
Primagaz Danmark A/S

Sandvadsvej 11, DK-4600 Køge

Annual Report for 2022

CVR No. 13 08 09 76

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/6 2023

Maarten Jan Oskam
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Primagaz Danmark A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Køge, 16 June 2023

Executive Board

Maarten Jan Oskam
CEO

Board of Directors

Anna Maria Helena Schöningh
Chairman

Maarten Jan Oskam

Michael Kossack

Independent Auditor's report

To the shareholder of Primagaz Danmark A/S

Opinion

We have audited the financial statements of Primagaz Danmark A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 June 2023

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Morten Høgh-Petersen

State Authorised Public Accountant

mne34283

Company information

The Company	Primagaz Danmark A/S Sandvadsvej 11 DK-4600 Køge Telephone: +45 56631220 Email: office@primagaz.dk Website: www.primagaz.dk CVR No: 13 08 09 76 Financial period: 1 January - 31 December Municipality of reg. office: Køge
Board of Directors	Anna Maria Helena Schöningh, chairman Maarten Jan Oskam Michael Kossack
Executive Board	Maarten Jan Oskam
Auditors	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 København Ø
Lawyers	Skau Reipurth Amaliegade 37 DK-1256 København K
Bankers	Danske Bank Holmens Kanal 2 DK-1090 København K

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	2,897	8,605	7,186	6,596	-2,163
Profit/loss of financial income and expenses	-2,069	-716	-1,108	-852	-927
Net profit/loss	627	6,150	4,620	4,424	-2,417
Balance sheet					
Balance sheet total	147,566	139,489	115,437	132,030	141,196
Investment in property, plant and equipment	3,939	3,728	3,069	5,807	21,401
Equity	41,756	41,129	34,979	30,359	25,935
Number of employees	61	65	63	63	60
Ratios					
Return on assets	2.0%	6.2%	6.2%	5.0%	-1.5%
Solvency ratio	28.3%	29.5%	30.3%	23.0%	18.4%
Return on equity	1.5%	16.2%	14.1%	15.7%	-8.9%

Financial ratios are calculated in accordance with the principles described in note 19 Accounting policies in the Financial Statements

Management's review

Key activities

Primagaz Danmark A/S ("the Company") is a subsidiary of the world's leading LPG company SHV Energy NV. SHV Energy is a family-owned multinational organisation that consists of a group of specialised energy companies. These companies provide people and businesses with decentralised personalised energy solutions and services. Our customers often live or work in areas beyond the natural gas grid and rely on our companies for their most important energy sources.

The Company is engaged in distributing LPG/Propane to meet the energy needs of variety of customers. The Company provides reliable bulk LPG/Propane supplies to various customers in domestic, industrial, commercial and agricultural segment.

The Company also sells LPG/Propane in cylinders of various sizes to both domestic and professional customers.

The Company is the head office and Shared Service Center for the Scandinavian activities within SHV Energy, consisting of similar LPG/Propane activities and businesses in Sweden.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 627,303, and at 31 December 2022 the balance sheet of the Company shows a positive equity of DKK 41,756,297.

Result for the year compared to expectations from financial statements last year

The net profit of DKK 627,303 is below last year's budget amounting to DKK 6,370,362 mainly due to market developments in commodity prices and foreign exchange rates. It's expected that the volatility in the crude oil prices may continue to impact the LPG prices in 2023. The uncertainty regarding the war in Ukraine and the weather will continue to play key determinants towards overall energy market including LPG.

Strategy

The Company wishes to maintain and enhance its position in the Danish energy market primarily based on a long term strategy. The keen competition in the LPG market is expected to continue.

As established head office for the Scandinavian activities of SHV Energy, the Company wishes to maintain and develop the position of SHV Energy in the Scandinavian energy market.

Targets and expectations for the year ahead

It is expected that the high volatility in the crude oil prices may continue to affect LPG/Propane market in 2023 especially connected to the war in Ukraine. The effect of weather will continue to play a key determinant towards overall energy market including LPG.

External environment

Safety

SHV Energy has safety as its main issue and Primagaz Danmark A/S is constantly spending significant resources to further improve health and safety conditions for employees, customers and the environment.

Management's review

Compliance

The Company's policy is to make own commercial decisions based on our supreme interest of being entirely independent from the interest of competitors.

Our commercial decisions are made in conformity with a principle of securing an open market economy with free competition. It means that we avoid any conduct which may offend the EU and the national rules and law of competition.

All employees are continuously trained in our Compliance Program.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit		54,048,998	62,506,078
Staff expenses	1	-44,477,550	-45,699,999
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-6,674,922	-8,200,990
Profit/loss before financial income and expenses		2,896,526	8,605,089
Financial income	3	59,927	210,914
Financial expenses	4	-2,128,813	-926,697
Profit/loss before tax		827,640	7,889,306
Tax on profit/loss for the year	5	-200,337	-1,739,168
Net profit/loss for the year	6	627,303	6,150,138

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Acquired licenses		9,755,342	9,868,591
Goodwill		2,508,803	2,682,493
Intangible assets	7	12,264,145	12,551,084
Land and buildings		8,186,545	7,734,577
Plant and machinery		12,242,918	12,778,827
Other fixtures and fittings, tools and equipment		553,900	808,348
Property, plant and equipment	8	20,983,363	21,321,752
Deposits	9	610,645	471,258
Fixed asset investments		610,645	471,258
Fixed assets		33,858,153	34,344,094
Finished goods and goods for resale		30,159,968	34,187,832
Inventories		30,159,968	34,187,832
Trade receivables		55,860,445	37,786,278
Receivables from group enterprises		2,694,564	4,215,925
Other receivables		953,343	455,638
Deferred tax asset	10	2,687,896	2,888,233
Prepayments	11	2,048,062	3,032,909
Receivables		64,244,310	48,378,983
Cash at bank and in hand		19,303,084	22,578,046
Current assets		113,707,362	105,144,861
Assets		147,565,515	139,488,955

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital	12	13,200,000	13,200,000
Retained earnings		28,556,297	27,928,994
Equity		41,756,297	41,128,994
Other provisions	13	1,569,082	1,882,613
Provisions		1,569,082	1,882,613
Lease obligations		137,351	383,421
Other payables		3,280,161	3,240,465
Long-term debt	14	3,417,512	3,623,886
Credit institutions		62,685	58,471
Lease obligations	14	246,066	635,962
Prepayments received from customers		35,300	41,300
Trade payables		9,795,511	19,745,391
Payables to group enterprises		60,065,922	48,114,748
Corporation tax		0	448,832
Other payables	14	29,328,144	22,477,578
Deferred income	15	1,288,996	1,331,180
Short-term debt		100,822,624	92,853,462
Debt		104,240,136	96,477,348
Liabilities and equity		147,565,515	139,488,955
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Subsequent events	18		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	13,200,000	27,928,994	41,128,994
Net profit/loss for the year	0	627,303	627,303
Equity at 31 December	13,200,000	28,556,297	41,756,297

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	40,600,846	41,608,703
Pensions	3,297,633	3,516,897
Other social security expenses	579,071	574,399
	<u>44,477,550</u>	<u>45,699,999</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>61</u>	<u>65</u>
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	<u>2022</u>	<u>2021</u>
	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,465,890	2,767,709
Depreciation of property, plant and equipment	4,209,032	5,433,281
	<u>6,674,922</u>	<u>8,200,990</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
3. Financial income		
Other financial income	59,927	50,251
Foreign exchange gains, net	0	160,663
	<u>59,927</u>	<u>210,914</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
4. Financial expenses		
Interest paid to group enterprises	1,113,952	772,057
Foreign exchange losses, net	761,995	0
Other financial expenses	252,866	154,640
	<u>2,128,813</u>	<u>926,697</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
5. Income tax expense		
Current tax for the year	0	448,832
Deferred tax for the year	200,337	1,290,336
	<u>200,337</u>	<u>1,739,168</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
6. Profit allocation		
Retained earnings	<u>627,303</u>	<u>6,150,138</u>
	627,303	6,150,138

	<u>Acquired licenses</u>	<u>Goodwill</u>
	DKK	DKK
7. Intangible fixed assets		
Cost at 1 January	16,605,763	33,363,515
Additions for the year	2,018,951	160,000
Cost at 31 December	<u>18,624,714</u>	<u>33,523,515</u>
Impairment losses and amortisation at 1 January	6,737,172	30,681,022
Amortisation for the year	2,132,200	333,690
Impairment losses and amortisation at 31 December	<u>8,869,372</u>	<u>31,014,712</u>
Carrying amount at 31 December	<u>9,755,342</u>	<u>2,508,803</u>

Notes to the Financial Statements

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January	28,522,861	56,450,868	1,477,016
Additions for the year	1,210,684	2,505,666	222,989
Disposals for the year	0	-310,161	0
Cost at 31 December	<u>29,733,545</u>	<u>58,646,373</u>	<u>1,700,005</u>
Impairment losses and depreciation at 1 January	20,788,284	43,672,041	668,668
Depreciation for the year	758,716	2,972,879	477,437
Reversal for the year of previous years impairment losses	0	-241,465	0
Impairment losses and depreciation at 31 December	<u>21,547,000</u>	<u>46,403,455</u>	<u>1,146,105</u>
Carrying amount at 31 December	<u>8,186,545</u>	<u>12,242,918</u>	<u>553,900</u>
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>501,491</u>

9. Other fixed asset investments

	Deposits DKK
Cost at 1 January	471,258
Additions for the year	139,387
Cost at 31 December	<u>610,645</u>
Carrying amount at 31 December	<u>610,645</u>

10. Deferred tax asset

	2022 DKK	2021 DKK
Deferred tax asset at 1 January	2,888,233	4,178,569
Amounts recognised in the income statement for the year	-200,337	-1,290,336
Deferred tax asset at 31 December	<u>2,687,896</u>	<u>2,888,233</u>

Notes to the Financial Statements

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

12. Share capital

The share capital consists of 26,400 shares of a nominal value of DKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

13. Other provisions

The Danish Work Environment Authority requested to recall certain types of prima donna cylinders has declared an order regarding the recall of Compolite CS composite cylinders.

The provision is to counter for cylinders not replaced per 31 December 2022. The provisions are an expression of the best estimate of Management, but by nature it is associated with some degree of uncertainty.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Other provisions	1,569,082	1,882,613
	<u>1,569,082</u>	<u>1,882,613</u>

The provisions are expected to mature as follows:

Within 1 year	784,541	941,307
Between 1 and 5 years	784,541	941,306
After 5 years	0	0
	<u>1,569,082</u>	<u>1,882,613</u>

Notes to the Financial Statements

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	<u>137,351</u>	<u>383,421</u>
Long-term part	137,351	383,421
Within 1 year	<u>246,066</u>	<u>635,962</u>
	<u>383,417</u>	<u>1,019,383</u>
Other payables		
After 5 years	0	0
Between 1 and 5 years	<u>3,280,161</u>	<u>3,240,465</u>
Long-term part	3,280,161	3,240,465
Within 1 year	0	0
Other short-term payables	<u>29,328,144</u>	<u>22,477,578</u>
	<u>32,608,305</u>	<u>25,718,043</u>

15. Deferred income

Deferred income consists of received rental payments for the next year etc.

<u>2022</u>	<u>2021</u>
DKK	DKK

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,964,563	2,220,461
Between 1 and 5 years	<u>1,570,653</u>	<u>2,059,343</u>
	<u>3,535,216</u>	<u>4,279,804</u>
Rental obligation buildings, period of non-terminability up to 36 mth	816,513	931,054
Lease obligation buildings, period of non-terminability 2½ years (right to purchase on 1 July 2025)	1,998,601	4,398,250

Notes to the Financial Statements

Other contingent liabilities

As part of the company's general trading activities and cooperation with other parties within Danish energy logistics, the company is subject to general business risks associated with these activities.

The company is part of joint taxation with other Danish companies within the SHV Group, and is jointly and severally liable for Tax on the group's jointly taxed income and for certain possible withholding taxes, such as dividend tax and royalty tax, and for joint registration of VAT. Any subsequent corrections of the taxable joint taxation income or withholding tax on dividends etc. could lead to a larger amount of corporate income tax. The Group as a whole is not liable to others.

17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
SHV Energy NV, Hoofddorp, The Netherlands	Parent shareholder

Transactions

Intercompany income regarding Management Charge DKK 23,116,502 (2021: DKK 22,544,208) and other intercompany income for cost DKK 4,503,635 (2021: DKK 3,457,834)

Intercompany expense regarding cost of goods sold 73,876,499 (2021: DKK 3,328,920), management charge DKK 3,476,633 (2021: 2,581,810) and other intercompany cost DKK 3,920,386 (2021: 3,922,510).

Intercompany receivables and debt is disclosed in the Balance Sheet while intercompany interest income and expense is disclosed in note 3 and 4.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

SHV Energy NV, Hoofddorp, The Netherlands

Consolidated Financial Statements

The Company is included in the Annual Report of the ultimate Parent Company:

<u>Name</u>	<u>Place of registered office</u>
SHV Holdings N.V.	The Netherlands

The Group Annual Report of SHV Holdings N.V. may be obtained at the following address:

SHV Holdings N.V.
Rijnkade 1
3511 LC Utrecht
The Netherlands

18. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Primagaz Danmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SHV Holdings N.V., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of goods sold and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including income from management fees

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with group company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill is amortised on a straight-line basis over the useful life determined within the individual business areas. The amortisation period is usually 5 years but may in certain cases be up to 20 years for enterprises acquired for strategic purposes with a strong market position and a long-term earnings profile if the longer amortisation period is considered to reflect better the value in use of the resources in question.

Software and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over 3-10 years, and licences are amortised over the licence period; however not exceeding 3-10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20 years
Buildings on leased land	10-40 years
Plant and machinery	5-20 years
Other fixtures and fittings, tools and equipment	2-6 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and similar items.

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of substitution of Primadonna gas cylinders on demand. Provisions are measured and recognised based on the Managements expectation to the coming substitutions of Primadonna gas cylinders without charge.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Notes to the Financial Statements

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$