current liabilities</i>			
Other non-current liabilities	7	8 232 790	11 141 693
Total non-current liabilities		8 232 790	11 141 693
<i>Current liabilities</i>			
Liabilities to financial institutions	11	688 163	0
Trade payables	3	42 484 682	59 277 808
Tax payable	9	6 306 946	2 487 099
Public duties payable		7 792 777	6 018 336
Dividends	10	15 000 000	30 000 000
Other current liabilities	3, 16, 17	30 860 804	23 125 936
Total current liabilities		103 133 373	120 909 179
Total liabilities		111 366 162	132 050 872
Total equity and liabilities		251 555 637	257 564 813

Geithus, 15.03.2023

The board of Klinger Westad AS

Daniel Schibli
chairman of the boardChristoph Klinger-Lohr
member of the boardSigurd Woie
member of the boardJørn-Inge Thrønsen
member of the board/General ManagerØyvind Berget
member of the board



Notes to the financial statement 2022

Note 1 Accounting principles

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

Revenue

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

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

Tax

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

Classification and assessment of balance sheet items

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

Research and development

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

Leasing

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

Receivables

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

Inventory

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

Currencies

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

Pensions

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



Notes to the financial statement 2022

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

Warranties, service and complaints

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

Cash Flow statement

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

Use of estimates

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

Note 2 Revenue

Geographical distribution	2022	2021
Norway	111 139 550	51 733 196
Korea	181 047 082	81 740 330
United Kingdom	86 946 613	48 060 920
China	316 205	3 271 658
Japan	7 979 405	5 167 796
Other	54 794 526	52 471 669
Total	442 223 381	242 445 569

Note 3 Transactions with related parties

The company has paid management fees to consortium with NOK 1 462 579 in 2022 and NOK 891 999 in 2021. Other expenses charged by group companies were NOK 455 427 in 2022 and NOK 265 459 in 2021. Further the company has had various income from group companies of NOK 58 292 in 2022 and NOK 7 860 in 2021. The company has accounts payable to group companies of NOK 789 179 in 2022 and NOK -351 172 in 2021.

The company has per. 31.12.2022 a loan of NOK 500 000 to Westad China Holding,



Notes to the financial statement 2022

Note 4 Inventories

	2022	2021
Raw materials and purchased semi-finished products	48 979 764	33 139 920
Work in progress	10 956 031	7 034 570
Finished goods of own production	32 025 656	43 214 726
Purchased finished goods	2 798 358	2 625 960
Total	94 759 808	86 015 176

Inventories valued at purchased cost	103 258 482	93 040 143
Inventories valued at net realisable value	94 759 808	86 015 176
Write-down for obsolescence	8 498 674	7 217 498

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

Note 5 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2022	2021
Salaries/wages	67 229 506	52 211 952
Social security fees	10 579 196	8 266 042
Pension expenses	4 459 676	3 362 307
Other remuneration	3 204 180	2 198 858
Total	85 472 558	66 039 160

Average number of employees during the financial year	100	85
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Benefits to senior executives or members of the board:	CEO	Board	Cor assembly
Salaries/wages	2 322 346	1 509 227	
Pension expenses			
Other remuneration	1 085 609	909 775	
Total	3 407 955	2 419 002	0

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

Management is included in the general bonus agreement that applies to all company employees. With the achievement of certain performance targets at company level, the CEO can receive bonuses limited to 30% of annual salary. No loans/sureties have been granted to the General Manager, Chairman of the Board or other related parties.

OTP (Statutory occupational pension)

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

Expensed audit fee

Expenses paid to the auditor for 2022 amounts to NOK 350 899- excl.mva.	
Statutory audit fee	240 000
Technical assistance with financial statement	37 000
Other assistance	73 900
Total audit fee	350 900



Notes to the financial statement 2022

Note 6 Tangible fixed assets

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

	Buildings and land	Plant & Machinery	Equipment and other movables	Total
Acquisition cost 01.01	44 451 388	50 563 418	72 303 696	167 318 502
Additions	608 081	401 015	5 407 724	6 416 820
Disposals				0
Acquisition cost 31.12	45 059 469	50 964 433	77 711 420	173 735 322
Acc. depreciation/impairment	-14 494 768	-43 871 510	-61 907 630	-120 273 908
Book value 31.12	30 564 701	7 092 923	15 803 790	53 461 415
Depreciation in the year	-1 194 039	-4 941 506	-2 630 542	-8 766 087
Depreciation rate (%)	0 - 4 %	10 - 33 %	10 - 33 %	
Depreciation plan	Linear	Linear	Linear	
Economic useful life	25-30 year	3 - 10 year	3 - 10 year	
Change in depreciation plan	No	No	No	

Plant & Machinery include capitalized leasing agreements with NOK 8 232 770. Depreciation for the year on capitalized leases amounts to NOK 3 265 483.

Note 7 Leases

Specification of the year's capitalised leases	2022	2021
Machinery	2 908 906	4 052 785

Overview future minimum lease:	2022	2021
Next year	2 908 906	2 908 904
Year 2-5	8 232 783	8 232 789
Total future minimum lease	11 141 689	11 141 693

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

Note 8 Accounts receivables

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

Customer receivables in the balance are as follows:	2022	2021
Customer receivables at par value	64 535 664	44 743 293
Provision for losses on receivables 31.12	-272 989	-1 277 832
Book value of customer receivables	64 262 675	43 465 461

Losses on receivables in the income statement are as follows:	2022	2021
Provisions for losses on receivables 01.01.	-1 277 832	-1 127 656



Notes to the financial statement 2022

Provisions for losses on receivables 31.12.	272 989	1 277 832
Realised losses during the period	-23 850	0
Received from previously written off receivables	0	0
Total losses on receivables posted against the result	-1 028 693	150 176

Note 9 Tax

This year's tax expense	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	8 023 571	3 807 793
Changes in deferred tax assets	-110 059	-78 162
Tax expense on ordinary profit/loss	7 913 512	3 729 631

Taxable income:		
Result before tax	37 589 046	18 318 308
Permanent differences	-1 618 541	-1 282 297
Changes in temporary differences	500 270	272 141
Taxable income	36 470 775	17 308 152

Payable tax in the balance:		
Payable tax on this year's result	6 306 946	2 487 099
Total payable tax in the balance	6 306 946	2 487 099

Calculation of effective tax rate		
Profit before tax	37 589 046	18 318 308
Calculated tax on profit before tax	8 269 590	4 030 028
Tax effect of permanent differences	-356 079	-282 105
Total	7 913 511	3 747 922
Effective tax rate	21,1 %	20,5 %

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

	2022	2021	Difference
Tangible assets	1 766 683	1 618 559	-148 124
Stock	-8 498 674	-7 217 498	1 281 176
Accounts receivable	-264 061	-1 261 264	-997 203
Lease agreements brought to the balance	-1 291 286	-926 864	364 422
Allocations and more	-1 287 500	-1 287 500	0
Total	-9 574 837	-9 074 568	500 270
Basis for deferred tax assets	-9 574 837	-9 074 568	500 270
Deferred tax assets (22 %)	-2 106 464	-1 996 405	110 059



Notes to the financial statement 2022

Note 10 Equity

	Share capital	Share premium reserve	Other paid-in equity	Other equity	Total equity
Equity. 01.01	11 000 000	90 335	22 245 565	92 178 041	125 513 941
Annual net profit				29 675 534	29 675 534
Suggested dividend				-15 000 000	-15 000 000
Equity 31.12	11 000 000	90 335	22 245 565	106 853 575	140 189 475

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

	2022	2021
Long-term debtors which fall due later than five years after the expiry of the financial year	0	0
Liabilities secured by mortgage		
Liabilities to financial institutions	0	0
Balance sheet value of assets placed as security:		
Inventories	94 759 808	86 015 176
Accounts receivables	64 252 475	43 465 461
Real Estate (limited up to NOK 30 000 000)	0	0
Machinery	884 728	1 202 574
Equipment and other movables	15 803 790	13 852 824
Total	175 700 802	144 536 035
Unused bank overdraft	12 185 256	10 995 986
Non-booked guarantee commitments	2 814 744	4 004 014

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

Note 12 Shares in and receivables from subsidiaries and other companies

Shares in subsidiaries are listed for historical cost.

Name of the subsidiary:	Westad China Holding AS
Business Office:	Geithus
Ownership	100%
Equity pr. 01.01.	-80 331
Annual net profit:	-29 416
Equity pr. 31.12.	-109 747

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

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

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

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

Klinger Westad AS

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Notes to the financial statement 2022

Note 13 Other non-capitalized liabilities

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

The value of forward contracts in 2022 in relation to the exchange rate at the balance sheet date amounts to net loss/liability NOK 1 923 206. The corresponding net gain/profit amount in 2021 was NOK 310 243. The company's hedged instruments has expiration dates from 10.01.2023 to 19.05.2025.

When the individual futures contract expires and the underlying sale/purchase contract is not terminated at the same time, the futures contract is rolled with a new settlement on the expected delivery date of the underlying sale/purchase contract. Differences between agreed forward rates must be settled at the time of the rolling and are recognized as other short-term receivables. As at 31.12.2022, this amounts to NOK 0 and corresponding figures per. 31.12.2021 was NOK 0.

Note 14 Restricted bank deposits, cash in hands etc.

	2022	2021
Restricted funds deposited in the tax deduction account	3 651 646	2 745 800

Duty tax deductions per. 31.12. amounts to NOK 3 565 981.

Note 15 Share capital and shareholder information

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

The share capital is owned by the following shareholders:

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

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

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



Notes to the financial statement 2022

Note 16 Provisions for liabilities

	2022	2021
Warranty provisions included in other short term liabilities	1 287 500	1 287 500

Note 17 Advance payments from customers

	2022	2021
Advance payments from customers included in other short term liabilities	519 698	870 395



Klinger Westad AS

Statement of cash flows (NRS - indirect model)

	2022	2021
Cash flows from operating activities		
+/- Profit/loss before tax	37 589 049	18 318 277
- Tax paid for the period	-2 487 099	-12 234 283
+ Ordinary depreciations	8 766 087	10 030 525
- Gain on sale of fixed assets	0	0
+/- Change in inventory	-8 744 632	-34 704 077
+/- Change in accounts receivable	-20 797 214	21 939 543
+/- Change in accounts payable	-16 793 126	37 732 343
+/- Change in pension liabilities	0	0
+/- Change in other accrual items	13 764 612	-14 611 102
= Net cash flows from operating activities	<u>11 297 677</u>	<u>26 471 226</u>
Cash flows from investment activities		
+ Proceeds from the sale of fixed assets	0	0
- Payments for the purchase of fixed assets	-6 416 820	-4 369 774
= Net cash flows from investment activities	<u>-6 416 820</u>	<u>-4 369 774</u>
Cash flows from financing activities		
- Proceeds from the issuance of new long-term liabilities	0	0
- Payments from the repayment of long-term liabilities	-2 908 903	-3 777 829
+/- Net change in bank overdraft	688 163	-2 276 550
+/- Net change in financial account factoring	0	0
+ Proceeds of equity	-30 000 000	-20 000 000
= Net cash flows from financing activities	<u>-32 220 740</u>	<u>-26 054 379</u>
= Net change in cash and cash equivalents	-27 339 883	-3 952 927
+ Cash and cash equivalents 1.1.	<u>61 221 541</u>	<u>65 174 469</u>
= Cash and cash equivalents 31.12.	<u>33 881 658</u>	<u>61 221 541</u>