



Annual Report 2022

Therma Industri AS

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Org.no.: 991 863 796

Board of Directors' Report for 2022

THE TYPE AND LOCATION OF THE BUSINESS

The company sells, designs, and manufactures industrial refrigeration systems, ice machines, and heat pumps. The primary market is seafood and the food industry, wholesale warehouses, stores, HORECA (hotels, restaurants, catering), ice rinks, and energy centers. The company also provides a wide range of services, spare parts, and training in the end-user market. The group's Norwegian operations are located in Båtsfjord, Fauske, Trondheim, Kaupanger, Bergen, Stavanger, Fredrikstad, Sarpsborg, Årnes, and Oslo. The company has its headquarters in Oslo.

SUBSIDIARIES

Therma Automasjon AS, 100%
Therma Bergen AS, 100%
Therma Industri Stavanger AS, 100%
Marin Rør AS, 80%
HB Kuldetjeneste AS, 100%
Sogn Kjøleservice AS, 100%

GOING CONCERN

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the assumption of going concern is valid and has been used as the basis for preparing the financial statements. This assumption is supported by the 2022 result forecasts and the group's long-term strategic forecasts for the coming years. The group is in a strong economic and financial position.

RISK AND UNCERTAINTY FACTORS

The aftermath of the COVID-19 pandemic, the ongoing war in Ukraine, and the effects of higher interest rates and inflation on both demand and supply are some of the risks. Additionally, the expected resource rent tax on the aquaculture industry is uncertain and its consequences are difficult to assess. These factors may affect the company's development to some extent.

The year has shown that the company has been able to adapt and maintain activity. The board cannot predict the magnitude and duration of the effects of higher inflation and increased interest rates on the economy. The company has a strong market position, which extends to the entire market area. The company is also seeing an increasing number of service assignments. The market outlook for the future is positive, both for after-sales and larger installations, with existing customers being retained and new ones coming on board. Historically, the company's customers have been less affected by economic fluctuations, and there are no indications that this will change.

Post-balance sheet events that may indirectly affect Therma Industri AS include the uncertainty regarding resource rent taxation and the ongoing developments in inflation and energy prices, particularly due to the situation in Ukraine.

FUTURE DEVELOPMENT

Market development over the coming years is uncertain due to the aftermath of the pandemic, the ongoing war in Ukraine, and the effects of higher interest rates and inflation on both demand and supply. The expected resource rent taxation on the aquaculture industry remains uncertain and difficult to assess. This may influence the company's development to some extent.

The board cannot predict the magnitude and duration of these effects on the economy. The company holds a strong market position, and this is true across the entire market. Additionally, there is an increasing amount of service work. The market prospects are positive for both after-sales and larger installations. Historically, customer behavior has been less influenced by market fluctuations, and no significant changes are expected.

Post-balance sheet events that could indirectly affect Therma Industri AS include potential supply chain issues related to certain suppliers, particularly due to Russia's invasion of Ukraine.

REPORT ON THE FINANCIAL STATEMENTS

Revenue for the company in 2022 was NOK 181 201 776 compared to NOK 235 699 801 the previous year. The net profit was NOK 11 235 386, down from NOK 15 341 686 in the prior year. The company spent NOK 502 624 on research and development, which has been capitalized as it aims to develop its own intellectual property on ice machines and PLC control systems. The development is expected to improve profitability on these products and subsequent plant deliveries.

The total cash flow from operations was NOK 23 757 079, and the operating profit was NOK 5 074 915. Net payments related to investments amounted to NOK 44 253 044. The company's cash balance at year-end was NOK 17 795 053. The company's ability to self-finance investments is acceptable.

FINANCIAL RISK

Therma Industri AS is exposed to financial risks in various areas, especially currency risk. The company purchases a significant portion of its goods in foreign currencies, while sales are primarily in Norwegian kroner to the Norwegian market. The company aims to mitigate financial risks as much as possible by entering into forward contracts when new contracts are signed and negotiating a share of sales in foreign currencies.

MARKET RISK, CREDIT RISK, AND LIQUIDITY RISK

Therma Industri AS has maintained a strong market position through long-term relationships with customers. Future market risks relate particularly to the division between new investments and maintenance or replacement.

The company's liquidity is considered acceptable, although it has received increased attention due to the rise in long-term debt on the balance sheet. The company maintains a focus on overdue receivables, with a low risk of loss on receivables, though an increase in such losses may occur due to changing market conditions.

Therma Industri AS participates in the group's global cash pool, ensuring liquidity is managed in a secure and integrated manner alongside other activities.

WORK ENVIRONMENT, EQUALITY, AND DISCRIMINATION

The board considers the work environment in the company to be good. No special measures have been implemented in this regard. Employees have not been exposed to accidents or injuries in connection with their work. Total sickness absence in the past year was around 6% of total working hours for the accounting year, with a part of this due to two long-term sick leaves.

Therma Industri AS aims to be an equal-opportunity employer, with a gender-neutral personnel policy. At the end of the year, the company employed 54 people, including 8 women and 46 men. The board consists of 4 men.

ENVIRONMENTAL REPORTING

The company primarily delivers systems using natural refrigerants, which are much more energy-efficient than systems using synthetic refrigerants. The company also focuses on designing systems to minimize energy consumption during operation.

The company works with technical systems that involve large quantities of various chemicals, and as such, there is a focus on internal controls and good routines to prevent local pollution.

INSURANCE FOR BOARD MEMBERS AND CEO

Board members and the CEO are covered by the group's insurance policy for any potential liabilities toward the company or third parties.

RESEARCH AND DEVELOPMENT ACTIVITIES

Therma Industri AS has developed its own intellectual property for ice machines and a new PLC control system related to plant deliveries. The costs have been capitalized.

NET PROFIT AND ALLOCATION

In 2022, the company achieved a net profit after tax of NOK 11 235 386, which is proposed to be allocated as follows:

- To other equity: NOK 11 235 386

Oslo, 25.04.2023

The board of Directors of Therma Industri AS

Erik Magnus Detterholm
Chairman of the board

Per Christian Sandved
Member of the board/General Manager

Thomas Mellgren
Member of the board

Stein Terje Brekke
Member of the board

Revenue statement

Therma Industri AS

OPERATING INCOME AND OPERATING EXPENSES	NOTE	2022	2021
Revenue	1, 2	181 201 776	235 654 801
Other income		0	45 000
Total income		181 201 776	235 699 801
Raw materials and consumables used	2	139 983 045	188 269 807
Employee benefits expense	3	17 725 328	15 721 931
Depreciation and amortisation expenses	4	2 875 113	2 452 064
Other expenses	2, 3, 11	15 543 375	13 364 803
Total expenses		176 126 861	219 808 604
Operating profit		5 074 915	15 891 196
EBITDA		7 950 028	18 343 261
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries		7 400 000	3 619 500
Interest income from group companies		27 557	0
Other interest income		15 354	37 025
Other financial income		1 343 712	506 811
Interest expense to group companies		756 947	0
Other interest expenses		7 702	10 362
Other financial expenses		405 845	1 108 038
Net financial items		7 616 129	3 044 936
Net profit before tax		12 691 044	18 936 132
Income tax expense	5	1 455 658	3 594 446
Net profit after tax		11 235 386	15 341 686
Net profit or loss	6	11 235 386	15 341 686
ATTRIBUTABLE TO			
Other equity		11 235 386	15 341 686
Total		11 235 386	15 341 686

Balance sheet

Therma Industri AS

ASSETS	NOTE	2022	2021
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Development	4, 11	2 040 978	2 725 060
Goodwill	4	555 435	1 110 843
Total intangible assets		2 596 413	3 835 903
PROPERTY, PLANT AND EQUIPMENT			
Buildings and land	4	1 045 963	1 563 691
Equipment and other movables	4	677 703	1 292 974
Total property, plant and equipment		1 723 666	2 856 665
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	9	103 490 280	52 740 549
Investments in other group companies		400 689	0
Other long-term receivables		0	26 901
Total non-current financial assets		103 890 969	52 767 450
Total non-current assets		108 211 048	59 460 018
CURRENT ASSETS			
Inventories		3 289 696	3 718 000
DEBTORS			
Accounts receivables	8	54 195 343	46 391 077
Opptjent, ikke fakturert	7	5 588 641	14 035 988
Other short-term receivables		6 273 731	5 099 613
Total receivables		66 057 715	65 526 678
Cash and cash equivalents	13	17 795 053	10 574 056
Total current assets		87 142 464	79 818 734
Total assets		195 353 512	139 278 752

Balance sheet

Therma Industri AS

EQUITY AND LIABILITIES	NOTE	2022	2021
PAID-IN CAPITAL			
Share capital	10	4 246 841	4 000 000
Share premium reserve		15 236 822	0
Total paid-up equity		19 483 663	4 000 000
RETAINED EARNINGS			
Other equity		70 843 353	59 607 967
Total retained earnings		70 843 353	59 607 967
Total equity	6, 14	90 327 016	63 607 967
LIABILITIES			
PROVISIONS			
Deferred tax	5	3 313 139	3 920 258
Total provisions		3 313 139	3 920 258
OTHER NON-CURRENT LIABILITIES			
Loan to group companies	2	32 233 299	20 000 000
Total non-current liabilities		32 233 299	20 000 000
CURRENT LIABILITIES			
Advances from customers	7	25 552 000	16 082 000
Trade payables		18 718 594	13 435 390
Tax payable	5	2 062 777	2 487 609
Public duties payable		15 545 070	11 457 136
Other current liabilities	12	7 601 617	8 288 393
Total current liabilities		69 480 058	51 750 527
Total liabilities		105 026 496	75 670 785
Total equity and liabilities		195 353 512	139 278 752

Oslo, 25.04.2023
The board of Therma Industri AS

Per Christian Sandved
Member of the board/General Manager

Tomas Mellgren
Member of the board

Stein Terje Brekke
Member of the board

Erik Magnus Detterholm
Chairman of the board

Indirect cash flow

Therma Industri AS

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before tax	12 691 044	18 936 132
Taxation paid	2 487 609	88 827
Loss/gain on the sale of fixed assets	0	-45 000
Inntekt på investering i datter	-7 400 000	-3 619 500
Ordinary depreciation	2 875 113	2 452 064
Change in inventory	428 304	2 787 480
Change in accounts receivable og prosjekter	10 113 081	-14 432 171
Change in accounts payable	5 283 204	-449 158
Change in other accrual items	2 253 942	1 427 280
Net cash flows from operating activities	23 757 079	6 968 301
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from the sale of fixed assets	0	45 000
Payments to buy tangible assets	502 624	2 012 562
Motatt utbytte ført mot investering	7 400 000	3 619 500
Payments to buy shares and participations in other companies	51 150 420	40 111 808
Net cash flows from investment activities	-44 253 044	-38 459 870
CASH FLOWS FROM FINANCING ACTIVITIES		
Endring mellomværende konsern	12 233 299	20 000 000
Proceeds from equity	15 483 663	0
Net cash flows from financing activities	27 716 962	20 000 000
 Net change in cash and cash equivalents	 7 220 997	 -11 491 569
Cash and cash equivalents at the start of the period	10 574 056	22 065 625
Cash and cash equivalents at the end of the period	17 795 053	10 574 056

Accounting principles

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

USE OF ESTIMATES

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

REVENUES

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs can be posted as revenue. At the time when it is identified that the project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

TAX

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

CLASSIFICATION AND VALUATION OF FIXED ASSETS

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

CLASSIFICATION AND VALUATION OF CURRENT ASSETS

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

RESEARCH AND DEVELOPMENT

Expenses on research and development are capitalised to the extent one cannot identify a future economic benefit related to the development of an identifiable intangible asset and where the acquisition cost can be measured reliably. In the opposite case such costs are expensed as incurred. Capitalised research and development is depreciated on a straight line basis over its economic lifetime.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

GOODS

Goods are valued at the lower of acquisition cost and net sale value. Sale value is the estimated sale price in ordinary operations after deduction of estimated necessary expenses for completing the sale. Acquisition cost includes expenses incurred in acquiring goods and costs necessary to bring the goods to the present position and are attributed using the FIFO principle.

RECEIVABLES

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Note 1 Sales income

	2022	2021
BY BUSINESS AREA		
Heating and cooling systems	-190 755 667	-248 530 606
Total	-190 755 667	-248 530 606
GEOGRAPHIC BREAKDOWN		
Norway	-190 756 667	-248 530 606
Total	-190 756 667	-248 530 606

Note 2 Related Parties

	2022	2021
Sales to related parties	2 648 469	971 911
Purchases from related parties	14 548 254	16 632 830
Other purchases from related parties	0	38 745
Interest expenses to related parties	756 947	0
Interest income from related parties	-27 557	0

	TRADE RECEIVABLES		OTHER RECEIVABLES	
	2022	2021	2022	2021
Companies within the group	1 886 104	68 822	1 800 000	0
Total	1 886 104	68 822	1 800 000	0

	TRADE PAYABLES		OTHER LONG-TERM LIABILITIES	
	2022	2021	2022	2021
Companies within the group	5 889 058	4 202 273	32 233 299	20 000 000
Total	5 889 058	4 202 273	32 233 299	20 000 000

Note 3 Note Salary costs and benefits, remuneration to the chief executive, board and auditor

SALARY COSTS	2022	2021
Salaries	37 644 457	40 757 767
Employment tax	4 624 032	4 734 269
Salary transferred to the project	-27 973 309	-32 249 735
Pension costs	2 264 209	1 685 928
Other benefits	1 165 939	793 701
Total	17 725 328	15 721 930

In 2022 the company employed 50 man-years.

PENSION LIABILITIES

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

REMUNERATION TO LEADING PERSONNEL	CHIEF EXECUTIVE IVE	BOARD
Salaries	1 395 791	0
Pension costs	5 044	0
Other remuneration	12 151	0
Total	1 412 986	0

There is no agreement for severance pay or options for the Managing Director. The Managing Director is part of the general bonus scheme applicable to all employees. The bonus for 2022 has not been triggered.

AUDITOR

Audit fees expensed for 2022 amount of NOK 229 455.
In addition there is a fee for other services of NOK 0.

Note 4 Non-current assets

Purchase cost as of 01.01.22	3 277 085	8 157 290	3 567 479
+ Inflow purchased fixed assets			502 624
= Acquisition cost 31.12.22	3 277 085	8 157 290	4 070 103
Accumulated depreciation 31.12.22	2 166 242	7 479 587	2 199 477
= Book value 31.12.22	1 110 843	677 703	1 870 626
This year's ordinary depreciations		615 271	1 357 058
Economic life	3-5 years	3-5 years	3-5 years
Depreciation plan		balance 0%	
TOTAL			
Purchase cost as of 01.01.22		2 851 700	17 853 554
+ Inflow purchased fixed assets			502 624
= Acquisition cost 31.12.22		2 851 700	18 356 178
Accumulated depreciation 31.12.22		2 190 793	14 036 099
= Book value 31.12.22		660 907	4 320 079
This year's ordinary depreciations		902 784	2 875 113
Economic life		8-25 years	
Depreciation plan			

Note 5 Tax

THIS YEAR'S TAX EXPENSE	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	2 062 777	2 487 609
Changes in deferred tax	-607 119	1 106 837
Tax expense on ordinary profit/loss	1 455 658	3 594 446
Taxable income:		
Result before tax	12 691 044	18 936 132
Permanent differences	-7 133 498	-2 068 882
Changes in temporary differences	3 818 715	-4 142 344
Taxable income	9 376 261	12 724 906
Payable tax in the balance:		
Payable tax on this year's result	2 062 777	2 487 609
Total payable tax in the balance	2 062 777	2 487 609
Calculation of effective tax rate		
Profit before tax	12 691 044	18 936 132
Calculated tax on profit before tax	2 792 030	4 165 949
Tax effect of permanent differences	-1 569 370	-455 154
Total	1 222 660	3 710 795
Effective tax rate	9,6 %	19,6 %

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	-25 449	1 577 458	1 602 907
Production contracts	19 993 605	22 433 807	2 440 202
Stock	0	-85 000	-85 000
Accounts receivable	-1 113 662	-1 327 763	-214 101
Allocations and more	-2 243 000	-2 171 000	72 000
Pension premium / liabilities	0	2 707	2 707
Total	16 611 494	20 430 208	3 818 715
Not included in the deferred tax calculation	-1 551 769	-2 610 853	-1 059 084
Basis for deferred tax	15 059 725	17 819 355	2 759 631
Deferred tax (22 %)	3 313 139	3 920 258	607 119

Note 6 Equity capital and change in principle

	Share capital	Share premium	Other paid-in equity capital	Other equity capital	Total equity capital
Pr. 31.12.2021	4 000 000	0	0	59 607 967	63 607 967
Result of the year				11 235 386	11 235 386
Share premium		15 236 822	0	0	15 236 822
Share capital		246 841	0	0	246 841
Pr 31.12.2022	4 000 000	15 483 663	0	70 843 353	90 327 016

The company is changing its accounting principle as of the 2022 financial year, transitioning from the equity method to the cost method. The effect of the change in accounting principle, amounting to NOK 2 204 123, has been recognized against equity. Comparative figures for 2021 have been restated. This change has been implemented in Therma Industri AS to ensure a consistent accounting principle across the entire group. The group otherwise applies the cost method.

Note 7 Construction Contracts

	2022	2021
Revenue recognized on ongoing projects	297 494 949	294 965 507
Costs related to recognized revenue/provision for losses	-277 501 344	-272 531 700
Net result recognized on ongoing projects	19 993 605	22 433 807
Earned but unbilled production	297 494 949	294 965 507
Advance billings	-317 458 310	-297 011 521
Work in progress	0	0
Net, earned but unbilled	-19 963 361	-2 046 014
Earned, unbilled income	5 588 641	14 035 988
Advances from customers	-25 552 000	-16 082 000
Net	-19 963 359	-2 046 012

Note 8 Customer receivables

	2022	2021
Customer receivables at par value	55 339 343	47 764 077
Provision for losses	1 144 000	1 373 000
Book value of customer receivables 31.12	54 195 343	46 391 077
Change in provision for losses	-229 000	755 000
Realised losses	57 138	0
Total losses on receivables posted against the result	-171 862	755 000

Recognized losses are classified as other operating expenses in the financial statements.

Note 9 Subsidiaries, associates, joint ventures

	MUNICIPALITY	OWNER SHARE	PURCHASE COST	SHARE OF EQUITY	SHARE OF RESULT
SBS/AS/JV					
HB Kuldetjeneste AS	Sarpsborg	100,0%	31 138 413	9 310 503	3 104 599
Marin Rør AS	Fredrikstad	80,0%	8 973 395	4 029 248	153 917
Sogn Kjøleservice AS	SOGNDAL	100,0%	16 749 731	6 054 839	1 744 024
Therma Automasjon AS	Nes	100,0%	5 155 000	602 843	-140 700
Therma Bergen AS	Bergen	100,0%	31 851 241	7 003 332	2 819 335
Therma Industri Stavanger AS	Time	100,0%	9 622 500	3 721 605	1 817 479
Total			103 490 280	30 722 370	9 498 654

Note 10 Shareholders

THE SHARE CAPITAL IN THERMA INDUSTRI AS AS OF 31.12 CONSISTS OF:

	TOTAL	FACE VALUE	ENTERED
Ordinary shares	4 246 841	1,0	4 246 841
Total	4 246 841		4 246 841

OWNERSHIP STRUCTURE

The largest shareholders in % at year end:

	ORDINARY	OWNER INTEREST	SHARE OF VOTES
FRANCKS KYLINDUSTRI SWEDEN AB	4 246 841	100,0	100,0

The company does not prepare consolidated financial statements as it is included in the consolidated financial statements of Francks Kylindustri Group Holding AB.

Note 11 Research and Development (R&D)

Expenses related to research and development have been capitalized and expensed based on specific assessments. The primary costs are associated with the further development of products and services within the same segment currently offered by the company.

Note 12 Warranty Provisions

A provision for warranty and service costs amounts to NOK 1 800 000.

Note 13 Currency Hedging

The company has committed to the purchase of EUR 3 433 386.

Note 14 Covenants

The company has no covenants as of year-end.