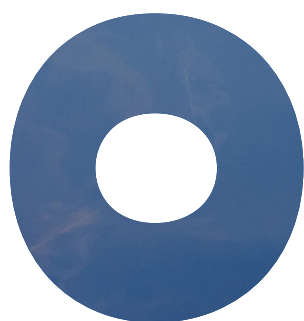
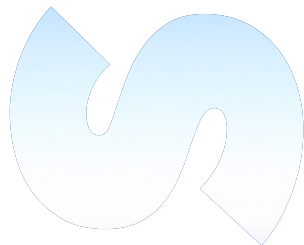

FRANCKS KYLINDUSTRI HOLDING AB (publ)

SUSTAINABILITY REPORT 2024





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Statement by the CEO

As the CEO of Francks Kylindustri, I am proud to present our inaugural sustainability report, showcasing the significant efforts we have made to enhance and focus our business around key outcomes. Over the past six months, we have made substantial progress in establishing a framework to comply with the EU CSRD regulations, a crucial goal for us in 2025.

In this report, you will find our insights on how sustainability issues impact our business and how our operations affect both people and the planet. We highlight several examples where we have made a positive difference.

**"Together we are
paving the way for
a sustainable future"**

Additionally, you will read about our primary targets for improvement, both environmentally and socially, for all our employees.

These initiatives are vital for all of us, and we are committed to continuous improvement at every level. We take pride in contributing to the green transition by moving the industry towards natural refrigerants, while ensuring efficiency in our processes.

Together, we are paving the way for a sustainable future, and I am excited to see the positive impact we will continue to make.

Enjoy the read!



Sören Jensen, CEO

Our core values

Temperature for a Better World

We strive to develop innovative solutions for the right temperature, ensuring high productivity and profitability for our customers. We go beyond that, and focus on our goal of helping create a better and more sustainable world.

For us, values are not just "words on a wall", they guide us every day: in how we treat each other in the team, how we interact with our customers and when we make decisions. This is how we want to work and be perceived:

- **Safety**

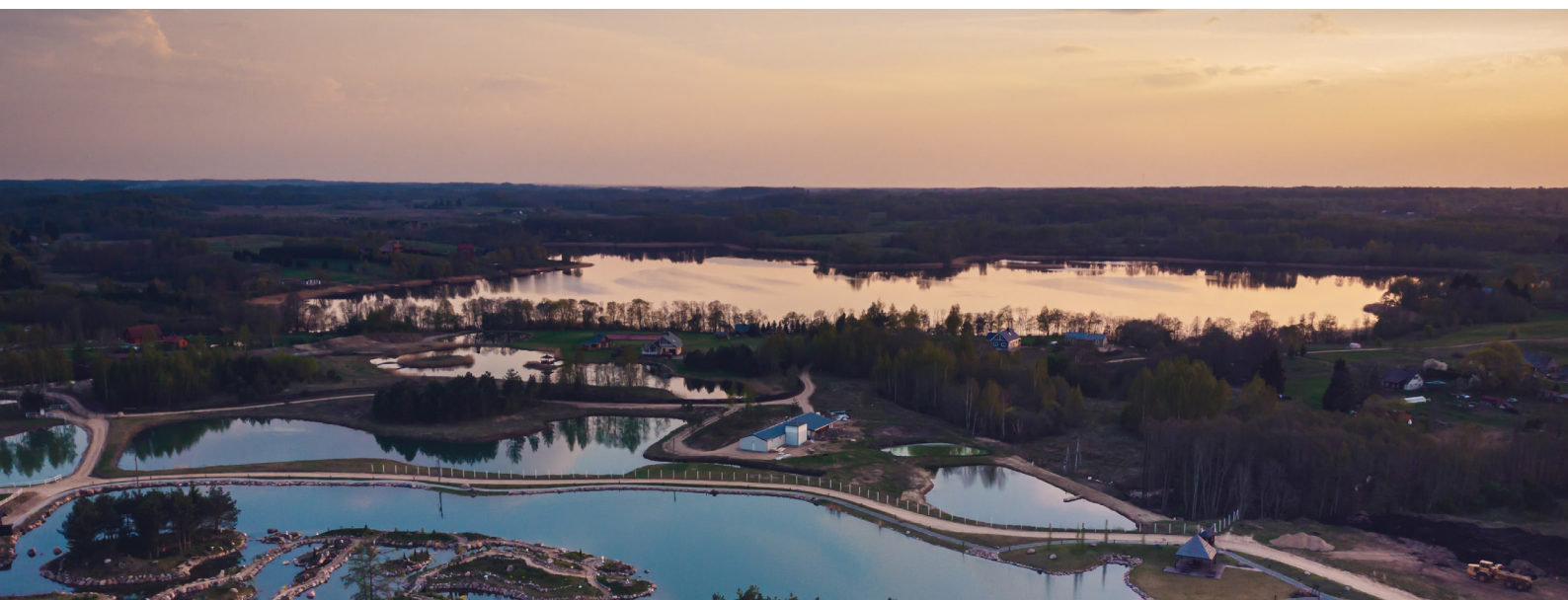
For us, reliability is the first priority. We understand our customers' needs and challenges and we are always there to solve any problems that may arise along the way.

- **Skilfulness**

We are proud of our high level of technical expertise. With solid experience, innovative technology and great precision, we tailor optimal solutions for every need.

- **Long-term approach**

We build high-quality, energy-efficient plants and aim to recycle waste heat and cooling. For us, it is natural to think long-term – both when it comes to our financial position and the climate.



A photograph of an industrial facility featuring a complex network of large, white, insulated pipes supported by a blue steel framework. The pipes run horizontally across the frame, with some curving downwards. The background is a clear blue sky with light, wispy clouds. The overall scene suggests a large-scale industrial or energy project.

CHAPTER 1.

Sustainability report

This report is Francks' Sustainability Statement for the financial year 2024 and covers the sustainability strategy for the organisation. It covers all companies within Francks Kyndustri Holding.



Cooling and heating in everyday life

A person starts their day in a heated house, where the heat comes from a heat pump, getting milk for their coffee from the fridge, which is powered by a cooling unit. At someone's workplace there is ventilation, served by a cooling unit, to be able to work comfortably for eight hours without freezing or sweating. During lunch, the shelf life of the food is ensured in the restaurant's cold room. After work, someone visits an old relative in the hospital, where district cooling is used to protect patients from high heat.

At the same time, a child is picked up from hockey practice in an ice rink with a refrigeration machinery room.

On the way home, dinner is bought in a supermarket with refrigerated counters, which are filled with deliveries from refrigerated warehouses, where the cold chain is not broken between warehouses and transport.

For an everyday life that strengthens us and keeps us healthy.

General information

This report is Francks' Sustainability Statement for the financial year 2024 and covers the sustainability strategy for the organisation. It covers all companies within Francks Kyliindustri Holding. The report is based to a limited extent on the CSRD and ESRS in the form of a double materiality analysis and consequently strategies for the areas resulting from the analysis.



Sustainability management

The sustainability strategy is adopted and monitored by the board of directors and the management team. In our business, sustainability work must permeate our day-to-day work and motivate us to work towards positive development for people and the environment. The board and management team commit to annually reviewing the sustainability strategy and managing sustainability-related risks and opportunities for the business. See allocation of responsibilities for the sustainability area below:

Area of responsibility	Person responsible
Overall strategy and objectives	→ Board of Directors and Group management
Establishing a sustainability strategy	→ CEO and Group management
Strategy development and monitoring	→ Sustainability Manager under the leadership of the CFO
Strategy implementation	→ Country managers, Regional Managers and Heads of Operations



Francks work towards long-term targets and policies in line with:

- The Paris Agreement
- Agenda 30: The UN Sustainable Development Goals
- The UN Universal Declaration of Human Rights

Strategy

Francks Kylindustri has extensive experience of working with refrigeration plants and refrigerants. When there is a growing demand for green conversion, there is an opportunity to replace CO₂-intensive products in society. Francks will keep up with technological developments and offer customers more energy-efficient products with less CO₂ emissions and less environmental pollution.

We will work to mitigate climate change, reduce environmental pollution and promote efficient use of resources such as reuse and recycling.

In terms of social aspects, as an employer we must offer a good working environment, skills development and opportunities for active involvement. All our employees must be aware of and work according to good business ethics and corporate culture.

We work closely and develop together with our suppliers, subcontractors and customers to achieve our social and environmental objectives.

In each sustainability aspect, stakeholder demands and needs must be taken into account for a sustainable corporate strategy (see Annex 1). The impact of sustainability throughout the value chain must be identified and constantly developed on the basis of opportunities and risks.

CHAPTER 2.

Focus on material topics





Focus on material topics

The business has carried out a double materiality assessment in the autumn of 2024.

In the analysis, we have identified areas within the ESRS where there are impacts, opportunities and risks for Francks. The assessment consists of an impact analysis and a financial analysis.

The process has been carried out by first mapping available data within all ESRS areas. This data was analysed using

industry and sectoral expertise and other external sources*. Business environment analysis and stakeholder analysis have also been used to inform the impact and financial analyses.

The analyses were carried out with senior management and professionals with expertise within the company. The results have been evaluated and supplemented by sector experts. The results were then presented and validated by the board.

*Source: Procurement Authority on climate issues, pollution, biodiversity, etc. as well as Transparency International's Corruption perception index for corruption issues, WWF's guide Tackling biodiversity risks and Risk Filter Suite Risk Reports.



Impact analysis

The assessment of impact materiality has been carried out according to the assessment parameters for negative impacts: Scale, scope, recoverability and likelihood. The entire value chain has been taken into account, regardless of availability.

How uncertainty has been handled in the analysis

In assessments of impact materiality, the degree of uncertainty in the assessment has also been assessed. In most cases, uncertainty has been assessed on the basis of the amount of data available for the area in question.

Where data was not available, external sources have been used to assess the impact on the type of business that Francks Kylindustri typically conducts.



Financial analysis

The materiality of financial risks and opportunities is assessed on the basis of the likelihood of the risk/opportunity materialising and the magnitude of the impact from a financial perspective.

Furthermore, the assessment has taken into account risks and/or opportunities, as well as their economic impact in the short, medium and long term.

Financial impacts are not limited to factors that the company can control.















In assessing the financial risks and opportunities, various financial effects have been taken into account, e.g. in the Profit and Loss Account, through increased costs or loss of income, or in the Balance Sheet, through stranded assets and cash flow.

How uncertainty has been handled in the analysis

The assessment of financial materiality is based on assumptions about future outcomes resulting from sustainability-related risks and opportunities. The uncertainties that exist are based on assumptions about the severity and likelihood of a potential event.

Aggregated results

The business has identified the following areas within ESRS where we have influence and have the opportunity to influence.

	ESRS & topic	Impact materiality	Financial materiality	Essential issues
1	E1 - Climate change			
2	E2 - Pollution			
3	E3 - Water and marine resources			
4	E4 - Biodiversity and ecosystems			
5	E5 - Resource use and circular economy			
6	S1 - Own workforce			
7	S2 - Workers in the value chain			
8	S3 - Affected communities			
9	S4 - Consumers and end users			
10	G1 - Business conduct			

Impacts, risks and opportunities

Based on our assessment and the 2024 data, it is clear that our operations have an environmental impact in areas such as climate change, pollution, and the circular economy. At the same time, we also acknowledge the significant opportunity we have to drive positive environmental change. Read more about our objectives and strategies in these areas in the Environment section.

In social aspects, we recognise that there are impacts on our own labour force as well as on workers in the value chain. Read more about how we manage impacts on our employees in the Social Responsibility section and how we manage impacts on workers in the value chain in the Corporate Social Responsibility section.

As a large employer, as an intermediary and as a company operating in several markets, we also have an impact on Corporate Social Responsibility. Our objectives and strategies in this area are described in the Corporate Social Responsibility section.



CHAPTER 3.

Sustainability commitments



Sustainability commitments

The business has identified the following areas within ESRS where we have influence and have the opportunity to influence.



Environment

For energy efficiency

Reduce our sold products' total CO₂-footprint

For a better climate ESRS E1

We will honour the Paris Agreement and reduce our carbon footprint across the value chain

For clean air ESRS E2

No emissions of environmental pollutants to air from our customers' facilities

For better use of resources - ESRS E5

Making more efficient use of resources in our operations



Corporate social responsibility

For increased job satisfaction and skills development ESRS S1

All our employees should feel committed and enjoy their work.

For good health and safe work ESRS S1

We have a zero accident and work-related illness vision and work-related illness



Corporate social responsibility

To take responsibility in the value chain ESRS G1, S2

All our suppliers and sub-contractors must fulfil our social, environmental and sustainability governance requirements

To raise awareness ESRS G1

All our employees should have the preconditions to work for sustainability



An aerial photograph of a dirt road winding through a hilly landscape. The road is light-colored and curves from the bottom left towards the center. The surrounding terrain is covered with dense green trees and shrubs, with some rocky patches visible on the slopes. The lighting suggests late afternoon or early morning, with long shadows.

CHAPTER 4.

Environment

Francks has set targets and strategies in four areas for the environment: Energy efficient products, Climate change, Environmental pollution and Circular economy. Francks is also certified according to ISO14001 and performs external audits annually in this area.



For energy efficiency

The products we sell generate emissions within our operations, but mainly upstream when they are manufactured and downstream when they are used (see index, scope 3). By evaluating the CO₂ footprint of the products we sell, we can support technology development and work with our suppliers to distribute less CO₂-intensive products in society in line with the UN's Sustainable Industry, Innovation and Infrastructure Goal 9.

Long-term goal

Reduce our sold products' total energy consumption

Interim target 2025

Evaluate the CO₂-footprint of the products we sell and establish a strategy



ARTICLE

Frigoscandia

Under the direction of Logicenter, Francks has been involved in the installation of what is now Frigoscandia's largest cold store and the company's central hub in southern Sweden. With a storage area of 36,000 square metres, four different temperature zones and an ambitious environmental profile, the assignment was a development project. The plant runs entirely on natural refrigerant (ammonia) and modern technology.

The waste heat generated is used both for frost protection under the cold storage area and to contribute to the heating of the new Frigoscandia headquarters.

The logistics centre has been developed in line with Logicenter's ambitious environmental profile and the building aims to achieve BREEAM certification with the ambition to reach the Excellent level.

Installed cooling capacity

2,6MW (-38°C)

4MW (-10°C)

For a better climate

For many of us, the polar bear is a symbol of the climate crisis. At Francks, the reduction of greenhouse gas emissions, environmental pollution, and the polar bear have been integrated into our operations for a long time. It reminds us daily that our actions and our work going forward must be for the benefit of the climate. We have set targets under UN Sustainable Development Goal 13: Combating climate action.



Long-term goal

We will honour the Paris Agreement and reduce our carbon footprint across the value chain

Interim target 2025

- **Connecting to SBTi and setting strategy**

In 2025, Francks will quality-assure its emissions calculations across the value chain by joining the Science Based Targets Initiative (SBTi). Francks has identified that major GHG emissions occur at the supply chain and customer level in its double materiality assessment and in the calculation of Scope 3 (See index). Emissions upstream when the sold product is manufactured and downstream, during product use, in the form of electricity consumption.

With the help of SBTi, we will set long-term, measurable targets that work to reduce global warming in line with the Paris Agreement.



SCIENCE
BASED
TARGETS

- **Renewable electricity, heating and cooling for 100% of our premises**

Interim target 2025

- **Reducing fossil fuels in our vehicle fleet**

Our business depends on vehicles as they are a tool in our core operations. We need to travel daily to our customers to perform preventive maintenance with heavy tools, installations involving a lot of material, and to be able to respond when a plant is at a standstill. This is reported in Scope 1: Direct Greenhouse Gas Emissions (See Index).

We will therefore reduce fossil fuels in the vehicle fleet. Francks has already started the transition to electric vehicles but intends to replace even more in 2025. We will also, where electric vehicles are not possible, replace large vans with smaller ones to reduce fuel consumption.

30%

electric cars as
a share of total
vehicles

20%

vans of smaller model
of total number
of vans

For clean air

The refrigeration industry, its affected customers and Francks use refrigerants that are classified as "fluorinated gases". If equipment is worn out, or in poor condition, there is a risk of gases leaking into the atmosphere. These refrigerants often have a high global warming potential (GWP), which means that in the event of a leak, they have a high greenhouse effect. Beyond the GWP value, almost all fluorinated gases contain PFAS, essentially a non-degradable pollutant. In the EU, the focus on phasing out fluorinated

greenhouse gases has increased dramatically with the introduction of a new regulation in 2024*. There are also ongoing discussions in the EU about future major regulations on the use of PFAS in the REACH** regulation.

In this transition, Francks focuses on natural refrigerants. When refrigeration systems consist of 100% natural refrigerants, there is no risk of PFAS emissions and very low or no greenhouse gas emissions to the atmosphere.

Long-term goal

No emissions of environmental pollutants to air from our customers' refrigeration plants

Interim target 2025

Increase the share of customer systems sold with natural refrigerants by 10% from the previous year

** F-gas Regulation (EU) 2024/573

** REACH Regulation (EG) 1907/2006



ARTICLE

Switching to natural refrigerants

- Västfastigheter

In 2024, a project was carried out between Francks Kylindustri Skaraborg/Småland and Västfastigheter at Uddetorp Naturbruksgymnasium.

The upper secondary school consists of about 190 students who train in various specialisations such as animal husbandry, excavator operators and service technicians. The school also has local food production.

Västfastigheter owns the Uddetorp property, which they decided in 2024 to upgrade with a new refrigeration system for the commercial kitchen in cooperation with Francks. Västfastigheter has a strong focus on sustainability in its daily work and it works according to their 2030 sustainability goals. Now they chose a natural refrigerant (carbon dioxide) for the new plant.

Peter Larsson, project manager at Västfastigheter, explains that the reason why they chose a natural refrigerant is long-term. Although the project was slightly more expensive, they felt it was better to choose a natural refrigerant that is future-proof and harmless to the environment.



Peter Larsson also emphasises that the collaboration with Francks has worked very well due to Francks' expertise and great sense of responsibility among both project managers and refrigeration technicians.

The existing refrigeration plant contained 8.2kg of R404A, which has a high GWP value and contains PFAS. This means that this project has removed about 32 tonnes of CO_{2e}, eliminating the risk of greenhouse gas emissions and of environmental pollutants.

As part of the upgrade, the school also received a new monitoring system. Alvin Trokic works as an operations technician at Västfastigheter and says that monitoring and alarm management have been much improved and that this ensures the sustainability of their food.

Now they are investigating the next step: Whether to use the waste heat from the plant for heating or hot water to optimise energy recovery and further environmental benefits.

"It's great to have a successful result and a satisfied customer who both meets their quality goals and is updated for future environmental requirements by choosing natural refrigerants. A new, fresh and energy-efficient facility."

Robin Fredriksson (Image above)
Francks' Project Manager



For better use of resources

A key topic for Francks is the circular economy and we have set targets in line with UN Sustainable Development Goal 12: Responsible consumption and production. Francks purchase materials and products that consist of a variety of materials that are more or less recyclable. We will endeavour to place recyclable materials wherever possible and evaluate the possibility of using recycled materials in purchases.

Within our own organisation, we will improve the efficiency of resource use by focusing on improving our management of waste generated in our daily operations.

Long-term goal

Making more efficient use of resources in our operations

Interim target 2025

Increase recycling in our operations.
Develop residual waste reduction plan and evaluate purchase of recycled materials

CHAPTER 5.

Corporate social responsibility

Francks employs around 600 people in the Nordic countries. As an employer, we must offer a good working environment, skills development and opportunities for active involvement.





For good health and safe work

A technician's working day consists of several different health and safety risks. We must continuously report, evaluate and implement preventive measures for incidents and risks detected in our operations. All accidents are investigated to avoid recurring incidents. In refrigeration, there are risks associated with handling refrigerants and other chemicals and high pressures. In assembly, we have identified risks such as high heights and the handling of heavy materials.

Another aspect of good health and safety is mental health. There is an increasing tendency in society for people who take sick leave due to stress. As digitalisation and demands increase, so does the importance of work-life balance. At Francks, we encourage a work-life balance and we work proactively to avoid stress at work. Goals have been set in line with UN Sustainable Development Goal 8: Decent work and economic growth.

Long-term goal

An ambition of zero accidents and illnesses due to work

Interim target 2025

Total absence due to illness of less than 3%, LTIFR* less than 7

* LTIFR (Lost Time Incident Frequency Rate) means the number of occupational injuries resulting in at least one day of sick leave per million hours worked.



ARTICLE

Ammonia safety at Francks Academy

Ammonia is a natural substance in our bodies, in agriculture and a great refrigerant from an environmental point of view with no PFAS and high GWP values, unlike fluorinated gases. However, this refrigerant requires proper handling and awareness of the risks of high concentrations and skin contact.

As industry switches to natural refrigerants, more Technicians who can manage working with ammonia are needed.

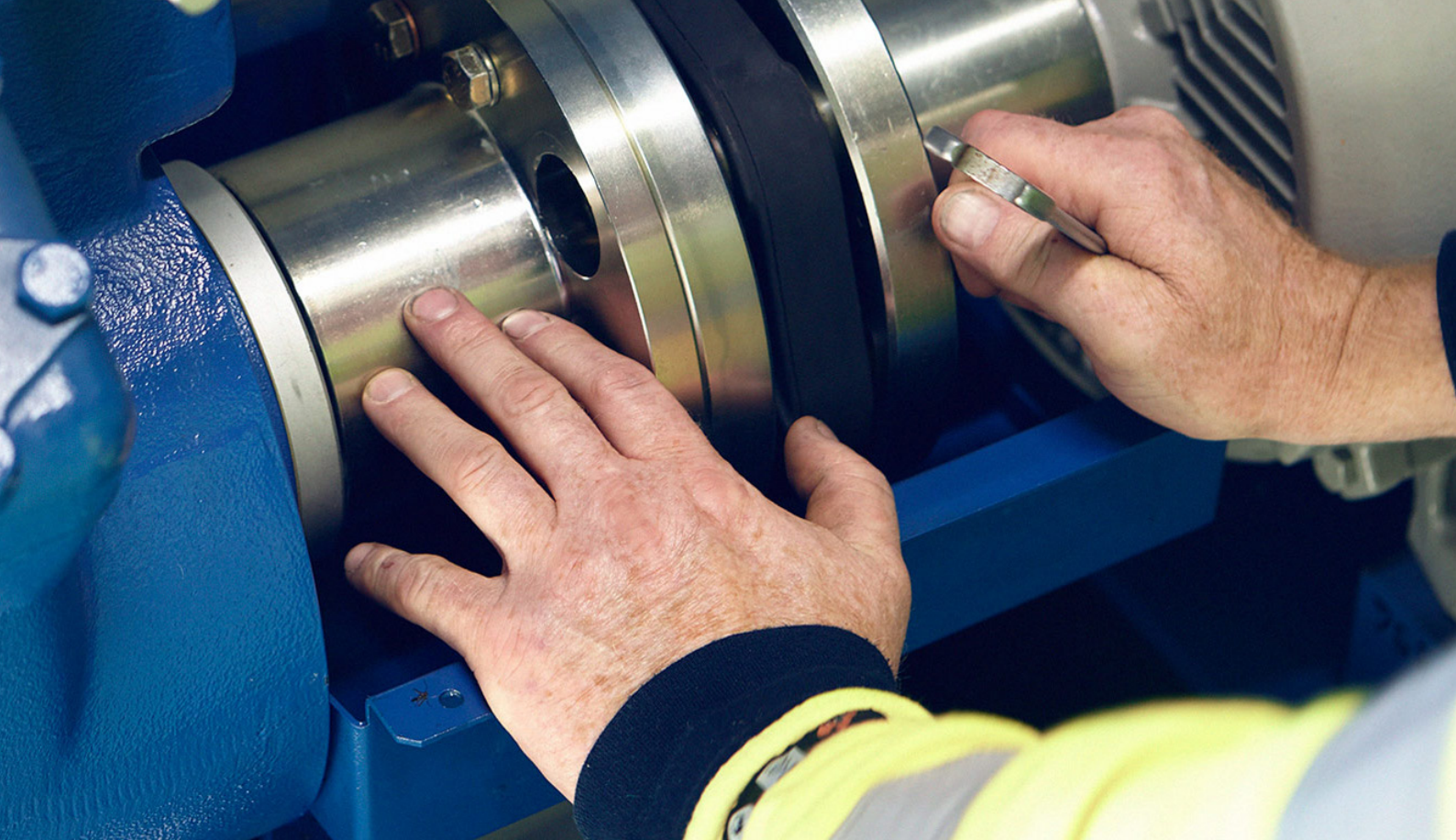
At Francks, we have an internal training programme called Francks Academy. In 2024, ammonia safety training was developed for our employees and our customers.

The training starts with an overview of the benefits of ammonia as a refrigerant and then consists of a theoretical part and a practical part on the subject of ammonia safety. During the practical part, participants will be tested in different concentrations of ammonia and in how to handle protective masks.



GWP value

Global warming potential (GWP) shows how much a gas affects the climate compared to carbon dioxide ($\text{CO}_2 = 1$). The higher the value, the greater the climate impact. Ammonia: $\text{CO}_2\text{e} = 0$



For increased job satisfaction and skills development

Our people are at the heart of our business, and their well-being and skills development are of paramount importance to us. Professional pride and competence permeate the entire organisation and we will preserve this by offering opportunities to develop and grow, both personally and professionally.

Francks operates in a relatively homogeneous industry and will therefore work to ensure that everyone feels welcome and accepted. We are also actively working to increase diversity within the company in line with UN Sustainable Development Goal 5: Gender equality. The greater number of different perspectives we can gather in a room, the better the results we will obtain.

Long-term goal

All our employees should feel committed and enjoy their work.

Interim target 2025

eNPS > 5

An aerial photograph of a city during winter. The foreground is dominated by a large, snow-covered park area with many bare trees. A winding path or road cuts through the park. In the middle ground, there are several residential and commercial buildings, some with snow on their roofs. A large, circular building with a green roof is prominent. In the background, a city skyline is visible under a sunset sky with orange and yellow hues. The overall scene is a mix of nature and urban development.

CHAPTER 5.

Corporate social responsibility

As an employer and market player, Francks takes responsibility for performing our services ethically and in accordance with applicable laws and regulations. Francks has set targets to ensure responsible governance both internally and in the value chain in line with UN Sustainable Development Goal 16: Peace, justice and strong institutions.

Corporate social responsibility

As an employer and market player, Francks takes responsibility for performing our services ethically and in accordance with applicable laws and regulations. Francks has identified corruption and bribery, which are prevalent in the industry in which we operate, as well as whistleblowing as essential sub-topics in the area of business conduct. A whistleblowing service with external management to protect the anonymity of whistleblowers is in place for all employees and external partners on our website. We have also identified that there may be occupational health and safety risks for workers in the value chain.

Francks has set targets to ensure responsible governance both internally and in the value chain in line with UN Sustainable Development Goal 16: Peace, justice and strong institutions.



To take responsibility in the value chain

We have identified that there may be occupational health and safety risks for workers in the value chain, as well as environmental risks at our suppliers and subcontractors. We will ensure that they work to prevent this. We will also ensure that they conduct business responsibly by following applicable laws and regulations and fulfilling the requirements we at Francks have set for ourselves.

Long-term goal

All our suppliers and subcontractors must fulfil our social, environmental and sustainability governance requirements

Interim target 2025

100% of our contract suppliers and subcontractors must sign our Supplier Code of Conduct





To raise awareness

Our employees should be aware of and work according to good business ethics and a corporate culture that facilitates responsible business behaviour. To grow as a sustainable company, we need to raise awareness among all our employees about the contribution of our way of working and our business to sustainable development.

Long-term goal

All our employees should have the preconditions to work for Sustainability

Interim target 2025

Train all our employees on our Code of Conduct

Index

Sustainability figures 2024

Environment

Metrics linked to targets, KPIs

Share of fully electric vehicles in total vehicles: 16%

Share of small vans in total vans: 14%

Share of natural refrigerant plants sold in total turnover: 79%¹

Direct and indirect greenhouse gas emissions for the group	Emissions (tonnes CO ₂ e)
Scope 1 direct greenhouse gas emissions ²	1,042
Scope 2 Indirect greenhouse gas emissions ³ - Location-based	68
Scope 2 Indirect greenhouse gas emissions ³ - Market-based	14
Scope 3.1 Purchased goods and services ⁴	84,748
Scope 3.2 Capital goods ⁵	733
Scope 3.2 Upstream leased assets ⁵	1,065
Scope 3.3 Business Travel ⁵	314

Total energy consumption, GWh: 1.56

1. Refers to projects with refrigeration units over 250Tkr, Units with natural refrigerant/Total turnover of units

2. Mostly from fuel consumption in our vehicles. Source emission factor: DEFRA (2022)

3. Mostly electricity consumption from our offices and warehouses. Source emission factor: The International Energy Agency (IEA)

4. Largest emission component in Scope 3. Within purchased goods and services, the largest source of emissions is machinery and electrical equipment. Expenditure-based calculation. Source emission factor: Quantis (2021)

5. Expenditure-based calculation. Source emission factor: Quantis (2021)

Social

Metrics linked to targets, KPIs

LTIFR (Lost Time Incident Frequency Rate): 8,6*

Total sick leave: 3,3% *

Compliance and Certifications

ISO 9001 (Quality)

ISO 14001 (Environment)

ISO 45001 (Occupational Health and Safety)

Whistleblower function (external)

* Value does not include acquired companies 2024

Annex 1

Stakeholder analysis

Stakeholders	Key issues	Forum for dialogue
Owners and investors	<ul style="list-style-type: none"> • Corporate governance and risk management • Monitoring of strategy and operations • Market position 	<ul style="list-style-type: none"> • Board meetings • Quarterly reports
Customers	<ul style="list-style-type: none"> • Costs • Quality • Good service • Health, environment and safety • Regulatory compliance • Innovation • Reputation 	<ul style="list-style-type: none"> • Quotations and tenders • Dialogue, feedback and improvement work • Reports (Sustainability and economy) • Website and social media
Employees	<ul style="list-style-type: none"> • Market position • Work environment and corporate culture • Skills development 	<ul style="list-style-type: none"> • Department meetings • Employee appraisal interviews • Intranet/Viva Engage • Employee surveys • Health and safety representatives, trade union dialogue
Suppliers and subcontractors	<ul style="list-style-type: none"> • Expectations and requirements • Cooperation and innovation 	<ul style="list-style-type: none"> • Supplier assessments • Dialogues with purchasing manager and project manager

About Francks Kylindustri

Francks Kylindustri is the leading industrial and commercial refrigeration specialist in the Nordic region, with operations in Sweden, Norway, Denmark and Finland. In 2024, Francks Kylindustri had a turnover of approximately SEK 1.8 billion and employed 600+ people.

www.francksref.com

