

# Kosan Gas A/S

Hasselager Centervej 19-21, 8260 Viby J

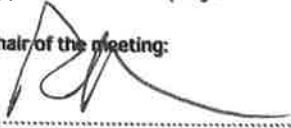
CVR no. 17 99 09 77

## Annual report

for the year 1 October 2020 - 30 September 2021

Approved at the Company's annual general meeting on 20 January 2022

Chair of the meeting:



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**Statement by the Board of Directors and the Executive Board**

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kosan Gas A/S for the financial year 1 October 2020 - 30 September 2021.

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 of the Company at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

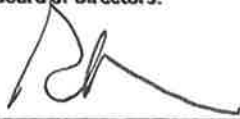
We recommend that the annual report be approved at the annual general meeting.

Aarhus, 20 January 2022  
Executive Board:

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Beth Amanda Reid

Board of Directors:



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Paul Michael Ladner  
Chair

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Marie-Dominique Cecillie  
Ortiz-Landazabal

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Beth Amanda Reid

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We recommend that the annual report be approved at the annual general meeting.

Aarhus, 20 January 2022  
Executive Board:

Beth Amanda Reid

Board of Directors:

Paul Michael Ladner  
Chair



Marie-Dominique Cecille  
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We recommend that the annual report be approved at the annual general meeting.

Aarhus, 20 January 2022  
Executive Board:



Beth Amanda Reid

Board of Directors:

Paul Michael Ladner  
Chair

Marie-Dominique Cecille  
Ortiz-Landazabal



Beth Amanda Reid

## Independent auditor's report

To the shareholders of Kosan Gas A/S

### Opinion

We have audited the financial statements of Kosan Gas A/S for the financial year 1 October 2020 - 30 September 2021, which comprise 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 financial position of the Company at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

### 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 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 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 applicable in Denmark 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 the 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 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.
- 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.

## Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the 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.

Aarhus, 20 January 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lone Nørgaard Eskildsen  
State Authorised Public Accountant  
mne32085

## Management's review

### Company details

Name	Kosan Gas A/S
Address, Postal code, City	Hasselager Centervej 19-21, 8260 Viby J
CVR no.	17 99 09 77
Established	25 June 1945
Registered office	Aarhus
Financial year	1 October 2020 - 30 September 2021
Website	<a href="http://www.kosangas.dk">www.kosangas.dk</a>
Telephone	+45 89 48 77 00
Board of Directors	Paul Michael Ladner, Chair Marie-Dominique Cecilie Ortiz-Landazabal Beth Amanda Reid
Executive Board	Beth Amanda Reid
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	Danske Bank
Lawyer	Kromann & Reumert Rådhuspladsen 3, 8000 Aarhus C, Denmark



## Management's review

### Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Key figures</b>					
Revenue	340,589	293,378	297,770	310,460	295,692
Operating profit/loss	28,735	41,990	18,768	20,875	26,767
Net financials	-113	-3,139	141	215	237
Profit for the year	94,884	68,016	14,487	16,258	21,039
<b>Total assets</b>					
Total assets	443,599	441,242	365,773	335,079	331,833
<b>Investments in property, plant and equipment</b>					
Investments in property, plant and equipment	42,237	38,720	34,503	37,310	33,891
Equity	303,957	323,920	251,888	239,733	223,476
<b>Financial ratios</b>					
Operating margin	8.4%	14.6%	6.4%	6.7%	9.1%
Return on assets	6.5%	10.4%	5.4%	6.3%	8.1%
Equity ratio	68.5%	73.4%	68.9%	71.5%	67.3%
Return on equity	30.2%	23.6%	5.9%	7.0%	9.9%
<b>Average number of full-time employees</b>					
Average number of full-time employees	59	58	61	61	57

For terms and definitions, please see the accounting policies.

## Management's review

### Business review

Kosan Gas A/S purchases and sells gas and gas consuming equipment in Denmark.

### Financial review

The income statement for 2020/21 shows a profit of DKK 94,884 thousand against a profit of DKK 68,016 thousand last year, and the balance sheet at 30 September 2021 shows equity of DKK 303,957 thousand.

The profit for the year exceeded expectations significantly, primarily due to dividends received from the subsidiary Kosan Gas Norge AS and Kosan Gas Finland OY in 2020/2021.

In connection with the global Corona pandemic, all Kosan Gas employees, who were able to work from home, have been sent home in most of the Financial year 20/21. Kosan Gas has not got any compensation due to Corona, and in general the company has been very little affected by the Pandemic.

The customers demand and ability to pay have not been affected, or only to a limited extent, all inbound and outbound deliveries were conducted as normal and the customers have received the usual services from employees who might have been working from home. At the filling station in Esbjerg, as well as in other positions, where working from home is not an option, various safety measures were taken to safeguard the employees.

Management has changed its accounting estimate regarding the Company's control over valves on gas cylinders not present at the company's premises. Management has assessed that the Company don't have sufficient control over valves on gas cylinders not present at the company's premises and thus a write-down have been made. The change has had a significant impact on the financial statements, as property, plant and equipment were decreased by write-down 17.3 mio. DKK and the pre tax profit was adversely affected by the write-down of 17.3 mio. DKK. Equity was adversely affected by 13.5 mio. DKK. In total, liabilities have decreased by DKK 3.8 mio. DKK regarding deferred tax on write-down.

### Impact on the external environment

The Company places much focus on safety and the environment and has a well established system to safeguard and manage all issues in relation to these areas. Each year, considerable resources are spent in this respect.

### Events after the balance sheet date

All safety measures due to the Corona pandemic have continued after year end.

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

### Outlook

Due to increasing prices on gas, the management expects a profit in the range between DKK 10,000 thousand and DKK 15,000 thousand for 2021/2022.

Financial statements 1 October 2020 - 30 September 2021

Income statement

Note	DKK'000	2020/21	2019/20
2	Revenue	340,589	293,378
14.3	Production costs	-187,937	-136,020
	Gross profit	152,652	157,358
	Distribution costs	-48,677	-45,594
14.3	Administrative expenses	-75,240	-69,772
	Operating profit	28,735	41,992
	Other operating income	75	745
	Other operating expenses	-55	-2
	Profit before net financials	28,755	42,735
	Income from investments in group entities	72,572	36,553
4	Financial income	196	157
5	Financial expenses	-309	-3,296
	Profit before tax	101,214	76,149
6	Tax for the year	-6,330	-8,133
	Profit for the year	94,884	68,016

Financial statements 1 October 2020 - 30 September 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	<b>ASSETS</b>		
	Fixed assets		
7	Intangible assets		
	Goodwill	0	0
		<u>0</u>	<u>0</u>
8	Property, plant and equipment		
	Land and buildings	7,073	7,694
	Plant and machinery	34,346	31,228
	Other fixtures and fittings, tools and equipment	93,666	107,566
	Leasehold improve-ments	552	713
	Property, plant and equipment in progress	2,750	1,494
		<u>138,387</u>	<u>148,695</u>
9	Investments		
	Investments in group entities	120,281	120,281
		<u>120,281</u>	<u>120,281</u>
	Total fixed assets	<u>258,668</u>	<u>268,976</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	26,879	15,256
		<u>26,879</u>	<u>15,256</u>
	Receivables		
	Trade receivables	78,592	62,595
	Receivables from group entities	28,385	2,499
	Other receivables	719	1,112
10	Prepayments	3,680	1,257
		<u>111,376</u>	<u>67,463</u>
	Cash	46,676	89,547
	Total non-fixed assets	<u>184,931</u>	<u>172,266</u>
	<b>TOTAL ASSETS</b>	<u><u>443,599</u></u>	<u><u>441,242</u></u>

Financial statements 1 October 2020 - 30 September 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
11	Share capital	117,800	117,800
	Other reserves	16,836	0
	Retained earnings	109,321	76,120
	Dividend proposed for the year	60,000	130,000
	<b>Total equity</b>	<b>303,957</b>	<b>323,920</b>
	Provisions		
12	Deferred tax	19,816	22,937
	<b>Total provisions</b>	<b>19,816</b>	<b>22,937</b>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Trade payables	4,603	0
	Income taxes payable	10,496	7,641
		<b>15,099</b>	<b>7,641</b>
	Current liabilities other than provisions		
	Bank debt	0	49
	Trade payables	18,926	15,022
	Payables to group entities	25,866	4,833
	Income taxes payable	316	1,316
	Other payables	58,984	64,936
13	Deferred income	635	588
		<b>104,727</b>	<b>86,744</b>
		<b>119,826</b>	<b>94,385</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>443,599</b>	<b>441,242</b>

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting
- 19 Appropriation of profit

Financial statements 1 October 2020 - 30 September 2021

Statement of changes in equity

Note	DKK'000	Share capital	Other reserves	Retained earnings	Dividend proposed for the year	Total
		117,800	0	134,088	0	251,888
19	Equity at 1 October 2019	0	0	-61,984	130,000	68,016
	Transfer, see "Appropriation of profit" Hedging	0	0	5,149	0	5,149
	Tax on items recognised directly in equity	0	0	-1,133	0	-1,133
	Equity at 1 October 2020	117,800	0	76,120	130,000	323,920
19	Transfer, see "Appropriation of profit" Equity transferred to reserves	0	0	34,884	60,000	94,884
	Exchange adjustment	0	1,683	-1,683	0	0
		0	15,153	0	0	15,153
		0	0	0	-130,000	-130,000
	Equity at 30 September 2021	117,800	16,836	109,321	60,000	303,957

The Company hedges gas prices on future purchases.

As per 30 September 2021, the Company entered into hedging contracts for 14,206 tonnes of LPG. The fair values of these contracts amount to a receivable of DKK 21,585 thousand before tax. After tax, fair value amounts DKK 16,836 thousand.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kosan Gas A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements of Kosan Gas A/S and its group entities are part of the consolidated financial statements of UGI Corporation.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Changes in accounting estimates

Management has changed its accounting estimate regarding the Company's control over valves on gas cylinders not present at the company's premises. Management has assessed that the Company don't have sufficient control over valves on gas cylinders not present at the company's premises and thus a write-down have been made. The change has had a significant impact on the financial statements, as property, plant and equipment were decreased by write-down 17.3 mio. DKK and the pre tax profit was adversely affected by the write-down of 17.3 mio. DKK. Equity was adversely affected by 13.5 mio. DKK. In total, liabilities have decreased by DKK 3.8 mio. DKK regarding deferred tax on write-down. Reference is also made to the comments in the Management's review.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, UGI Corporation.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of LPG is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

##### Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.



## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 20 years. The amortisation period is based on Management's assessment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	5-20 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	20-30 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improve-ments	5-20 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

##### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or group of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

##### Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

#### 2 Segment information

The Company has not disclosed geographical and business segmentation of revenue, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that such disclosure could be highly detrimental to the Company.

The reason is that the Company operates in a market with very few competitors, and such disclosure could cause considerable damage.

DKK'000	2020/21	2019/20
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	178
Depreciation of property, plant and equipment	52,382	37,039
	<u>52,382</u>	<u>37,217</u>

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

Production costs	40,169	25,855
Administrative expenses	12,213	11,362
	<u>52,382</u>	<u>37,217</u>

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

DKK'000	2020/21	2019/20				
<b>4 Financial income</b>						
Other financial income	196	157				
	<u>196</u>	<u>157</u>				
<b>5 Financial expenses</b>						
Exchange losses	16	2,869				
Other financial expenses	293	427				
	<u>309</u>	<u>3,296</u>				
<b>6 Tax for the year</b>						
Estimated tax charge for the year	9,476	9,120				
Deferred tax adjustments in the year	-3,121	-397				
Tax adjustments, prior years	-25	-590				
	<u>6,330</u>	<u>8,133</u>				
<b>7 Intangible assets</b>						
DKK'000		Goodwill				
Cost at 1 October 2020		<u>32,947</u>				
Cost at 30 September 2021		<u>32,947</u>				
Impairment losses and amortisation at 1 October 2020		<u>32,947</u>				
Impairment losses and amortisation at 30 September 2021		<u>32,947</u>				
Carrying amount at 30 September 2021		<u>0</u>				
<b>8 Property, plant and equipment</b>						
DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 October 2020	19,291	103,296	249,017	8,339	1,494	381,437
Additions in the year	0	7,172	32,315	0	2,750	42,237
Disposals in the year	0	-1,482	-62,225	-175	0	-63,882
Transfer from other accounts	0	1,494	0	0	-1,494	0
Cost at 30 September 2021	<u>19,291</u>	<u>110,480</u>	<u>219,107</u>	<u>8,164</u>	<u>2,750</u>	<u>359,792</u>
Impairment losses and depreciation at 1 October 2020	11,597	72,068	141,451	7,626	0	232,742
Impairment losses in the year	0	0	17,271	0	0	17,271
Depreciation in the year	621	5,548	28,781	161	0	35,111
Amortisation/depreciation and impairment of disposals in the year	0	-1,482	-62,062	-175	0	-63,719
Impairment losses and depreciation at 30 September 2021	<u>12,218</u>	<u>76,134</u>	<u>125,441</u>	<u>7,612</u>	<u>0</u>	<u>221,405</u>
Carrying amount at 30 September 2021	<u>7,073</u>	<u>34,346</u>	<u>93,666</u>	<u>552</u>	<u>2,750</u>	<u>138,387</u>

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 9 Investments

DKK'000	Investments in group entities
Cost at 1 October 2020	120,281
Cost at 30 September 2021	120,281
Value adjustments at 30 September 2021	0
Carrying amount at 30 September 2021	120,281

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Kosan Gas Norge AS	AS	Norway	100.00%	21,352	16,465
Kosan Gas Finland Oy	Oy	Finland	100.00%	42,113	6,552
Kosan Gas Sverige AB	AB	Sweden	100.00%	63,502	12,919

Above equity and profit/loss are according to the most recent financial statements (2019/20).

#### 10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and subscriptions.

DKK'000	2020/21	2019/20
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#### 11 Share capital

Analysis of the share capital:

117,800 shares of DKK 1,000.00 nominal value each	117,800	117,800
	117,800	117,800

The Company's share capital has remained DKK 117,800 thousand over the past 5 years.

DKK'000	2020/21	2019/20
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#### 12 Deferred tax

Deferred tax relates to:

Intangible assets	22,937	-22,937
Property, plant and equipment	-3,121	45,874
	19,816	22,937

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 13 Deferred income

Deferred income comprises payments received which cannot be recognised as revenue until the subsequent financial year.

DKK'000	2020/21	2019/20
14 Staff costs		
Wages/salaries	38,913	39,062
Pensions	4,408	4,387
Other social security costs	679	657
	<u>44,000</u>	<u>44,106</u>

Staff costs are recognised as follows in the financial statements:

Production	9,514	8,348
Administration	34,486	35,758
	<u>44,000</u>	<u>44,106</u>

Average number of full-time employees	<u>59</u>	<u>58</u>
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By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

#### 15 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

DKK'000	2020/21	2019/20
Guarantee commitments	<u>221</u>	<u>221</u>
	<u>221</u>	<u>221</u>

##### Other financial obligations

##### Other rent and lease liabilities:

Rent and lease liabilities	<u>9,503</u>	<u>7,655</u>
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#### 16 Collateral

The Company has provided suretyship as security for subsidiaries' debt to credit institutions.

## Financial statements 1 October 2020 - 30 September 2021

### Notes to the financial statements

#### 17 Related parties

Kosan Gas A/S' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
UGI Corporation	USA	Ultimate patent company
Flaga GmbH	Austria	Parent company

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
UGI Corporation	USA	<a href="http://www.ugicorp.com/investor-relations/financial-reports/annual-reports/default.aspx">http://www.ugicorp.com/investor-relations/financial-reports/annual-reports/default.aspx</a>

##### Related party transactions

Kosan Gas A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2020/21</u>	<u>2019/20</u>
Sale of services to group entities	27,340	11,180
Purchase of services and goods from parent company and other affiliated companies	-91,267	-37,820
Receivables from group entities	6,800	341
Payables to group entities	25,866	4,833

##### Ownership

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

<u>Name</u>	<u>Domicile</u>
Flaga GmbH	Austria

#### 18 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of UGI Corporation.

<u>DKK'000</u>	<u>2020/21</u>	<u>2019/20</u>
19 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	60,000	130,000
Retained earnings/accumulated loss	34,884	-61,984
	<u>94,884</u>	<u>68,016</u>