



Scandinavian Fittings & Flanges ApS

Sallingsundvej 7
6715 Esbjerg N
CVR No. 18251086

Annual report 2021

The Annual General Meeting adopted the
annual report on 01.04.2022

Claus Rønnpage Poulsen
Chairman of the General Meeting

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Entity details

Entity

Scandinavian Fittings & Flanges ApS
Sallingsundvej 7
6715 Esbjerg N

Business Registration No.: 18251086
Registered office: Esbjerg
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Claus Rønnpage Poulsen
Tore Christiansen, formand
Johan Frederik Brandt

Executive Board

Claus Rønnpage Poulsen, adm. dir.

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandinavian Fittings & Flanges ApS for the financial year 01.01.2021 - 31.12.2021.

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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 01.04.2022

Executive Board

Claus Rønnpage Poulsen
adm. dir.

Board of Directors

Claus Rønnpage Poulsen

Tore Christiansen
formand

Johan Frederik Brandt

Independent auditor's extended review report

To the shareholders 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 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity 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 to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than 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.

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 in 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 01.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

John Lindvig Christiansen

State Authorised Public Accountant
Identification No (MNE) mne26846

Management commentary

Primary activities

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

Development in activities and finances

The COVID-19 pandemic had a negative impact on the activities in our market in 2021 and the company's turnover ended at a significant lower level compared to both 2019 and 2020. We have tried to reduce our costs by using the Government salary compensation packages to align manpower capacity to actual activity level which in total amounted to 272.945 DKK in 2021. The result of the company's operations during the fiscal year is regarded as satisfactory.

Although the COVID-19 pandemic continues into 2022, a positive result is expected for 2022

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss	1	3,758,823	6,311,802
Staff costs	2	(4,008,688)	(4,665,298)
Depreciation, amortisation and impairment losses	3	(92,472)	(247,859)
Operating profit/loss		(342,337)	1,398,645
Income from investments in group enterprises		56,124	676,118
Other financial income	4	39,207	151,975
Other financial expenses	5	(23,208)	(64,725)
Profit/loss before tax		(270,214)	2,162,013
Tax on profit/loss for the year	6	52,272	(352,373)
Profit/loss for the year		(217,942)	1,809,640
Proposed distribution of profit and loss			
Retained earnings		(217,942)	1,809,640
Proposed distribution of profit and loss		(217,942)	1,809,640

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		198,070	220,542
Property, plant and equipment	7	198,070	220,542
Investments in group enterprises		2,366,703	2,310,579
Deferred tax	9	97,578	39,578
Financial assets	8	2,464,281	2,350,157
Fixed assets		2,662,351	2,570,699
Manufactured goods and goods for resale		10,995,785	13,753,224
Inventories		10,995,785	13,753,224
Trade receivables		4,202,430	8,198,662
Receivables from group enterprises		501,330	278,758
Other receivables		23,482	23,842
Income tax receivable		29,000	0
Joint taxation contribution receivable		0	128,612
Prepayments		107,051	83,127
Receivables		4,863,293	8,713,001
Cash		767,408	5,473
Current assets		16,626,486	22,471,698
Assets		19,288,837	25,042,397

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		220,000	220,000
Reserve for net revaluation according to the equity method		2,316,703	2,260,579
Retained earnings		12,753,358	13,027,424
Equity		15,290,061	15,508,003
Other payables		185,667	311,198
Non-current liabilities other than provisions		185,667	311,198
Bank loans		0	608,849
Trade payables		2,455,007	4,810,224
Payables to group enterprises		21,755	21,754
Income tax payable		0	130,541
Other payables		1,336,347	3,651,828
Current liabilities other than provisions		3,813,109	9,223,196
Liabilities other than provisions		3,998,776	9,534,394
Equity and liabilities		19,288,837	25,042,397
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Related parties with controlling interest	12		
Group relations	13		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	220,000	2,260,579	13,027,424	15,508,003
Profit/loss for the year	0	56,124	(274,066)	(217,942)
Equity end of year	220,000	2,316,703	12,753,358	15,290,061

Notes

1 Gross profit/loss

Other operating income comprise of compensation received from subsidy schemes regarding staff cost and fixed cost in total 272.945 DKK due to the COVID-19 epidemic.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	3,262,896	3,956,297
Pension costs	594,893	575,008
Other staff costs	150,899	133,993
	4,008,688	4,665,298
Average number of full-time employees	7	7

3 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Depreciation of property, plant and equipment	112,472	256,859
Profit/loss from sale of intangible assets and property, plant and equipment	(20,000)	(9,000)
	92,472	247,859

4 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	4,689	4,802
Other interest income	34,518	147,173
	39,207	151,975

5 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	23,208	64,725
	23,208	64,725

6 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	0	353,929
Change in deferred tax	(58,000)	(17,908)
Adjustment concerning previous years	5,728	16,352
	(52,272)	352,373

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,409,428
Additions	90,000
Disposals	(196,196)
Cost end of year	2,303,232
Depreciation and impairment losses beginning of year	(2,188,886)
Depreciation for the year	(112,472)
Reversal regarding disposals	196,196
Depreciation and impairment losses end of year	(2,105,162)
Carrying amount end of year	198,070

8 Financial assets

	Investments in group enterprises DKK	Deferred tax DKK
Cost beginning of year	50,000	39,578
Additions	0	58,000
Cost end of year	50,000	97,578
Revaluations beginning of year	2,260,579	0
Share of profit/loss for the year	56,124	0
Revaluations end of year	2,316,703	0
Carrying amount end of year	2,366,703	97,578

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Scandinavian Fittings & Flanges Ejendomme ApS	Esbjerg	ApS	100

9 Deferred tax

	2021	2020
	DKK	DKK
Property, plant and equipment	49,414	55,666
Receivables	(14,914)	(16,088)
Tax losses carried forward	63,078	0
Deferred tax	97,578	39,578

10 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	4,050,000	5,147,369
Of this, liabilities under rental or lease agreements with group enterprises	4,050,000	5,130,000

11 Contingent liabilities

The Entity serves from July 3, 2014 as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

The Entity has provided a guarantee regarding the mortgage debt in Scandinavian Fittings & Flanges Ejendomme ApS. The mortgage represent a net value of 5.070.705 DKK on December 31, 2021.

12 Related parties with 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.

13 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

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those 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 probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.