



Scandinavian Fittings & Flanges ApS

Sallingsundvej 7
6715 Esbjerg N
CVR No. 18251086

Annual report 2020

The Annual General Meeting adopted the
annual report on 21.04.2021

Claus Rønnpage Poulsen
Chairman of the General Meeting

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Entity details

Entity

Scandinavian Fittings & Flanges ApS

Sallingsundvej 7

6715 Esbjerg N

CVR No.: 18251086

Registered office: Esbjerg

Financial year: 01.01.2020 - 31.12.2020

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

P. O. Box 200

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 21.04.2021

Executive Board

Claus Rønnpage Poulsen
adm. dir

Board of Directors

Claus Rønnpage Poulsen

Tore Christiansen
formand

Johan Frederik Brandt

Independent auditor's report

To the shareholders of Scandinavian Fittings & Flanges ApS

Opinion

We have audited the financial statements of Scandinavian Fittings & Flanges ApS for the financial year 01.01.2020 - 31.12.2020, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 audit 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 of the management commentary.

Esbjerg, 21.04.2021

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 2020 and the company's turnover ended at a significant lower level compared to both 2019 and our estimations going into 2020. We have tried to reduce our costs by using the Government salary compensation packages to align manpower capacity to actual activity level and also the Government fixed cost compensation package which in total amounted to 600.171 DKK. The result of the company's operations during the fiscal year is regarded as satisfactory.

Although the COVID-19 pandemic continues into 2021, a positive result is also expected for 2021

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	1	6,311,802	9,246,985
Staff costs	2	(4,665,298)	(5,056,565)
Depreciation, amortisation and impairment losses	3	(247,859)	(352,008)
Operating profit/loss		1,398,645	3,838,412
Income from investments in group enterprises		676,118	184,172
Other financial income	4	151,975	4,411
Other financial expenses	5	(64,725)	(197,335)
Profit/loss before tax		2,162,013	3,829,660
Tax on profit/loss for the year	6	(352,373)	(813,125)
Profit/loss for the year		1,809,640	3,016,535
Proposed distribution of profit and loss			
Retained earnings		1,809,640	3,016,535
Proposed distribution of profit and loss		1,809,640	3,016,535

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		220,542	298,949
Property, plant and equipment	7	220,542	298,949
Investments in group enterprises		2,310,579	1,634,461
Deferred tax	9	39,578	21,670
Other financial assets	8	2,350,157	1,656,131
Fixed assets		2,570,699	1,955,080
Manufactured goods and goods for resale		13,753,224	13,480,906
Prepayments for goods		0	174,516
Inventories		13,753,224	13,655,422
Trade receivables		8,198,662	7,099,851
Receivables from group enterprises		278,758	286,402
Other receivables		23,842	23,656
Joint taxation contribution receivable		128,612	0
Prepayments		83,127	84,515
Receivables		8,713,001	7,494,424
Cash		5,473	402,534
Current assets		22,471,698	21,552,380
Assets		25,042,397	23,507,460

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		220,000	220,000
Reserve for net revaluation according to the equity method		2,260,579	1,584,461
Retained earnings		13,027,424	11,893,902
Equity		15,508,003	13,698,363
Other payables		311,198	127,473
Non-current liabilities other than provisions	10	311,198	127,473
Bank loans		608,849	4,655,389
Trade payables		4,810,224	2,374,366
Payables to group enterprises		21,754	0
Income tax payable		130,541	370,819
Other payables		3,651,828	2,281,050
Current liabilities other than provisions		9,223,196	9,681,624
Liabilities other than provisions		9,534,394	9,809,097
Equity and liabilities		25,042,397	23,507,460
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Related parties with controlling interest	13		
Group relations	14		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	220,000	1,584,461	11,893,902	13,698,363
Profit/loss for the year	0	676,118	1,133,522	1,809,640
Equity end of year	220,000	2,260,579	13,027,424	15,508,003

Notes

1 Gross profit/loss

Other operating income comprise of compensation received from subsidy schemes regarding staff cost and fixed cost in total 600.172 DKK due to the COVID-19 epidemic.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	3,956,297	4,330,332
Pension costs	575,008	531,455
Other staff costs	133,993	194,778
	4,665,298	5,056,565
Average number of full-time employees	7	7

3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Depreciation of property, plant and equipment	256,859	304,942
Profit/loss from sale of intangible assets and property, plant and equipment	(9,000)	47,066
	247,859	352,008

4 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	4,802	4,410
Other interest income	147,173	1
	151,975	4,411

5 Other financial expenses

	2020	2019
	DKK	DKK
Other interest expenses	64,725	161,788
Exchange rate adjustments	0	35,547
	64,725	197,335

6 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	353,929	370,819
Change in deferred tax	(17,908)	442,306
Adjustment concerning previous years	16,352	0
	352,373	813,125

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,315,976
Additions	178,452
Disposals	(85,000)
Cost end of year	2,409,428
Depreciation and impairment losses beginning of year	(2,017,027)
Depreciation for the year	(256,859)
Reversal regarding disposals	85,000
Depreciation and impairment losses end of year	(2,188,886)
Carrying amount end of year	220,542

8 Financial assets

	Investments in group enterprises DKK	Deferred tax DKK
Cost beginning of year	50,000	21,670
Disposals	0	17,908
Cost end of year	50,000	39,578
Revaluations beginning of year	1,584,461	0
Share of profit/loss for the year	676,118	0
Revaluations end of year	2,260,579	0
Carrying amount end of year	2,310,579	39,578

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

9 Deferred tax

	2020	2019
	DKK	DKK
Property, plant and equipment	55,666	35,866
Receivables	(16,088)	(14,196)
Deferred tax	39,578	21,670

10 Non-current liabilities other than provisions

	Due after more than 12 months
	2020
	DKK
Other payables	311,198
	311,198

11 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	5,147,369	6,262,092
Of this, liabilities under rental or lease agreements with group enterprises	5,130,000	6,210,000

12 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 5.457.539 DKK on December 31, 2020.

13 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.

14 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 certain 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.

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.

Tax receivable or payable

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