Tel.: +45 75 18 16 66
esbjerg@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Dokken 8
DK-6700 Esbjerg
CVR no. 20 22 26 70

SCANDINAVIAN FITTINGS & FLANGES APS

SALLINGSUNDVEJ 7, 6715 ESBJERG N

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 13 February 2024

Claus Rönnpage Poulsen

CVR NO. 18 25 10 86

CONTENTS

COMPANY DETAILS

Company	Scandinavian Fittings & Flanges ApS Sallingsundvej 7 6715 Esbjerg N	
	CVR No.:	18 25 10 86
	Established:	1 January 1995
	Municipality:	Esbjerg
	Financial Year:	1 January - 31 December
Board of Directors	Tore Christiansen, chairman Claus Rönnpage Poulsen Johan Frederik Brandt	
Executive Board	Claus Rönnpage Poulsen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Scandinavian Fittings & Flanges ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 13 February 2024

Executive Board

Claus Rönnpage Poulsen

Board of Directors

Tore Christiansen Chairman	Claus Rönnpage Poulsen	Johan Frederik Brandt

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Scandinavian Fittings & Flanges ApS

Conclusion
We have performed an extended review of the Financial Statements of Scandinavian Fittings & Flanges ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion
We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Extended Review of the Financial Statements
Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary
Management is responsible for the Management Commentary.

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

THE INDEPENDENT AUDITOR'S REPORT

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

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

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

Esbjerg, 13 February 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Stig Petersen
State Authorised Public Accountant
MNE no. mne35464

MANAGEMENT COMMENTARY

Principal activities

The company´s primary activity has been selling pipes, fittings and flanges to the Danish petrochemical industry, as well as to industry in general.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		**15.671.015**	**8.160.347**
Staff costs	1	-6.335.691	-4.795.509
Depreciation, amortisation and impairment losses for tangible and intangible assets	2	-91.003	-65.301
OPERATING PROFIT		**9.244.321**	**3.299.537**
Income from investments in subsidiaries		-2.193.801	545.126
Other financial income	3	575.943	115.361
Other financial expenses		-70.017	-13.883
PROFIT BEFORE TAX		**7.556.446**	**3.946.141**
Tax on profit/loss for the year	4	-2.161.246	-760.515
PROFIT FOR THE YEAR		**5.395.200**	**3.185.626**

PROPOSED DISTRIBUTION OF PROFIT

Proposed dividend for the year		2.000.000	2.000.000
Allocation to reserve for net revaluation under the equity method		-2.193.801	545.126
Retained earnings		5.589.001	640.500
TOTAL		**5.395.200**	**3.185.626**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Other plant, fixtures and equipment		249.837	229.424
Property, plant and equipment	5	**249.837**	**229.424**
Investments in subsidiaries		718.028	2.911.829
Financial non-current assets	6	**718.028**	**2.911.829**
NON-CURRENT ASSETS		**967.865**	**3.141.253**
Espenses for raw materials and consumables		1.172.700	493.568
Finished goods and goods for resale		9.195.436	7.891.646
Prepayments		247.028	0
Inventories		**10.615.164**	**8.385.214**
Trade receivables		7.236.643	6.116.169
Receivables from group enterprises		760.588	355.568
Deferred tax assets		2.733	4.750
Other receivables		92.970	23.942
Joint tax contribution receivable		31.196	33.699
Prepayments		120.843	152.135
Receivables		**8.244.973**	**6.686.263**
Cash and cash equivalents		**14.503.441**	**4.816.360**
CURRENT ASSETS		**33.363.578**	**19.887.837**
ASSETS		**34.331.443**	**23.029.090**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital		220.000	220.000
Reserve for net revaluation under the equity method		668.028	2.861.829
Retained earnings		18.982.859	13.393.858
Proposed dividend		2.000.000	2.000.000
EQUITY		**21.870.887**	**18.475.687**
Bank debt		0	3.680
Trade payables		6.226.375	1.842.856
Corporation tax payable		2.053.974	113.444
Other liabilities		4.143.207	2.593.423
Deferred income		37.000	0
Current liabilities		**12.460.556**	**4.553.403**
LIABILITIES		**12.460.556**	**4.553.403**
EQUITY AND LIABILITIES		**34.331.443**	**23.029.090**
Contingencies etc.	7		
Related parties	8		

EQUITY

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023	220.000	2.861.829	13.393.858	2.000.000	18.475.687
Proposed profit allocation		-2.193.801	5.589.001	2.000.000	5.395.200
Transactions with owners					
Dividend paid				-2.000.000	-2.000.000
Equity at 31 December 2023	**220.000**	**668.028**	**18.982.859**	**2.000.000**	**21.870.887**

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Number of full time employees	8	7	
Wages and salaries	5.724.256	4.174.774	
Pensions	611.911	547.757	
Social security costs	64.116	60.904	
Other staff costs	-64.592	12.074	
	6.335.691	**4.795.509**	
Depreciation, amortisation and impairment losses for tangible and intangible assets			2
Other plants, tools and equipment	91.003	65.301	
	91.003	**65.301**	
Other financial income			3
Interest income from group enterprises	14.223	7.165	
Other interest income	561.720	108.196	
	575.943	**115.361**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	2.160.778	667.687	
Adjustment of tax in previous years	-1.549	0	
Adjustment of deferred tax	2.017	92.828	
	2.161.246	**760.515**	

Property, plant and equipment 5

	Other plant, fixtures and equipment
Cost at 1 January 2023	2.399.887
Additions	111.416
Cost at 31 December 2023	**2.511.303**
Depreciation and impairment losses at 1 January 2023	2.170.463
Depreciation for the year	91.003
Depreciation and impairment losses at 31 December 2023	**2.261.466**
Carrying amount at 31 December 2023	**249.837**

NOTES

Note

Financial non-current assets 6

	Investments in subsidiaries
Cost at 1 January 2023	50.000
Cost at 31 December 2023	**50.000**
Revaluation at 1 January 2023	2.861.829
Profit/loss for the year	-2.193.801
Revaluation at 31 December 2023	**668.028**
Carrying amount at 31 December 2023	**718.028**

Investments in subsidiaries

Name and domicil	Ownership
Scandinavian Fittings & Flanges Ejendomme ApS, Esbjerg	100 %

Contingencies etc. 7

Contingent liabilities

	2023 DKK	2022 DKK
Lease liabilities (operating leases):		
Liabilities under rental or lease agreements until maturity in total	2.039.329	3.167.893
	2.039.329	**3.167.893**
Of this, liabilities under rental or lease agreements with group enterprises	2.006.273	3.141.364

The Entity has provided a guarantee regarding the mortgage debt in Scandinavian Fittings & Ejendomme ApS. The mortgage represent a net value of 4.390 DKK (‘000) on December 31, 2023.

Joint liabilities
The Danish companies of the group 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 the joint registration of VAT.

Tax payable of the group’s jointly taxed income amounts to DKK (‘000) 2.195 at the Balance Sheet date.

NOTES

Note

Related parties **8**

The Company's related parties include:

Controlling interest

Related parties with control of Scandinavian Fittings & Flanges ApS consist of the following; Scandinavian Fittings & Flanges Holding AS, Sandnes, Norge holds 100% of the company´s contributed capital.

Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Scandinavian Fittings & Flanges Holding AS, Sandnes, Norge

ACCOUNTING POLICIES

The Annual Report of Scandinavian Fittings & Flanges ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danishenterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements
Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants
Public grants are recognised when a final commitment has been received from the grantor and it is probablethat the conditions of the grant will be fulfilled. Grants are recognised as income in the income statementas earned.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

ACCOUNTING POLICIES

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries
The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Other plant, fixtures and equipment...	3-5 years

Profit or loss from sale of tangible fixed assets is stated as the difference between the sales price less costs of sale and the carrying amount at the date of sale. Profits or losses are recognised in the Income Statement.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Impairment of fixed assets
The carrying amount of tangible assets are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.