

REGISTERED NUMBER: 02099146 (England and Wales)

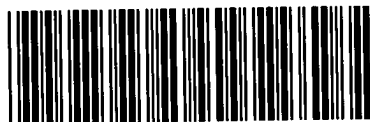
Strategic Report, Directors' Report and

Audited Financial Statements for the Year Ended 31 December 2022

for

Calor Group Limited

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for the Year Ended 31 December 2022

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Calor Group Limited

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

T M J Dillon
R Lopes
L M Van Der Wal

SECRETARY:

R Marshall-Rowan

REGISTERED OFFICE:

Athena House
Athena Drive
Tachbrook Park
Warwick
CV34 6RL

REGISTERED NUMBER:

02099146 (England and Wales)

AUDITORS:

KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Calor Group Limited (Registered number: 02099146)

Strategic Report
for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

BUSINESS REVIEW, FUTURE DEVELOPMENTS AND KEY PERFORMANCE INDICATORS

Calor Group Limited is a wholly owned subsidiary of SHV Energy Holdings UK Limited whose principal activity is being an intermediate holding company.

During the year ended 31 December 2022, the company did not receive any dividends (2021: £10,000k) and reported a profit of £902k (2021: £10,805K).

Future developments

The business of the company is expected to continue at a satisfactory level.

The risks faced by Calor Group Limited's trading subsidiaries include the ongoing war in Ukraine. This could potentially put at risk the global availability of LPG and/or increase the price of LPG. These subsidiaries purchase LPG supplies either direct from UK refineries or via an SHV Group company SHV Energy Supply and Risk Management (SRM), which acquires LPG from global suppliers. These subsidiaries do not source any LPG from Russia. These subsidiaries use storage capacity, supply contracts and hedging tools to effectively manage the risk of supply and cost of LPG. Diesel costs and other energy costs of running the company are hedged or on fixed price contracts through 2022. The Group also monitors, on a regular basis, all trading partners to ensure that work is not undertaken with or via any sanctioned individuals or companies.

Whilst inflation and the cost of living crisis is impacting consumer behaviours, the Directors consider that the Group is in a strong position due to the comprehensive range of uses for LPG and the diverse customer base. The Group is not dependent on a small number of customers so any risk relating to a potential reduction of sales to specific market segments is sufficiently spread. The Group's products are not luxury products, and a low percentage of sales could be classified as discretionary.

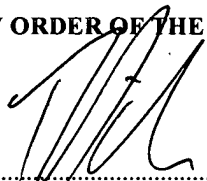
PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

Due to the size of the company and the limited range and number of transactions, the directors do not feel that full financial risk management disclosure is relevant. The company's operations do not expose it to any risks such as debt market prices, credit risk or liquidity risk. The company does not require a formal risk management programme and, given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Interest rate risk

The company's financing is internal to the Calor group; therefore any financial risks are mitigated by internal policies and controls.

BY ORDER OF THE BOARD:


.....
T M J Dillon - Director

Date: 19/9/23

Directors' Report
for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The company continues to act as a holding company for its subsidiary companies.

RESULTS

The company's profit for the year ended 31 December 2022 is £902k (2021: £10,805k).

DIVIDENDS

The company did not pay any dividends in 2022 (2021: 11.8p per share, £10,000k).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

M Hickin - resigned 30 September 2022

J Wood - resigned 31 August 2022

T M J Dillon - appointed 1 September 2022

R Lopes - appointed 17 October 2022

L M Van Der Wal was appointed as a director after 31 December 2022 but prior to the date of this report.

E H O M Bouwman ceased to be a director after 31 December 2022 but prior to the date of this report.

The directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

GOING CONCERN

The directors consider it appropriate to continue adopting the going concern basis in preparing these financial statements as with the exception of tax on profits the company has no committed costs or external liabilities and as an intermediate holding company is principally involved in receiving dividends from its investments and paying dividends to its parent company. The debtors outstanding from the group undertaking, is backed up with the support from the group, SHV Nederland BV, to bring in the funds when called in for. On this basis, the directors are satisfied that the company has sufficient financial resources with the group support, so as to enable the company to continue to operate for at least twelve months following the signing date of these accounts and consider it appropriate to adopt the going concern basis in preparing these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Directors' Report
for the Year Ended 31 December 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

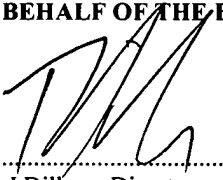
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:


.....
T M J Dillon - Director

Date: 19/9/23

Independent Auditors' Report to the Members of
Calor Group Limited

Opinion

We have audited the financial statements of Calor Group Limited ('the company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws regulations - ability to detect

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

- Our risk assessment procedures included:
 - Enquiring of directors, internal audit and inspection of policy documentation as to Calor Group Limited policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
 - Reading Board minutes.
 - Considering remuneration incentive schemes and performance targets: and
 - Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk relating to revenue recognition because the company does not generate any revenue.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test for the company based on risk criteria and comparing the identified entries to supporting documentation. These include those posted by directors.

Independent Auditors' Report to the Members of
Calor Group Limited

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
 - in our opinion the information given in those reports for the financial year is consistent with the financial statements;
- and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of
Calor Group Limited

Auditors' responsibilities

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 our opinion in an auditors' report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Burrows (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 19/09/23

Statement of Comprehensive Income
for the Year Ended 31 December 2022

	Notes	2022 £'000	2021 £'000
TURNOVER		-	-
OPERATING PROFIT	5	-	-
Income from shares in group undertakings	6	-	10,000
Interest receivable and similar income	7	<u>1,104</u>	<u>1,004</u>
		<u>1,104</u>	<u>11,004</u>
PROFIT BEFORE TAXATION		1,104	11,004
Tax on profit	8	<u>202</u>	<u>199</u>
PROFIT FOR THE FINANCIAL YEAR		902	10,805
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>902</u>	<u>10,805</u>

Calor Group Limited (Registered number: 02099146)

Balance Sheet
31 December 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
FIXED ASSETS					
Investments	10		30,294		30,294
CURRENT ASSETS					
Debtors: amounts falling due within one year	11	101		21,533	
Debtors: amounts falling due after more than one year	11	70,103		47,575	
Cash at bank		<u>1,635</u>		<u>1,635</u>	
		71,839		70,743	
CREDITORS					
Amounts falling due within one year	12	<u>(631)</u>		<u>(437)</u>	
NET CURRENT ASSETS			<u>71,208</u>		<u>70,306</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>101,502</u>		<u>100,600</u>
CAPITAL AND RESERVES					
Called up share capital	13		84,499		84,499
Share premium			5,575		5,575
Retained earnings			<u>11,428</u>		<u>10,526</u>
SHAREHOLDERS' FUNDS			<u>101,502</u>		<u>100,600</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19/9/23 and were signed on its behalf by:


.....
T M J Dillon - Director

The notes form part of these financial statements

Calor Group Limited (Registered number: 02099146)

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2021	84,499	9,721	5,575	99,795
Changes in equity				
Dividends	-	(10,000)	-	(10,000)
Total comprehensive income	-	10,805	-	10,805
Balance at 31 December 2021	<u>84,499</u>	<u>10,526</u>	<u>5,575</u>	<u>100,600</u>
Changes in equity				
Total comprehensive income	-	902	-	902
Balance at 31 December 2022	<u>84,499</u>	<u>11,428</u>	<u>5,575</u>	<u>101,502</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Calor Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company's intermediate parent undertaking, SHV Energy N.V., includes the company in its consolidated financial statements. The consolidated financial statements of SHV Energy N.V. are prepared in accordance with Dutch accounting standards and are available at the address in note 24. In these financial statements, the company is considered to be a qualifying entity (for the purposes of the FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost convention.

Going concern

The directors consider it appropriate to continue adopting the going concern basis in preparing these financial statements as with the exception of tax on profits the company has no committed costs or external liabilities and as an intermediate holding company is principally involved in receiving dividends from its investments and paying dividends to its parent company. The debtors outstanding from the group undertaking, is backed up with the support from the group, SHV Nederland BV, to bring in the funds when called in for. On this basis, the directors are satisfied that the company has sufficient financial resources with the group support, so as to enable the company to continue to operate for at least twelve months following the signing date of these accounts and consider it appropriate to adopt the going concern basis in preparing these financial statements.

Investments in subsidiaries

These are the separate financial statements of the company. Investments in subsidiary undertakings, jointly controlled entities and associates are carried at cost less impairment.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement, if applicable.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable and are recognised in the profit or loss account.

Other interest receivable and similar income include interest receivable on funds invested.

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 December 2022 nor for the year ended 31 December 2021.

4. **DIRECTORS' EMOLUMENTS**

	2022 £'000	2021 £'000
Directors' remuneration (excluding pension contributions)	<u>823</u>	<u>723</u>
Highest paid director		
Aggregate remuneration (excluding pension contributions)	<u>414</u>	<u>440</u>

No directors received any emoluments from the company, but the share of the emoluments received by them in relation to the services provided to the company and its subsidiaries for the year ended 31 December 2022 was £823k (2021: £723k).

The company has no employees in either 2022 or 2021 other than the directors.

The total pension contributions paid on behalf of the directors was £30k (2021: £nil), all of which was paid to the defined contribution scheme (2022: £30k). The total pension contributions paid on behalf of the highest paid director was £7k (2021: £nil).

Calor Gas Limited bore the total costs of the remuneration and made contributions to a defined contribution pension scheme for M Hickin, J Wood, R Lopes, T Dillon and E Bouwman (2021:three).

5. **OPERATING PROFIT**

Auditors' remuneration

The auditors' remuneration charge for the year is £3k (2021: £3k) and has not been recharged by the company's subsidiary, Calor Gas Limited. The remuneration for the audit of these financial statements is £3k (2021: £3k). The remuneration for other services is £nil (2021: £nil).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

6. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2022 £'000	2021 £'000
Shares in group undertakings	<u>-</u>	<u>10,000</u>

7. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022 £'000	2021 £'000
Interest receivable from subsidiary undertakings	<u>1,104</u>	<u>1,004</u>

8. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	<u>202</u>	<u>199</u>
Tax on profit	<u>202</u>	<u>199</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	<u>1,104</u>	<u>11,004</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	210	2,091
Effects of:		
Income not taxable for tax purposes	-	(1,900)
Other tax adjustments	<u>(8)</u>	<u>8</u>
Total tax charge	<u>202</u>	<u>199</u>

The corporation tax payable for the year ended 31 December 2022 by the company has been reduced by £202k (2021: £183k) because of group relief surrendered by fellow group undertaking SHV Energy Holdings UK Limited for which payment will be made during 2023.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

9. **DIVIDENDS**

	2022 £'000	2021 £'000
Ordinary shares of 50p each		
Interim	<u>-</u>	<u>10,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

10. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 January 2022	
and 31 December 2022	<u>30,294</u>
NET BOOK VALUE	
At 31 December 2022	<u>30,294</u>
At 31 December 2021	<u>30,294</u>

In the opinion of the directors, the values of the company's investments in its subsidiaries are not less than the amount at which they are included in the balance sheet.

The company has the following direct investments in subsidiaries, joint ventures and partnerships:

UK undertakings (unlisted)	Registered office address	Principal activity	Class of shares held	Ownership 2022 %	Ownership 2021 %
Calor Gas Ltd	Note 1	Supply of LPG	Ordinary	100	100
Calor Pension Trust Ltd	Note 1	Pension scheme Trustee	Ordinary	99	99

The company has the following indirect investments in subsidiaries, joint ventures and partnerships:

UK undertakings (unlisted)	Registered office address	Principal activity	Class of shares held	Ownership 2022 %	Ownership 2021 %
Calor Pension Trust Ltd	Note 1	Pension scheme Trustee	Ordinary	100	100
Budget Gas Ltd	Note 1	In liquidation	Ordinary	100	100
Chive Ltd	Note 1	In liquidation	Ordinary	100	100
Chive Fuels Ltd	Note 1	In liquidation	Ordinary	100	100
Discount Gas Supplies Ltd	Note 1	In liquidation	Ordinary	100	100
Calor Properties Ltd	Note 1	Non-trading	Ordinary	100	100
Calor Properties Scotland Ltd	Note 2	Non-trading	Ordinary	100	100
Joint ventures and partnerships					
Humber LPG Terminal Ltd	Note 3	Dormant	Ordinary	50	50
Autogas Ltd	Note 1	In liquidation	Ordinary	50	50
Calor Partner Properties LP	Note 2	Leasing partnership	Ordinary	33	33

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

10. **FIXED ASSET INVESTMENTS - continued**

Registered office addresses:

Note 1: Athena House, Athena Drive, Tachbrook Park, Warwick, Warwickshire, CV34 6RL

Note 2: c/o Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP

Note 3: 7th Floor, 200-202 Aldersgate Street, London, EC1A 4HD

All entities are incorporated in England and Wales except for Calor Gas Northern Ireland Ltd & Pressure Test Services Ltd which are incorporated in Northern Ireland, and Calor Properties Scotland Ltd & Calor Partner Properties LP which are incorporated in Scotland.

Chive Limited and Chive Fuels Limited were dissolved on 3 January 2023. This has been disclosed as a Post balance sheet event in note 18.

11. **DEBTORS**

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>101</u>	<u>21,533</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	<u>70,103</u>	<u>47,575</u>
Aggregate amounts	<u>70,204</u>	<u>69,108</u>

Amounts owed by subsidiary undertakings and amounts owed by group undertakings have been refinanced in the year to a new consolidated loan agreement. The loan is subject to a composite interest rate of 5.29%. (2021: amounts owed by subsidiary undertakings was subject to interest at the Lloyds Banking Group plc base rate plus 1.5% per annum and amounts owed by group undertakings was subject to interest equivalent to 6 month GBP LIBOR plus 0.25%). The loan is due in 2024 as per the agreement.

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £'000	2021 £'000
Amounts owed to immediate parent company	631	421
Tax	<u>-</u>	<u>16</u>
	<u>631</u>	<u>437</u>

Amounts owed to the company's immediate parent company consist of current trading balances, are unsecured, bear no interest and are repayable on demand.

13. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
168,997,494	Ordinary	50p	<u>84,499</u>	<u>84,499</u>

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is SHV Energy Holdings UK Limited. The Registered Office of SHV Energy Holdings UK Limited is Athena House, Athena Drive, Tachbrook Park, Warwick, Warwickshire, CV34 6RL.

The ultimate parent undertaking and controlling party is SHV Holdings N.V., a private company incorporated in The Netherlands, which is the largest group to prepare consolidated financial statements incorporating the results of Calor Group Limited. Copies of the consolidated financial statements for SHV Holdings N.V. may be obtained from the Company Secretary, SHV Holdings N.V., Rijnkade 1, 3511 LC, Utrecht, The Netherlands.

The smallest group in which the results of the Company are consolidated is that headed by SHV Energy NV, incorporated in The Netherlands. Its address is Capellalaan 65, Hoofddorp, the Netherlands.

The consolidated financial statements of these groups are available to the public and can be obtained from the above addresses

15. RELATED PARTY DISCLOSURES

The results of the company are included in the consolidated financial statements of its ultimate parent company, SHV Holdings N.V.. Consequently, the company is exempt under the terms of FRS 102 'Related Party Disclosures' from disclosing details of transactions with SHV Holdings N.V. or other wholly owned entities of the SHV Holdings N.V. group of companies.

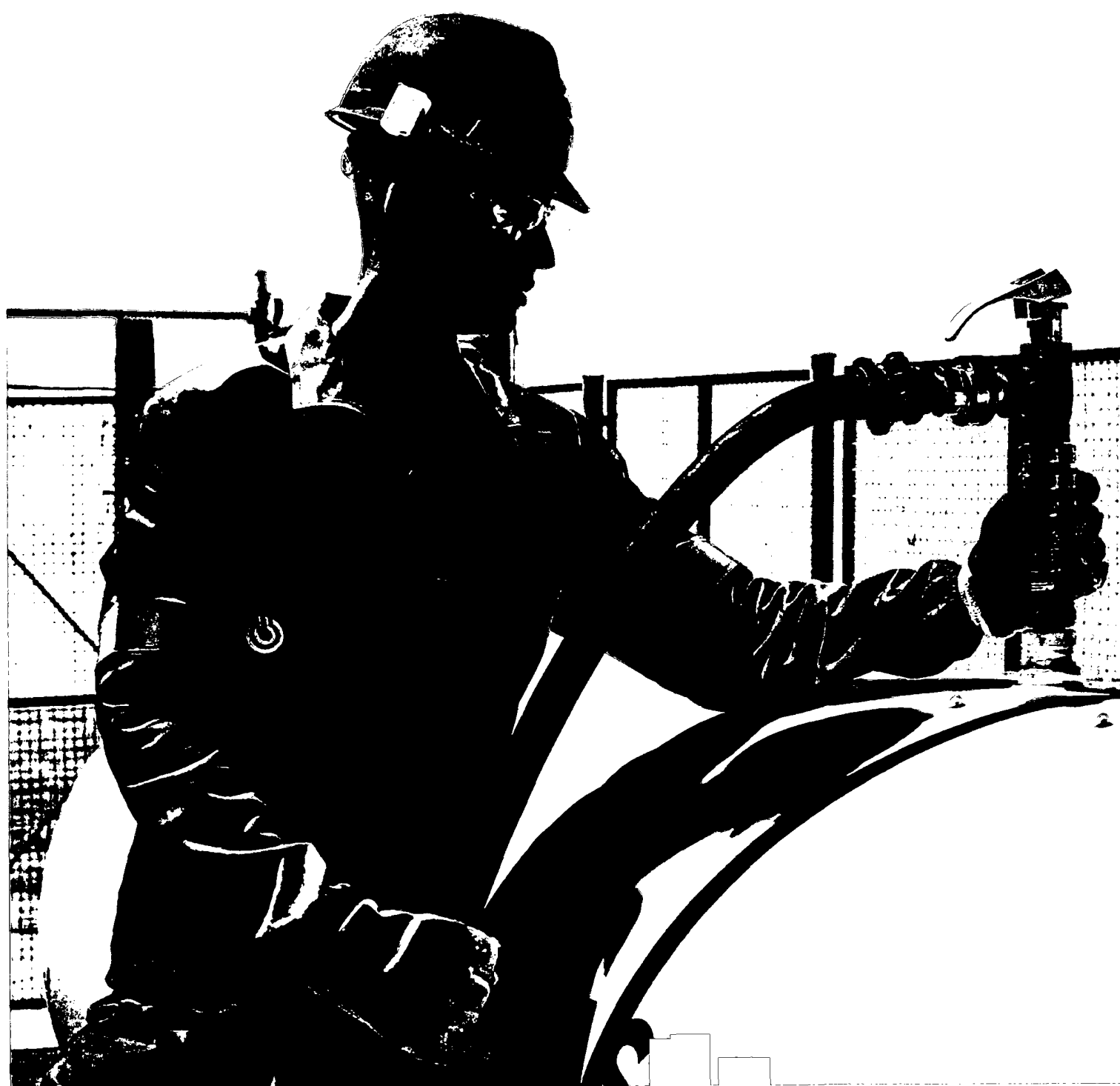
16. POST BALANCE SHEET EVENTS

On 3 January 2023, Chive Limited and Chive Fuels Limited were dissolved. The companies had a carrying value of nil at 31 December 2022 in the group.



SHV ENERGY

Annual Report 2022





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Key figures

In millions of euro

	2022	2021	2020	2019	2018
Results					
Net sales	11,237	8,602	6,050	7,232	7,375
Gross profit	2,060	1,898	1,783	1,905	1,763
Operating result	346	368	276	335	247
Net result	187	252	165	237	83
Cash flows					
Changes in working capital	(6)	(216)	97	45	(47)
Operational cash flow	493	239	474	437	223
Investment cash flow	(481)	(358)	(348)	(444)	(594)
Financing cash flow	(27)	139	(68)	(69)	331
Financial position					
Group equity	1,495	1,631	1,515	1,487	1,368
Total assets	4,332	4,064	3,378	3,654	3,464
Average capital employed ¹	2,575	2,275	1,920	2,080	1,936
Ratios					
Return on average capital employed ²	13%	16%	14%	16%	13%
Group equity as percentage of total assets	35%	40%	45%	41%	40%
Net leverage ³	1.29	0.60	0.18	0.40	0.22
Debt/equity ⁴	0.81	0.47	0.34	0.46	0.45
Operating margin ⁵	3.08%	4.28%	4.57%	4.64%	3.34%
Employees					
Average FTEs	16,315	16,269	16,744	17,374	17,065

Comparative information for 2018-2020 has been restated to be consistent with the current presentation.

¹ Employed is the sum of (In)Tangible fixed assets and Working capital.

² Operating result divided by average Capital employed.

³ Net debt divided by EBITDA.

⁴ Gross debt divided by Group equity.

⁵ Operating result divided by Net sales.

Report of the Executive Board

SHV Energy report for the financial year ended on 31 December 2022.

SHV Energy at a glance

SHV Energy is a leading global distributor of off-grid energy, including LPG and small-scale LNG, and is active in the area of sustainable fuels and renewable energy solutions.

Our products and services are predominantly used for heating, cooking and transport. SHV Energy provides these decentralised, low-carbon and clean energy solutions to 30 million business and residential customers.

SHV Energy consists of a group of business units that operate in over 25 countries across four continents and employ a total of approx.16,300. It is a wholly owned subsidiary of SHV, a family-owned multinational. Our brands include Calor, Ipragaz, Liquigas, Pinnacle, Primagaz, Xiwei, Supergas, Supergasbras, EM3 and SunSource.

Our products



Countries

1 Austria	8 France	15 Malta	22 Sweden
2 Belgium	9 Great Britain	16 Northern Ireland	23 Turkey
3 Bosnia and Herzegovina	10 Germany	17 People's Republic of China	24 United States of America
4 Brazil	11 The Netherlands (HQ)	18 Poland	25 Bangladesh
5 Czech Republic	12 India	19 Republic of Ireland	
6 Croatia	13 Italy	20 Slovenia	
7 Denmark	14 Luxembourg	21 Spain	

Shared purpose and values

SHV Energy is guided by the values and overarching purpose of our parent company: 'Courage to care for generations to come'. Together, we forge our own path rather than follow short-term trends. We see change as an opportunity, not a threat. And we dare to seek new horizons, because they lead to real progress. Above all, our story is about people with the courage to care for what we do.

Every SHV Energy business unit is committed to better serving the needs of its customers and becoming the energy supplier of choice in the markets in which it operates. We do this with a decentralised model that includes increasing global cooperation and centrally organised initiatives.

We always place health & safety and sustainability at the heart of our business; providing our employees and partners with safe, secure, healthy and environmentally friendly working environments.

SHV Energy focuses on sustained growth for the benefit of its shareholders, customers, and employees, as well as the well-being of the communities in which we live and work. To help us achieve this, we cultivate an innovative group culture.

Vision and mission

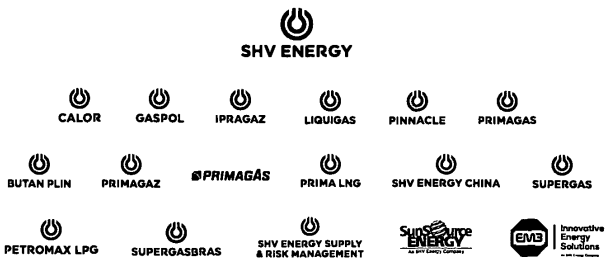
Our main goal is to make cleaner and safer energy options accessible and affordable to as many customers and companies as possible, and we are looking to secure greater supplies to meet increasing demand. We recognise the challenge of climate change and help meet it with innovative solutions, contributing to a more sustainable, environmentally friendly future. We believe that providing cleaner energy alternatives and partnering with communities also contribute to the long-term success of our business.

To facilitate the growth, efficiency and sustainability of our brands, we launched our 'Advancing Energy Together' strategy in 2016. The goal is to achieve the full potential of the group and work together globally to identify and solve common challenges and leverage shared opportunities. We aim to achieve this through a combination of organic growth, acquisitions, geographic expansion, productivity improvement and advocacy for, and the promotion of, sustainable fuels.

SHV Energy focuses on three horizons aimed at driving business growth by contributing to the global energy transition:

1. Our core LPG and LNG business provides customers with a relatively clean source of energy, both in terms of carbon footprint and air quality. There are significant opportunities to grow and optimise the core business through geographic expansion, innovation and digitalisation;
2. We plan to increase the share of biobased and sustainable fuels in our portfolio, using our current group and customer infrastructure;
3. We are focussing on other ways of providing renewable energy solutions to current market segments.

We are currently in the process of reviewing our targets to make sure they are fully aligned with the upcoming Corporate Sustainability Reporting Directive and other relevant frameworks for our industry.



Business review

2022 Highlights

SHV Energy performance in 2022 was solid amidst a challenging macro-economic environment. We achieved gross profit of EUR 2.1 billion versus EUR 1.9 billion in 2021, and an operating result of EUR 346 million (2021: EUR 368 million) adjusted for exceptional items and foreign currency impact. The operational result decreased by EUR 22 million in 2022 compared to 2021 adjusted for exceptional items and foreign currency impact.

SHV Energy was impacted by mild winter weather in the first part of the year and the relatively warm autumn weather in the second part of the year, which in combination with a significant increase in the price of gas, resulted in lower volumes in all our segments. Further, the inflationary environment had an impact on our cost base. Although the cost of gas increased significantly in the first part of the year, mainly because of the war in Ukraine which resulted in a very volatile commodity market, realised margins were strong given the relative affordability of LPG compared to LNG which more than offset the lower volumes and increased cost base.

2022 marks a year in which we made further development towards our objectives on renewable solutions and sustainable fuels. SunSource Energy is now a 100% subsidiary of SHV Energy and successfully commissioned its first open access project, a positive sign for planned growth in the Indian market as a provider of mid-to-large-scale solar projects for commercial and industrial customers. EM3 has grown over 25% in revenue since Q1 2022 and continues to service industrial customers with energy efficiency solutions within the food and beverage and pharmaceutical sectors. We have established a joint venture with UGI (Dimeta) on the development of rDME, a sustainable molecule to help de-fossilise the LPG industry. A joint venture established with KEW Technology in 2021 (Circular Fuels Limited) is continuing to develop a first of a kind demonstration site with production of rDME due in 2023 and a full-scale production site is aimed to be ready by 2025. To drive innovative solutions in rLPG and eLPG, SHV Energy has an extensive R&D portfolio and in 2022 ran the second Open Innovation Challenge with specific focus on India. Two winners have been selected who are supported to develop their early stage promising scientific research on sustainable bioLPG production.

In parallel, SHV Energy acquired Petromax in Bangladesh, to enter an attractive market and an important opportunity to transition the people to LPG as a cleaner energy alternative than the more polluting fuels that are still widely in use, further it made a bolt-on acquisition in Italy to further drive synergies.

In conclusion, 2022 was a successful year for SHV Energy, operationally as well as by realising important strategic steps.

Market trends

Following the recovery from the Covid-19 pandemic in 2021 with real GDP growth of 5.7%, growth in 2022 was impacted by the challenging macro-economic circumstances, resulting in a real GDP growth of 2.9%. In Europe (EU17), real GDP growth figures were 5.3% and 3.5% for 2021 and 2022, respectively⁴.

Demand has rebounded from Covid-19 years in 2022. Next to this the significant price increase of natural gas, mainly as a result of the global tensions following the war in Ukraine, did stimulate industrial demand, replacing natural gas. In the domestic segment the heightened attention for energy costs and inflation in general had a certain negative effect on demand.

⁴Source: <https://data.oecd.org>, OECD members only

Financial overview

Financial performance

SHV Energy generated gross profit of EUR 2.1 billion (2021: EUR 1.9 billion), an increase of 9%. Following the global economic recovery from the pandemic in 2021, 2022 was impacted by a high inflationary environment and the war in Ukraine, resulting in an increased awareness of consumers of their gas consumption. This resulted in lower sales volumes in all our segments, albeit compensated by higher margins following the relative affordability of LPG compared to natural gas.

Operating result slightly decreased (mainly as a result of inflationary effect and the acquisition of operations in Bangladesh and Italy driving higher amortisation costs) to EUR 346 million in 2022 from EUR 368 million in 2021, although volumes were 3% lower in 2022 compared to 2021. Further, EBITDA in 2022 amounted to EUR 622 million, compared to EUR 545 million in 2021, this increase is the result of improved gross profit, partly offset by higher operating expenses. As a result of its solid operational performance, SHV Energy achieved a net profit of EUR 187 million in 2022 (2021: EUR 252 million), including a negative impact of fair value changes in financial derivatives amounting to EUR 6 million.

Capital expenditures

Capital expenditure was EUR 539 million in 2022 (2021: EUR 347 million), driven by ongoing replacement capital expenditure (which is approximately 60% of the total capital expenditures in 2022), growth investments and acquisitions. By applying a selectivity framework, the group allocates investments to the most profitable geographies and segments.

The group continues to invest in innovative solutions including new services, business models, processes and technologies. In 2022, SHV Energy continued to roll out digital solutions across business units to improve efficiency and customer experience.

Working capital

The working capital position of the group decreased in 2022 by EUR 37 million to EUR 379 million, driven by higher sales prices and gas prices in combination with increased margin-calls on our derivatives, partially offset by a focus on cash collection and payables.

Liquidity and solvency

On 31 December 2022, SHV Energy's cash position was EUR 352 million (2021: EUR 389 million). The group's net debt position stood at EUR 841 million (2021: EUR 358 million), the increase in net debt is mainly driven by the yearly dividend payment to our shareholder (EUR: 252 million in 2022) in combination with acquisitions during the year (Bangladesh and an add-on acquisition in Italy). Operating cash flow was EUR 493 million. Together with an investment cash outflow of EUR 481 million, this resulted in a free cash flow of EUR 12 million. With a financing cash (out) flow of EUR 27 million, the net cash (out) flow was EUR 15 million. Early 2023, we have initiated a performance improvement program on cashflow that aims to generate additional cashflow in the future.

Financing

In 2022, SHV Energy paid out EUR 252 million in dividends to its shareholder. The group took up net external financing of EUR 78 million in total, to refinance liquidity needs and provide local financing to our newly acquired operations in Bangladesh. Net financial inflow from intercompany financing amounted to EUR 444 million.

Risks and risk management

Sound risk management policies are key to sustainable business growth. Our proactive management of critical risk factors and transparent decision-making regarding risk/reward trade-offs increases the likelihood of achieving our strategic objectives.

In 2022, considerable attention was paid to updating our enterprise-wide risk assessment at Group level, and within each Business Unit, leading to the redefinition of critical risk areas. For the majority of these key risk areas, we concluded that these risks are mitigated by the company's current business methods and controls. For the risk areas which are above our risk appetite, risk mitigation actions have been put in place to reduce the risk to an acceptable level. Risk owners have been appointed for all critical risk areas and are responsible for the identification, maintenance, development, and execution of action plans to ensure that risks are effectively managed and kept within desired levels.

Strategic risk

Geopolitical and macro-economic

Working globally means geopolitical developments or macro-economic events can hamper our business continuity and growth. SHV Energy carefully anticipates, monitors, and evaluates these risks and takes appropriate actions when necessary. SHV Energy's financial performance is influenced by the general economic and political climate and, more specifically, on the dynamics in the oil and gas, petrochemical, and power generation sectors. Cyclical risks are mitigated by having a reliable and centralised supply and risk management organisation in place.

Market and competition

There is a risk that competitors' actions could adversely impact SHV Energy's long-term market share and financial performance. This impact is mitigated by the group's global presence, its focus on biofuels and its diversification into renewable energy. All these factors add to our ability to react effectively to market opportunities, and with our strong financial position, enable the group to develop new business opportunities and partnerships.

Governance

To meet its strategic objectives, SHV Energy evaluates and, when necessary, amends its governance structure, including systems and processes. Because of the group's decentralised governance structure, this is often done at a local level to adapt to the local business environment while, at the same time, leveraging our global experience.

Achievement of our ambition (sustainable fuels)

SHV Energy has a strategic ambition to offer step by step more sustainable and non-fossil energy solutions to its customers. This will be achieved by increasing available distribution volumes of sustainable fuels through increasing supply in the short term and developing new sources of supply and products through investment and research and development in the medium to long term. We manage this ambition and the corresponding risks through the KPIs we have set in our delivery and development agenda and report on our sustainability progress in our annual sustainability report.

Integration of acquired businesses

In 2021, SHV Energy acquired a majority share in SunSource. A detailed roadmap, supervised by central teams, was created to ensure a smooth integration with the Group. Specific Risk Analysis using the SHV Energy harmonised assessment methodology, and Integration Audit were performed in 2022. Integration is ongoing, with a stringent monitoring of the action plans, and strengthening of the local teams and governance. In 2023, the adaptation of SHV Energy's Business Support Framework to a specific and fit-for-purpose Internal Control framework, will be realised.

In 2022, SHV Energy acquired the remaining shares in SunSource and further strengthened its position in Asia with the acquisition of Petromax in Bangladesh. A detailed roadmap, supervised by central teams and defined in collaboration with the Group Internal Audit, was created to ensure a smooth integration within the Group. An Integration Audit was performed in January 2023, followed by a Risk Analysis, and complemented at a later stage with a roll out of the SHV Energy Business Support Framework ("BSF").

Operational risk

People risk

For our operations to be successful, we need people with the right qualifications and competencies. Accordingly, SHV Energy invests in an attractive working environment and provides employees with opportunities to develop their talents and reach their highest potential. We analyse and follow the best practices in the market in order to retain our talents. When possible or relevant, we adopt labour practices ahead of them becoming mandatory. This ensures we deploy our workforce optimally, while at the same time recognising, managing and valuing our cultural differences.

ICT and cybersecurity risks

Inadequate ICT, poor information management, and failure to adequately protect data and systems could affect information security, resilience, and data protection. This could lead to unauthorised access to data, compromise of systems and processes, and business disruption, resulting in financial and reputational damage. To mitigate these risks, SHV Energy set up a comprehensive Information Security framework and implemented a global Security Operations Centre (SOC) in 2020 for continuous global monitoring of our IT systems against cyber threats. The framework incorporates essential controls and processes, including business continuity, information security analyses, data loss prevention, and positions ICT as a strategic enabler throughout the group.

Two global projects began in January 2022 to further improve ICT processes and information security and are being rolled-out through the Group. The first focuses on adding operational technology assets in plants and terminals into the scope of SOC for vulnerability management and incident detection and response. The second project is the roll-out of a global Access and Identity Management (AIM) service covering identity governance and administration, access management and privileged access management.

Health and Safety risk

Within SHV Energy, it is a core belief that "Nothing Is So Urgent Or Important That It Cannot Be Done Safely". Our ultimate goal is for every employee and contractor to go home safe and well at the end of their working shift, and that no employee, contractor or customer is adversely affected by our product anywhere in the value and delivery chains. To help us achieve our ultimate goal, SHV Energy has introduced a set of risk-based minimum Health and Safety standards to help deliver the same high level of operational discipline regardless of geographical location, differences in legislation or H&S maturity. By adopting this risk-based approach to H&S management, it ensures that the H&S risks are identified, assessed and that adequate resources are focused to the areas of highest risk.

Fraud risk

Current global economic environment, and the increasing activity of the Company in emerging countries lead to increased risk of fraud. SHV Energy has a zero-tolerance policy on fraud and has various controls and prevention programmes in place. In addition, SHV Energy has protocols in place that aim to identify, investigate, and report on actual or suspected fraud occurrences on a timely basis. Where needed, corrective action is taken to prevent recurrence.

Climate change

Mitigating the impact of climate change on our operations. Global warming and its consequences like milder winters and extreme weather events such as flooding can disrupt our supply chain and impact demand for our products. In 2022, we began defining specific actions we can take to mitigate the impact of climate change on our day-to-day operations and ensure we are as well-prepared as possible. It also includes the company's efforts to quantify, report and reduce greenhouse gas (GHG) emissions arising from their operations. At SHV Energy, this entails the GHG emissions from our own and outsourced operation.

Financial risk

SHV Energy is exposed to various types of financial risk, which we categorise as market risk and liquidity risk.

Market risk

Market risk refers to the risk of loss arising from adverse changes in commodity prices, foreign currency exchange rates or interest rates. Investments in various countries and ongoing operating and financing activities mean that SHV Energy is exposed to market risk for our business operations. Loss exposure can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. SHV Energy has established policies, procedures, and processes to govern the management of market risks and the use of financial derivative instruments to manage exposure to such risks.

Commodity risk

As a distributor of LPG to end customers in various market segments, the group is exposed to fluctuations in global energy prices in the supply chain and distribution network, mainly butane and propane (C3 and C4). Wherever possible, a commercial pricing strategy is used to seek a natural hedge to these fluctuations. In addition, financial derivative instruments are used to hedge purchase prices and stock valuations.

Foreign exchange risk

Foreign exchange risk arises from transaction and translation exposure. Regarding transaction exposure, the group experiences fluctuations in its revenues, costs, and expenses solely due to changes in foreign currency exchange rates. Foreign exchange risk originates from purchases in foreign currencies or foreign currency loans for liquidity purposes. This risk is mitigated by the "natural hedge" created by reflecting foreign exchange rate fluctuations in product sales prices. Derivative financial instruments are also used to hedge residual foreign exchange risk.

Translation exposure arises from group investment in non-Euro group companies. The funding structure of our subsidiaries partly mitigates the translation exposure of our foreign currency-based subsidiaries. SHV Energy aims to fund its subsidiaries in its functional currency and puts in place a local funding structure where exchange controls and withholding taxes may inhibit our ability to service internal group debt or distribute profits generated. This funding structure additionally aims to hedge our exposure to (hyper)inflation, particularly in our emerging market operations.

Interest rate risk

SHV Energy makes limited use of debt financing and prefers to do so on a fixed interest basis, meaning exposure to floating interest rate risk is low.

Liquidity risk

Liquidity risk refers to a potential event in which an entity may be unable to secure the cash required to meet its short- or medium-term obligations. Several policies are in place to manage this risk, and critical control indicators are in place to monitor actual performance. Explicit attention is paid to credit management, payment terms and the timeliness of customer invoicing. SHV Energy monitors its cash flow forecast closely to ensure that financial obligations to its creditors are met and stay within the limits of committed loan covenants. Several sources of additional liquidity are available during times of lower liquidity in the business due to seasonality. These include in-house bank facilities with SHV Holdings and external credit lines.

Internal Control

The SHV Energy Business Support Framework (BSF) is an important driver for managing risks and for ensuring operational excellence within the organisation. The BSF defines key controls that are implemented throughout the organisation and tested periodically against the BSF criteria for good control practices. As such, the BSF is used to measure our internal control performance and to identify and follow up on improvement areas. The BSF is updated annually to reflect changes in business operations and risk areas.

The Management Board is responsible for implementing, operating and monitoring the internal control system as part of wider enterprise risk management. This system has been designed to control significant risks while seeking to realise operational and financial objectives. It also ensures compliance with applicable laws and regulations. However, such a system cannot provide absolute assurance that business objectives will be achieved, nor can it prevent all material errors, loss, fraud or non-compliance with laws and regulations.

Ethics & Compliance

SHV Energy is active in various businesses in many countries and must deal with a wide range of laws and regulations. Across our organisation, compliance with external and internal rules is mandatory. The SHV Energy code of conduct, supplier code, policies, manuals and guidelines are available in the SHV Energy Policy House, a web-based repository.

A risk assessment is performed on a yearly basis, both at Group level as well as by the Business Units. The Business Support Framework, a periodical assessment of the key controls in SHV Energy, is a self-evaluation that helps to substantiate and demonstrate an adequate level of being 'in-control'. In addition, SHV Energy performs validation sessions with all businesses to monitor the implementation of and adherence to the Ethics & Compliance rules. Both processes add value by identifying opportunities for improvement, helping the business to grow, and preventing issues such as fraud, corruption and avoidable losses.

Our employees receive mandatory Ethics & Compliance training to create awareness of relevant topics, including but not limited to the code of conduct, anti-bribery & corruption, competition law, trade sanctions & trade controls and privacy. To manage risks related to its business partners, SHV Energy has a third-party due diligence programme in place. The Ethics & Compliance function provides advice and guidance across the group and is involved in all Mergers & Acquisitions projects.

To enable employees to report any concerns on (alleged) infringements of our code of conduct or any of our policies, we have a Speak Up process, including a Speak Up helpline (whistle-blower tool). All reports to the helpline are treated confidentially by the Ethics & Compliance function. We do not tolerate any retaliation against anyone who reports in good faith a potential violation of our code, our policies, or the law.

Health & Safety (H&S)

At SHV Energy we strive to ensure a healthy and safe working environment for all our employees, visitors, and contractors. At the core of our values, we aim for zero fatalities, injuries, or occupational illnesses to our employees and society. This applies to our workplace, the environments in which we operate, our customers, and our suppliers.

During 2022, SHV Energy continued to develop, roll out and improve our Safe Systems of Work aligned to deliver the improvements identified in the overall H&S Strategic Plan and the six H&S Engines for Change. The Operational Discipline and Process Safety programme was extended to include circa 100 filling plants in addition to the 21 terminals added originally in 2021. Our Visible Felt Leadership assessment tool continued to demonstrate improvements in our health & safety culture during 2022, and further assessment will be conducted in 2023 and beyond.

The cultural change programme (CARE), now in its second year of roll out, is also starting to show benefits in colleague engagement and improvement of H&S awareness throughout the organisation. With the impact of Covid-19 decreasing, but still present, we have been able to re-invigorate our occupation health activities where we have identified and commenced rolling out several manual handling improvement programmes. We have also identified the need to enhance and accelerate our colleague mental health and wellbeing support which we look forward to introducing early 2023. An additional benefit of the relaxation of Covid-19 travel restrictions is that we have now commenced the cross-business-unit audits and this is allowing for better knowledge sharing and transfer of best practices.

Coming to the end of the second full year of our strategic H&S roadmap, we are seeing sustainable improvements in the lagging rates in both Lost Time Injuries (LTIs) and Total Recordable Cases (TRC) with reductions of 24% and 18% respectively during 2022, and approx. 45% and 41% reduction overall since 2019.

Environment

2022 was another significant year for SHV Energy's work on sustaining the environment.

Last year one of our biggest projects was our Global Sustainability Innovation Challenge. The goal of the challenge is to tap innovative ideas from start-ups and scale-ups that will help the company achieve its ambitious environmental targets. After receiving over 50 applicants from around the world, 6 finalists were selected. They presented the most promising and practical solutions for measuring and reducing CO₂ emissions in three areas: efficient transportation & logistics, smart facilities and decision support systems. The winners have earned a fully paid pilot project with SHV Energy, including access to its global network and collaboration opportunities across the business. The projects will be piloted through 2023 and their potential impact on our footprint will be measured.

We also built on the Global Awareness Campaign which was launched back in 2020. In 2022 we hosted several webinars with key business functions and the many ways our colleagues contribute to SHV Energy's sustainability performance. Procurement, operations, and marketing & sales were involved and brought further awareness to the organisation on how we can collectively contribute to lowering our CO₂ emissions.

Improving our capabilities in impact measurement was also a key point of attention in 2022. We have built a data validation tool with Adaptfy, which helps our business units to validate their CO₂ figures. We also integrated SunSource and EM3 as new entities and included bioLNG as a new energy carrier in our CO₂ reporting framework.

Data availability and accuracy will remain an important topic in 2023 as we prepare the integration of new entities (e.g. Bangladesh) and our readiness for the upcoming regulation on sustainability reporting. The EU Taxonomy, the EU Corporate Sustainability Reporting Directive and the update to the GRI Standards that we adhere to in our reporting will result in a changed approach of our sustainability report.

To respond to these regulatory challenges, the ESG project task force was created, and important steps have been given towards compliance with the new requirements for climate disclosure in close collaboration with SHV Holdings and Risk Management.

Innovation

At SHV Energy, innovation is powered by our purpose, and we aim to generate impact for our people, planet, and performance.

In 2022, we continued to put people at the heart of what we do, increasing our employees' innovation capabilities across several BUs and delivering new solutions to identify and reduce hazardous movements in our filling plants.

Innovation also made an impact in our performance like the examples from Brazil, where visual technologies were implemented to automatically count and read the tare of cylinders, improving efficiency in filling plants. Advanced analytics models were developed leading to better forecasting and optimisation of asset distribution across plants, increasing availability and decreasing the need for purchase of new cylinders.

Innovation also addressed some of the challenges related to our planet, by expanding our open innovation program with focus on finding solutions to reduce our scope 1 & 2 CO₂ emissions. We established collaborations with several start-ups developing disruptive solutions such as powering diesel trucks with LPG or even solar energy.

Human capital

Engaging employees, focussing on people development & talent management, and promoting an inclusive culture to drive growth were important priorities for 2022. To remain a future proof organisation, SHV Energy keeps focusing on developing new capabilities and takes initiative to re-skill its workforce.

With density acquisitions and the market entry to Bangladesh, SHV Energy welcomed close to 1,000 new employees. The adjusted SHV Leadership Model has been launched and within the Head Office an innovative people review process is introduced, including a bottom-up talent calibration and across the organisation various leadership development programmes have been offered. Further, all the Business Units made an important step forward to implement Well Being programmes.

To be aligned with our Energy Transition strategy, five HR strategic Pillars are defined followed by four strategic HR Projects:

- *Culture: foster a culture and engagement level that creates competitive advantage;*
- *Talent Management: further Develop a global leadership pipeline that meets current and future business needs;*
- *Learning and Development: promote a disciplined approach that enhances how we attract, develop, and retain talent;*
- *Organisational effectiveness: keep high performing organizations that yield competitive advantage in the future;*
- *Up-skill HR community: improve HR capabilities to drive business growth.*

Four Strategic HR Projects:

- *Evolving Leadership;*
- *Future Capabilities;*
- *Employee Experience;*
- *Digital Workplace.*

As a result of our ambition to have diverse and inclusive teams the SHV Energy Management Board has members with four different nationalities and a female representation of 29% (2 out of 7 Board Members). Companywide, 16 out of 20 business unit management teams now comprise two or more nationalities. In 2022, we saw a slight increase in the number of women in management teams and senior functional roles to 23%. Over the year we had 33 job rotations on ABC Level, 76% of vacancies were filled by candidates from within SHV.

Outlook for 2023

The volatility of the financial markets, driven by increased interest rates and inflationary pressure in combination with the continued war in Ukraine and its effect on economy and global commodity prices, will continue to impact our operations. SHV Energy is actively managing high LPG prices and price volatility, protecting its margins. Based on current information, no major shocks to LPG supply for SHV Energy are expected. Notwithstanding the volatility of these external factors and possible selective economic downturns, SHV Energy expects that most of our markets and segments will show resilience in their performance.

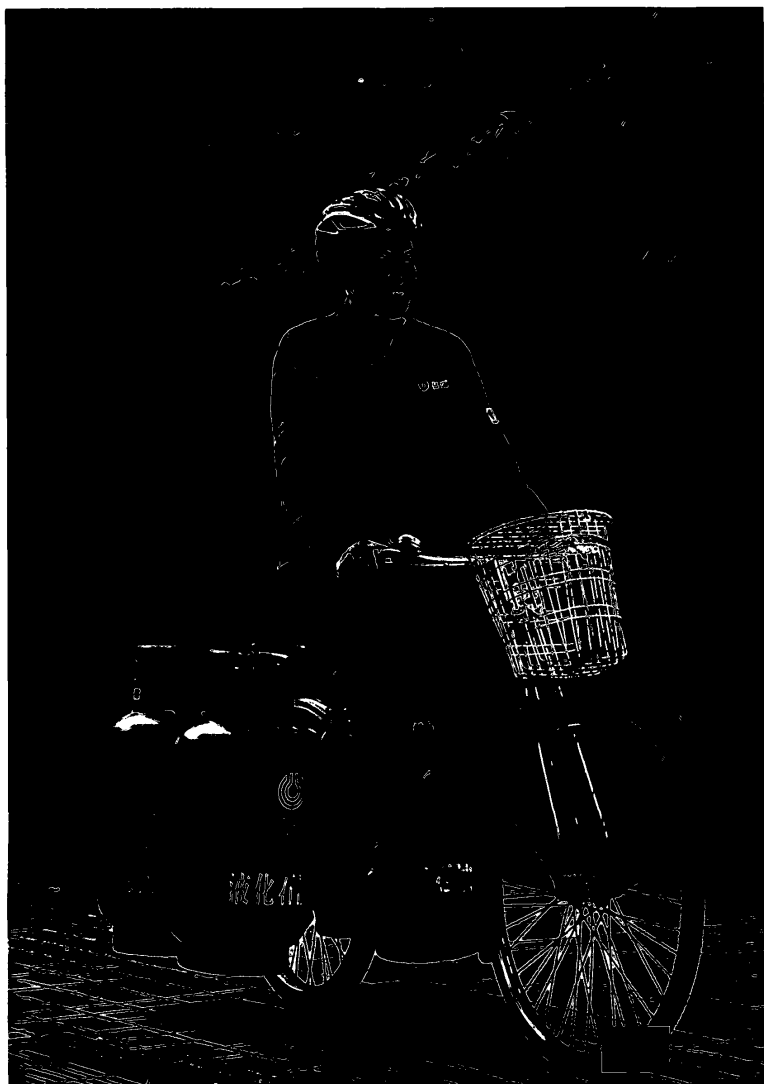
In parallel, our focus on efficiency, including the ongoing digitisation of business processes, should to a certain extent counter inflationary pressure. We will continue to execute our strategy to lead de-fossilisation of the LPG industry via the development of rDME, together with our technological partner KEW Technology and subsequently scale up rDME volumes via our joint venture with UGI.

Hoofddorp, 12 May 2023

Executive Board

A.A. Gräber – CEO

L.M. van der Wal – CFO



Consolidated financial statements

Consolidated balance sheet as at 31 December 2022 (Before profit appropriation)

In millions of euro

	Note	2022	2021
Fixed assets			
Intangible fixed assets	2	352.2	275.0
Tangible fixed assets	3	1,843.8	1,583.9
Financial fixed assets	4	222.3	192.2
		2,418.3	2,051.1
Current assets			
Inventories	5	428.7	428.1
Derivative financial instruments		93.9	145.1
Trade and other receivables	6	1,023.4	1,043.9
Securities	7	15.5	6.4
Cash and cash equivalents	8	352.4	389.0
		1,913.9	2,012.5
		4,332.2	4,063.6
Group equity			
Shareholder's equity	9	1,469.0	1,601.2
Minority interests	10	26.3	29.9
		1,495.3	1,631.1
Provisions	11	461.3	463.6
Non-current liabilities	12	585.6	500.7
Derivative financial instruments	13	64.8	151.8
Current liabilities	13	1,725.2	1,316.4
		4,332.2	4,063.6

The notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated profit and loss account 2022

In millions of euro

	Note	2022	2021
Net sales	16	11,236.6	8,601.9
Cost of raw materials and consumables	17	(9,159.3)	(6,675.8)
Cost of outsourced work and other costs		(17.5)	(27.7)
Third party costs		(9,176.8)	(6,703.5)
Salaries and wages	18	(632.4)	(534.1)
Other operating expenses	19	(799.9)	(746.1)
Amortisation and depreciation	20	(281.1)	(250.4)
Total operating expenses		(1,713.4)	(1,530.6)
Operating result	21	346.4	367.8
Income from investments in affiliates before tax		(1.8)	5.3
Interest income and similar income	22	34.8	21.9
Interest expenses and similar charges	23	(77.4)	(36.7)
		(44.4)	(9.5)
Result before tax		302.0	358.3
Tax on result	24	(104.8)	(99.9)
		(104.8)	(99.9)
Result after tax		197.2	258.4
Minority interests		(10.0)	(6.4)
Net result		187.2	252.0

The notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated cash flow statement 2022

In millions of euro

	Note	2022	2021
Operating result		346.4	367.8
<i>Adjusted for:</i>			
Amortisation and depreciation	2,3	275.6	247.3
Other value adjustments	2,3	5.8	3.1
Result on disposals of consolidated companies	1	(2.0)	(6.7)
Result on disposals of fixed assets	3	(17.9)	(24.5)
Changes in provisions		10.8	(47.0)
		272.3	172.2
Cash flow from business operations before changes in working capital		618.7	540.0
<i>Changes in:</i>			
Inventories		(4.1)	(193.6)
Trade receivables		6.0	(271.3)
Trade payables		(18.1)	234.1
Other receivables, payables and accruals		10.4	15.0
Changes in working capital	25	(5.8)	(215.8)
Net interest and other financial results paid and received		(60.4)	(28.2)
Dividends received from investments in affiliates	4	2.1	3.9
Net taxes paid and received		(78.0)	(67.2)
Other changes		16.5	6.7
		(119.8)	(84.8)
Cash flow from operating activities		493.1	239.4
<i>Investments in:</i>			
Intangible fixed assets	2	(111.3)	(77.8)
Tangible fixed assets	3	(392.3)	(368.1)
Acquisition of Group companies, net of cash acquired		(13.5)	(13.1)
Affiliates, trade investments and other financial fixed assets	4	(33.7)	(16.8)
<i>Disposals of:</i>			
Tangible fixed assets	3	45.1	62.5
Divestment of Group companies, net of cash disposed		2.0	49.1
Affiliates, trade investments and other financial fixed assets	4	22.9	6.6
Cash flow from investing activities		(480.8)	(357.6)

Consolidated cash flow statement 2022 cont.

In millions of euro

	Note	2022	2021
Free cash flow		12.3	(118.2)
Repayment of non-current borrowings	12	(16.1)	(24.2)
Take-up of non-current debt	12	15.6	122.4
Net change in non-current debt to/from shareholder/participants	4, 12	122.0	25.1
Changes in debts to financial institutions		37.3	64.4
Changes in in-house bank accounts (debit balances)		246.9	78.9
Margin calls paid and received		(166.6)	43.3
Capital changes by minority shareholders	10	2.6	(0.1)
Acquisition of minority interest	9, 10	(5.9)	-
Dividend paid to shareholder of the Company	35	(252.0)	(164.6)
Dividend paid to minority shareholders	10	(11.2)	(5.8)
Cash flow from financing activities		(27.4)	139.4
Net cash flow		(15.1)	21.2
Changes in investment in securities	7	(9.1)	3.5
Exchange rate and translation differences		(12.4)	(2.6)
Changes in cash and cash equivalents		(36.6)	22.1

The notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income 2022

In millions of euro

	Note	2022	2021
Net result		187.2	252.0
Translation differences on foreign operations		(14.0)	8.2
Cash flow hedges including taxes		(116.9)	42.8
Movement in put/call options for acquisitions		25.5	(27.4)
Acquisition of (minority) interests		(1.6)	1.0
Monetary and inflation correction		39.6	-
Total of items recognised directly in shareholder's equity	9, 35	(67.4)	24.6
Comprehensive Income		119.8	276.6

The notes 1 to 29 are an integral part of these consolidated financial statements.



Notes to the 2022 consolidated financial statements

General

Reporting entity and relationship with parent company



SHV Energy N.V., ('SHVE' or 'the Company'), having its legal address in Utrecht, is a limited liability company under Dutch law and is registered under number 30098428 in the Trade Register. The head office is located at Capellalaan 65, Hoofddorp, the Netherlands.



All shares of the Company are held by SHV Nederland B.V. (Utrecht). The ultimate parent company of SHVE is SHV Holdings N.V. registered in Bonaire. The financial information of the Company is included in the consolidated financial statements of SHV Holdings N.V.

These financial statements contain the financial information of both the Company and the consolidated companies of the Company ('the Group').

The operational activities are in the areas of energy distribution and marketing. The Group provides clean, independent energy to millions of consumers for thousands of different applications. Our major products are LPG, LNG and BioLPG, all of which can be used without a centralised gas grid infrastructure. The Group currently operates across four continents: North and South America, Asia and Europe.

Financial reporting period

These financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022.

Basis of preparation

The consolidated financial statements of the Company are part of the statutory financial statements of the Company and have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

Application of Section 402, Book 2 of the Dutch Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate profit and loss account of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption. We have performed a going concern assessment and have not identified any significant going concern risks.



Health & Safety and sustainability are at the heart of the business, providing employees and partners with a secure, safe and environmentally friendly environment.

Accounting policies for the measurement of assets and liabilities and the determination of the result

General

Assets and liabilities are measured at historical cost, unless otherwise stated.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits attributable to the asset will flow to the Company, and the asset has a cost price or value that can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits, and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. Benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment. If assets are recognised of which the Company does not have the legal ownership, this fact is disclosed.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits, and all or substantially all of the risks related to the asset or liability, being transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

All types of income, including trade revenues, financial income and various gains, are recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

All types of income and expenses are allocated to the respective period to which they relate. Trade revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Hyperinflation

The income and expenses of foreign operations in hyperinflationary economies are translated to the functional currency at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements are restated to account for changes in the local inflation indices. The adjustment is based on relevant price indices at the reporting date. In case of hyperinflationary economies, the financial statements are adjusted for the effects of changing prices of local currency. The translation to the functional currency is recorded in equity and the restatement for changes in local inflation indices is recorded in the statements of income. Hyperinflation is accounted for the operations in Turkey.

Functional and presentation currency

Items of each of the Group entities included in these consolidated financial statements are initially measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in euro ('EUR'), which is the Company's functional currency. All amounts have been presented in millions.

Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The following accounting policies are, in the opinion of management, the most critical in preparing these financial statements and require judgements, estimates and assumptions:

Valuation of intangible and tangible fixed assets:

- *Tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable;*
- *The discount rate and projected free cash flow are the inherent management estimates and assumptions used in assessing whether an impairment charge should be recognised. Should the actual performance of the cash-generating units become materially worse compared to the estimates, possible impairment losses could arise;*
- *Estimates significantly impact goodwill and other acquisition related intangibles. The determination of fair values of acquired identifiable intangibles is based on an assessment of future cash flows. The following estimates and assumptions are used in determining the fair values of acquired identifiable intangible assets: the WACC, expected long-term revenues and margin levels, royalty and attrition rate, contributory assets charges, remaining useful life expectations and others.*

Valuation of deferred tax assets:

- *The Group recognises deferred tax assets arising from unused tax losses, deductible temporary differences or tax credits only to the extent that there is convincing evidence within the relevant fiscal unit that sufficient taxable profit will be available to compensate;*
- *Regarding recognised deferred tax assets arising from net operating losses, management believes, based upon the level of historical taxable income and projections for future taxable income, that sufficient future tax profits will be available to utilise these operating losses;*
- *Regarding unrecognised deferred tax assets arising from net operating losses, management believes, based upon the level of historical taxable income and projections for the future taxable income, it is more likely than not that no future tax profits will be available that can be utilised on short notice. As a consequence, management did not recognise a deferred tax asset for these operating losses.*

Valuation of provision for doubtful receivables:

- *Provisions are made for doubtful receivables based on management's estimate of the prospect of recovering the debt. Where management has determined that the recovery of the debt is doubtful, the amount is provided for.*

Valuation of derivative financial instruments:

- *Estimation of the fair value of a derivative financial instrument involves discounting of future cash flows including credit and liquidity surcharges which involves management judgement.*

Valuation of provisions:

- *The amounts recognised as a provision are management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. This is the amount management expects to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time. Classification and discounting period of provisions for deposits is estimated based on historical pattern of turnover of underlying assets.*

Consolidation principles

The consolidated financial statements include the separate financial statements of:

- *SHV Energy N.V.;*
- *Companies over which the Company has control or of which it conducts the central management.*

Subsidiaries are participating interests in which the Company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting or can appoint or dismiss more than half of the managing directors or supervisory directors.

Group companies are participating interests in which the Company has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether the Company has control, potential voting rights are considered that can be exercised in such a way that they will provide the Company with more or less influence.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Disposed participating interests are consolidated until the date of loss of this influence.

The Company's group companies are listed on pages 89-91.

Business combinations

A business combination is a transaction whereby the Group obtains control over the assets and liabilities and the activities of the acquired party.

Business combinations are accounted for using the 'purchase accounting' method on the date that control is transferred to the Group (the acquisition date). The transaction price is the cash consideration or equivalent agreed as part of the acquisition, or the fair value of the consideration transferred at the acquisition date. Transaction costs that are directly attributable to the business combination are added to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration.

The Group recognises the identifiable assets and liabilities of the acquiree at the acquisition date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the Group (for assets) or settlement will result in an outflow of resources embodying economic benefits (for liabilities), and the fair value of all these can be measured reliably.

Refer to the accounting policy under the heading 'Intangible fixed assets' for the recognition of positive or negative goodwill resulting from a business combination.

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. It is also possible that a previous estimate of the adjustment to the purchase price must be revised. Such adjustments to the purchase price, that are recorded as changes in estimates, will also result in an adjustment to (positive or negative) goodwill. The adjusted goodwill is amortised prospectively from the date of the adjustment of the purchase price. Comparative figures are not adjusted.

Business combinations under common control

A business combination under common control is a business combination of an entity that is under common control with the acquirer. Such business combinations are also referred to as common control transactions.

Business combinations under common control are accounted for using the 'pooling of interests' method.

Applying this method, the assets and liabilities of the combining entities, as well as their income and expenses, for the period in which the combination has occurred and for the comparative period disclosed are included in the financial statements of the combined entity as if they had been combined from the beginning of the comparative period. The carrying amounts of the assets and liabilities are combined, no revaluation to fair value takes place. Any differences between the accounting policies of the combined entities are unified through a change in accounting policies applied retrospectively.

In the situation that the date of merger is not the date of the start of the reporting period, the results of the acquired entity are recognised in the profit and loss account of the acquiring entity as from beginning of that reporting period.

Any difference between the nominal amount of the share capital issued as a result of the combination (plus any additional consideration in the form of cash or other assets) and the carrying amount of the assets and liabilities underlying the share capital acquired, is recognised in share premium.

Consolidation method

The consolidated financial statements are prepared using uniform accounting policies for the measurement and determination of the result of the Group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the Group and no impairment loss is applicable. For a transaction whereby the Company has a less than a 100% interest in the selling group company, the elimination from the Group result is allocated pro rata to the minority interest based on the interest of the minority in the selling Group company.

Subsidiaries and group companies are consolidated in full, whereby minority interest is presented separately within Group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, compensate for the losses. The minority interest in the result is deducted from the Group result on a separate line item in the consolidated profit and loss account.

The financial statements of subsidiaries and group companies are included in the consolidated financial statements from the date that control can be exercised until the date that control ceases.

Principles for the translation of foreign currencies

Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Group companies at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate prevailing on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange differences arise. Exempted from this are exchange differences on monetary items that are part of a net investment in a foreign operation.

Non-monetary assets and liabilities that are denominated in foreign currency and measured based on historical cost are translated into the functional currency at the exchange rates at the date of the transactions.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value are translated into the functional currency at the exchange rates that apply when the current value is determined. Exchange rate differences that arise from this translation are directly recognised in equity as part of the revaluation reserve.

Foreign operations

The assets and liabilities that are part of the net investment in a foreign operation (including goodwill and fair value adjustments) are translated into the functional currency of the Company at the exchange rate prevailing at the balance sheet date. The revenues and expenses of such a foreign operation are translated into the functional currency of the Company at the average exchange rate for the year. Currency translation differences are directly recognised in the translation reserve within equity.

Goodwill resulting from the acquisition of a foreign operation and fair value adjustments made at the acquisition date are translated into the functional currency of the Company at the exchange rate at the transaction date.

When a foreign operation is fully or partially sold, the portion of cumulative amount related to that foreign operation is transferred from the translation reserve to the profit and loss account.

Comparative information

In 2022, the presentation of 'Third party costs' within the consolidated profit and loss account has been revised to incorporate 'Cost of raw materials' and 'Cost of outsourced work and other costs'. Corresponding adjustments have been made to the related note in the financial statements to ensure a consistent presentation of comparative data. As a result, EUR 59.2m for 2021 has been reclassified from 'Other third party costs' to 'Cost of goods sold'.

Further, the multi-year summary as included in the 'Key figures' is presented on consistent basis to the extent possible to reflect accounting policies and presentation convention applicable as at 31 December 2022.

Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account.

Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract.

Derivatives separated from the host contract are measured at fair value with recognition of all changes in value in the profit and loss account, except where cash flow hedge accounting or cost price hedge accounting are applied.

Financial instruments are initially measured based on fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, individual types of financial instruments are valued in the manner described below.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold, or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent of each other. Determination is made as follows:

- *The fair value of listed financial instruments is determined on the basis of the exit price;*
- *The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges;*
- *The fair value of derivatives involving the exchange of collateral is determined by discounting the cash flows to present value, applying the relevant forward curve. This is used because the credit and liquidity risks are mitigated by the collateral exchange;*
- *The fair value of derivatives that do not involve exchange of collateral is determined by discounting the cash flows to present value, applying the relevant forward curve plus credit and liquidity surcharges.*

Loans granted and other receivables

Loans and receivables comprise debt securities and trade and other receivables. Loans granted and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market, these instruments are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

Investments in unlisted equity instruments

Investments in unlisted shares are measured after their initial recognition at the lower of cost or fair value.

Purchases and sales of financial assets that belong to this category are recorded at the transaction date.

Dividends from participating interests that are carried at cost are recognised as income from participating interests (under financial income) in the period in which the dividends are declared.

Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments including borrowings are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is recorded directly in the profit and loss account.

Redemption payments regarding non-current liabilities that are due next year are presented under current liabilities.

Derivatives and hedging

After their initial recognition, derivatives are normally valued at the lower of cost or fair value. Exceptions to this general principle are:

- *Commodity derivatives (LPG), for which the own use assumption cannot be applied. These are accounted at fair value through profit and loss;*
- *Derivatives for which a model for hedge accounting is applied.*

Purchases and sales of derivatives are recorded at the transaction date.

If derivative financial instruments or portfolios of derivative financial instruments belong to a subcategory of financial instruments, the derivative financial instruments are measured after initial recognition in accordance with that subcategory.

Cost price hedge accounting

If cost price hedge accounting is applied, then no revaluation of the derivative instrument is recognised as long as the derivative hedges the specific risk of an expected future transaction that is expected to take place.

For SHV Energy, cost price hedge accounting mainly covers future foreign currency transactions to settle inventory purchase liabilities.

As soon as the expected future transaction leads to recognition in the statement of income, then the profit or loss that is associated with the derivative is recognised in the statement of income. If the hedged position of an expected future transaction results in the recognition in the balance sheet of a non-financial asset or a non-financial liability, then the cost of the asset or liability is adjusted by the hedge results that have not yet been recognised in the statement of income.

When a derivative expires or is sold before the hedged transaction takes place, the accumulated profit or loss that has not yet been recognised in the statement of income prior to that time is included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the statement of income.

If a derivative no longer meets the conditions for hedge accounting, but the derivative has not been sold, then hedge accounting can no longer be applied. Further accounting treatment is similar to the situation when a derivative expires or is sold before the hedged transaction takes place. Subsequent measurement of the derivative instrument is then at the lower of cost or fair value.

Cash flow hedge accounting

If cash flow hedge accounting (mainly in relation to commodity derivatives) is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are transferred from the revaluation reserve to the profit and loss account. If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset or a non-financial liability, the Company adjusts the cost of this asset or liability by the hedge results. This is done through a transfer from the revaluation reserve of the results that have been deferred in this reserve until such time.

If a derivative no longer meets the conditions for hedge accounting, expires or is sold, or if the Company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The deferred gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is transferred to the profit and loss account.

Conditions for hedge accounting

The Company documents its hedging relationships in specific hedging documentation and regularly checks the effectiveness of the hedging relationship by establishing whether the hedge is effective or that there is no over-hedging.

At each balance sheet date, the Company assesses the degree of ineffectiveness of the combination of the hedge instrument and the hedged item (the hedging relationship). The degree of ineffectiveness of the hedging relationship is determined by comparing the critical terms of the hedging instrument against the hedged item. For this comparison, the Company uses the following critical terms: amount, maturity, hedged risk, method of settlement of the hedging instrument and the hedged position.

If the critical terms, assessed in the context of the hedging relationship, match each other, there has been no ineffectiveness.

If the critical terms, assessed in the context of the hedging relationship, do not match each other, a quantitative test needs to be performed to prove the effectiveness of the hedging relationship. In that case, the degree of ineffectiveness is determined by comparing the fair value change of the hedging instrument with the fair value change of the hedged item. If there is a cumulative result on the hedging relationship over the period between initial recognition of the hedging instrument and the balance sheet date, the fair value changes related to ineffectiveness is recognised directly in the profit and loss account.

Put/Call options

When the Company enters into a so-called put/call arrangement with third party shareholders, whereby the Company has the obligation to buy the third party share at the moment the third party shareholder exercises its right to sell its shareholding to the Company (put), this written option qualifies as a contract resulting in the obligation to buy equity instruments.

In case that the minority shareholder, based on the contract, does not have the access to the returns associated with the underlying ownership interest, a third party share as part of group equity is not recorded. In case that the minority shareholder, based on the contract, does have the access to the returns associated with the underlying ownership interest, a third party share as part of group equity is accounted for.

When, the put/call option should be settled in cash or other financial assets, a liability should be recognised. Initially at fair value, which represents the discounted value of the expected outflow of resources to settle the option. At first recognition the liability is recognised against a change in the other reserves within equity. Future changes in the valuation because of changes in the expected outflow of resources are recorded in the other reserves within equity. The discount effect is recorded in the income statement as part of the financial result. This is consistently applied.

Impairment of financial assets

A financial asset that is not measured at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower fair market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more adverse events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. The individually significant assets that are not found to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment allowance decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment allowance is reversed through profit or loss (up to the amount of the original cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Intangible fixed assets

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Intangible fixed assets are measured at acquisition or development/construction cost, less accumulated amortisation and impairment losses.

Expenditures made after the initial recognition of an acquired or developed intangible fixed asset are included in the cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the profit and loss account.

The accounting principles for the determination and recognition of impairments are included under the section **Impairments of fixed assets**.

Goodwill

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Company's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity. Goodwill is measured at acquisition cost less cumulative amortisation and impairment losses. Internally generated goodwill is not capitalised.

Goodwill paid upon the acquisition of foreign Group companies and subsidiaries is translated at the exchange rates at the date of acquisition.

The capitalised goodwill is amortised on a straight-line basis over the estimated useful life (maximised at 10 years) and is tested for impairment whenever there is an indication for impairment.

In case of a full or partial sale of a participating interest, the positive goodwill that can be allocated to the sold part is written off proportionally (in case of capitalised goodwill) or reversed (in case of goodwill charged directly against shareholder's equity, as was done until 2016) and is charged to the profit and loss account. In the latter case, a useful life of 5 years is assumed in determining the amount to be reversed.

Goodwill is recorded directly in equity for acquisitions of minority interest in consolidated subsidiaries when a majority share and controlling interest were owned by the Group since 2015. The acquired minority share is considered to be already part of the group equity (so-called 'economic entity concept').

Software

Software acquired by the Company has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Concessions, licences and intellectual property

This category includes capitalised costs relating to copyrights, user rights relating to patents and licenses, and includes licences enforced by law. Concessions, licences and intellectual property are measured at cost less accumulated amortisation and impairment losses. Acquired concessions, licenses and intellectual property rights have definite useful lives that are no longer than their contractual terms.

Brand names and customer contracts

Brand names acquired through business combinations have finite useful lives and are recognised at fair value at the acquisition date. This is done to the extent that they can be separately identified or grouped as a single asset in the case that each brand name has a similar useful economic life and can be measured reliably. Brand names are subsequently carried at cost less accumulated amortisation and impairment losses.

Customer contracts acquired by the Company through business combinations are recognised at fair value at the acquisition date to the extent that they can be separately identified or grouped as a single asset and that each customer contract has a similar useful life and can be measured reliably. Customer contracts have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses.

The fair value of brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned ('relief from royalty' method). The fair value of customer contracts acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

In determining fair value, the Group uses appraisals of an external assessor when appropriate.

Development costs

Development costs mainly relate to self-developed software and are capitalised, in so far as incurred, in respect of potentially profitable projects. The development of an intangible fixed asset is considered commercially profitable if the following conditions are met:

- *The completion of the asset is technically feasible;*
- *The Company intends to complete the asset and then use or sell it (including the availability of adequate technical, financial and other resources to achieve this);*
- *The Company has the ability to use or sell the asset;*
- *It is probable that the asset will generate future economic benefits; and*
- *The costs incurred during the development phase can be determined reliably.*

Development costs are measured at construction cost less accumulated amortisation and impairment losses. The capitalised costs are amortised over the estimated useful life after completion of the development phase (asset ready for usage). Amortisation is calculated using the straight-line method. The costs of research and other development costs are charged to the result in the period in which they are incurred.

The cost of self-developed software includes the following:

- *The cost of direct labour;*
- *Any other costs directly attributable to bringing the assets to a working condition for their intended use.*

A legal reserve is formed for capitalised development costs that have not yet been amortised.

Bio and energy-saving certificates

Certificates (rights) are recognised as intangible fixed assets (if rights are freely tradable and not used for active trading activities). Initial recognition is at lower of cost or market value. Amortisation is not applicable as these rights are only used at derecognition.

Certificates of origin are - in principle - inseparably related to the corresponding product. For this reason, the use of certificates is automatically included in the cost price of the product (inventory and/or cost of sales).

Prepayments for intangible fixed assets

Prepayments for intangible fixed assets are valued at cost. Prepayments for intangible fixed assets are not amortised.

Amortisation

Amortisation of intangibles is recognised by the straight-line method over the following estimated useful lives, with a maximum of 20 years:

 Goodwill	8 - 10 yrs	 Customer contracts	< 20 yrs
 Software	3 - 7 yrs	 Development costs	3 yrs
 Brand names	10 - 20 yrs	 Concessions, licences and intellectual property	14 - 20 yrs

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture/construction, plus other costs that are necessary to get the assets to their location and condition for their intended use. Subsequent expenditure is only capitalised when it extends the original useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Investment grants are deducted from the cost of the assets to which the grants relate.

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account any estimated residual value of the individual assets.

No depreciation is recognised on land, tangible fixed assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use and ends at decommissioning or divestment.

Prepayments for tangible fixed assets are valued at cost. Prepayments for tangible fixed assets are not depreciated.

Items of tangible fixed assets with a finite useful life are depreciated separately based on their useful lives.

The Company applies the component approach for tangible fixed assets if important individual components of a tangible fixed asset can be distinguished from each other. Taking into account differences in useful life or expected pattern of use, these components are depreciated separately.

Depreciation is recognised by the straight-line method over the following estimated useful lives:

 Commercial buildings	20-40 yrs	 Transport equipment	8-12 yrs
 Gas cylinders and tanks	8-20 yrs	 Office and plant equipment	2-10 yrs
 Machines and installations	8-20 yrs		

Land is not depreciated.

Maintenance expenditures are only capitalised when the maintenance leads to the extension of the useful life of the asset and/or future performance units regarding the asset.

For costs of recovery a provision is recognised, see the policy under the heading 'Provisions'.

Tangible fixed assets, for which the Company and its Group companies possess the economic ownership under a finance lease, are capitalised. The obligation arising from the finance lease contract is recognised as a financial liability. The interest included in the future lease instalments is charged to the profit and loss account during the term of the finance lease contract.

Cylinders are considered as assets of the Company if the following conditions are met:

- Those cylinders carry an identifying mark; and
- They can only be filled by the company or a contracted third party.

Assets retired from active use are measured at the lower of book value or net realisable value.

The fair value of tangible fixed assets recognised as a result of a business combination is the estimated amount for which an asset can be sold, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of items of tangible fixed assets is based on the income approach, direct and indirect market approaches and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. In determining fair value, the Group uses appraisals of an external assessor.

Financial fixed assets

Joint arrangements

Participating interests where the Company exercises control along with other participants, such as in joint ventures, are valued according to the equity method on the basis of net asset value.

Participating interests with significant influence

Participating interests where significant influence can be exercised over the business and financial policies are valued according to the equity method. In assessing whether the Company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated on the basis of the Company's accounting policies.

Participating interests with a negative net asset value are valued at nil. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Participating interests with no significant influence

Participating interests where no significant influence can be exercised are measured at the lower of cost or net realisable value. If the Company transfers an asset or a liability to a participating interest that is measured at cost or current value, the gain or loss resulting from this transfer is recognised directly and in full in the profit and loss account, unless the gain is in substance not realised.

Other financial fixed assets

Receivables from non-consolidated participating interests are initially measured at fair value plus directly attributable transaction costs. Subsequently, these receivables are measured at amortised cost using the effective interest method, less impairment losses.

The further accounting policies for other financial fixed assets are included under the heading 'Financial instruments'.

Dividends are accounted for in the period in which they are declared.

Bonds, listed and unlisted, recognised under financial fixed assets, that are not held as part of a trading portfolio and which will be held to maturity, are valued at their amortised cost.

Impairments of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other fixed assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the Company assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Irrespective of whether there is any indicator of an impairment, at each reporting date the recoverable amount is assessed for intangible assets that have not been put into use yet.

Fixed assets available for sale

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes the expenses for acquisition or manufacture, plus other expenditure to bring the inventories to their present location and condition. Net realisable value is based on the most reliable estimate of the amount the inventories will generate, less costs of completion and selling. Costs of inventories is determined in accordance with the first-in, first-out (FIFO) principle, which are measured by applying weighted average prices per purchased batches.

Trade discounts, rebates and indemnities (to be) received in connection with purchasing are deducted from the costs of purchase.

Receivables and securities

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash in hand, cash in transit, in-house bank balances and money market investments, which have a maturity as per reporting date of less than 90 days.

Cash and cash equivalents are measured at nominal value. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the spot exchange rate applicable at that date. If cash and cash equivalents are not readily available, this fact is considered in the measurement.

Bank overdrafts (including in-house bank) are shown in current liabilities on the balance sheet.

Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Share premium

Amounts contributed by the shareholder of the Company in excess of the nominal share capital are accounted for as share premium. This also includes additional capital contributions by the existing shareholder without the issue of shares or issue of rights to acquire shares of the Company.

Costs and capital taxes associated with the issue of shares that are not capitalised are deducted from share premium after having taken tax effects into account. If the share premium is insufficient for such deductions, the amounts are deducted from retained earnings.

Revaluation reserve

Increases in the value of assets that are measured at fair value are included in the revaluation reserve. An exception to this is financial instruments and other securities that are measured at fair value through the profit and loss account. In addition, a revaluation reserve is established for such assets with a corresponding charge against other reserves if frequent market quotations are not available.

The revaluation reserve is established per individual asset and must not exceed the difference between the carrying value based on historical cost and the carrying value based on fair value. The revaluation reserve is reduced by any realised revaluation (in connection with systematic depreciation or amortisation of the asset). Decreases in the value of the asset in question, other than due to systematic depreciation or amortisation, are charged against the revaluation reserve.

If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves. Any related deferred tax liability, calculated at the current tax rate, is offset against the revaluation reserve.

Minority interests

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities of a consolidated entity, determined in accordance with the Company's accounting principles.

Provisions

A provision is recognised if all of the following applies:

- *The Company has a legal or constructive obligation, arising from a past event;*
- *The amount can be estimated reliably; and*
- *It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.*

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

If the time value of money is material and the period over which the cash outflows are discounted is more than one year, provisions are measured at the present value of the best estimate of the cash outflows that are expected to be required to settle the liabilities and losses. The provisions are measured at nominal value if the time value of money is not material or if the period over which the cash outflows are discounted is no longer than one year.

Provision for deposits for gas cylinders and tanks

The company recognises a provision for deposits when a legal or constructive obligation exists to reimburse the customer for gas cylinders and tanks that are returned. The deposit provision is based on the estimated gas cylinders in the market, the expected return thereof and the deposit value.

Provision for restructuring costs

A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal restructuring plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised for those that will be impacted by the restructuring.

A valid expectation exists when the implementation of the restructuring has been started, or when the main elements of the plan have been announced to those for whom the restructuring will have consequences.

The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Company.

Provision for participating interests

A provision for participating interests relates to participating interests with a negative net asset value. Refer to the accounting policies under the heading 'Financial fixed assets'.

Provision for claims, disputes and lawsuits

A provision for claims, disputes and lawsuits is established when it is expected that the Company will become liable in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Non-current liabilities

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Leases

The Company may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance lease. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of a lease arrangement, the Company assesses whether the lease classifies as a finance or operating lease.

Finance leases

If the Company acts as a lessee in a finance lease, at the inception of the lease the leased asset (and the related obligation) is recognised in the balance sheet at fair value of the leased property or, if lower, the present value of the minimum lease payments. Both values are determined at the time of entering into the lease agreement. The interest rate used in calculating the present value is the interest rate implicit in the lease. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent measurement of the leased property are described under the heading 'Tangible fixed assets'. If there is no reasonable certainty that the Company will obtain ownership of a leased property at the end of the lease term, the property is depreciated over the shorter of the lease term and the useful life of the property.

The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges are allocated during the lease term to each period as such that it results in a constant periodic interest rate over the remaining net liability with regard to the finance lease. Conditional lease payments are recognised as an expense in the period that the conditions of payment are met.

Operating leases

If the Company acts as lessee in an operating lease, the leased property is not capitalised. Lease payments and benefits regarding operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Temporary reduction or exemption of/from the rental payments under existing rental agreements, as a result of Covid-19 support schemes, is recognised over the period while this reduction or exemption is valid.

Revenue recognition

To determine whether to recognise revenue, the Company follows a 5-step process:

1. *Identifying the contract with a customer;*
2. *Identifying the performance obligations;*
3. *Determining the transaction price;*
4. *Allocating the transaction price to the performance obligations; and*
5. *Recognising revenue when/as performance obligation(s) are satisfied.*

The Company enters into contracts with customers to supply a bundle of products and services, for gas and associated meter fees. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of gas, other goods and renewable fuel certificates

Revenue from the sale of goods primarily consists of the sale of gas (LPG and LNG), fuel, empty cylinder & tanks and appliances.

The performance obligation associated with the sale of gas is the delivery of gas to a specified location at which control over it is transferred to the customer which can then consume the gas and thus the performance obligation is satisfied. For contracts with customers that consume gas from a metered tank, we recognise revenue when LPG is consumed, at which point we have the right to invoice based on consumption.

The performance obligation associated with the sale of renewable fuel certificates is realised when the Company is able to deliver trade renewable fuel certificates received together with purchased gas.

Both revenue from sales of goods and renewable fuel certificates is recognised at the point of time when the significant risks and rewards of ownership have been transferred to the buyer, the amount of the revenue can be determined reliably, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing involvement with the goods. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Transaction price is equal to the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Freight costs recharged to the buyer are included in revenues.

In determining the transaction price for the sale of gas, other goods and renewable fuel certificates, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any of the above applicable).

Rendering of services and sales of electricity

Services provided mainly relate to rental income, meter fees and maintenance services that are either sold separately or bundled together with the sale gas and other goods. The Group recognises revenue from services over time because the customer simultaneously receives and consumes the benefits provided to them. Revenues from services rendered are recognised in proportion to the services performed over the contract period.

The Group is engaged in the sale of electricity power. Performance obligations are satisfied over time, generally on a monthly basis, as electricity is delivered over time to customer which are simultaneously consuming it.

Revenue from services and sales of electricity is recognised at the fair value of the consideration received or receivable, net of allowances and rebates.

Contracts for bundled sales of products and services are comprised of two performance obligations because those are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the gas and other products and various services.

Revenue from services is recognised when the amount can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

Cost of goods sold

Cost of goods sold include the cost of all raw materials, supplies and trade goods related to the goods sold, including transportation, hedging costs and import duties. Third party costs for gas products are recorded based on the first in-first out (FIFO) principle by applying weighted average cost method (per purchased batch). All other costs of goods sold are recorded on the first in-first out (FIFO) principle only.

Other operating expenses

Other operating expenses include costs of outsourced work and other external costs. All these costs are recorded in the period they relate to.

Government grants

Operating grants including Covid-19 related government support programmes are credited to the profit and loss account in the year in which the subsidised expenditure is recognised, the loss of income occurs or the operating deficit occurs. Amounts received in advance (both current and non-current) are presented under deferred income.

Grants are only recognised when reasonable assurance exists that the conditions of the grant will be met and the grant will be received and all the relevant supporting evidence is available.

Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, recognised as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in the case of non-accumulating rights (e.g. continued payment in the case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. A provision is recognised for existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future. The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid at balance sheet date exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the provider or settlement with contributions payable in the future.

If, on the basis of an administration agreement with respect to a Group plan/multi-employer plan, there is an obligation at balance sheet date, a provision is recognised when it is probable that the measures, which are necessary for the recovery of the existing funding ratio at balance sheet date, will result in an outflow of resources and the amount thereof can be estimated reliably.

A provision is recognised if there are adjustments to rights accrued as at the balance sheet date arising from future salary increases that are already committed to at the balance sheet date and which shall be paid by the Company.

In addition, a provision is included as at balance sheet date for existing additional commitments to the pension provider and the employees, provided that it is probable that there will be an outflow of funds for the settlement of the commitments, and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the provider, the pension agreement with employees and other (explicit or implicit) commitments to employees. The provision is measured at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. The pre-tax discount rate reflects the market interest rate at the balance sheet date of high-quality corporate bonds/yield on government bonds. Risks that have already been taken into account in estimating future expenditures are not included in the discount rate.

For any surplus at the pension provider as at balance sheet date, a receivable is recognised if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (the Company, the fund and its members), are recognised and measured in accordance with Dutch pension plans (see previous section).

For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the liability as at balance sheet date. This liability is measured on the basis of an actuarial measurement principle generally accepted in the Netherlands.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Company is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits are part of the restructuring provision. See the policy under the heading 'Provisions'.

Termination benefits are measured in accordance with their nature. When the termination benefit is an enhancement to post-employment benefits, measurement is done according to the same policies as applied to post-employment plans. Other termination benefits are measured at the best estimate of the expenditures required to settle the liability.

Interest income and similar income and interest expenses and similar charges

Interest income and similar income comprise interest income on cash and cash equivalents, interest income on available-for-sale financial assets, changes in the fair value of financial assets and financial liabilities at fair value through the profit and loss account (including derivative financial instruments) and interest income on loans to other parties. Interest income and similar income is recognised in the profit and loss account on an accrual basis, using the effective interest method.

Interest expenses and similar charges comprise interest expenses on borrowings, changes in the fair value of financial assets and financial liabilities at fair value through the profit and loss account (including derivative financial instruments), finance lease expenses and other financial expenses. Interest expenses and similar charges are recognised in the period to which they belong.

Corporate income tax

Corporate income tax includes the current and deferred corporate income tax payable and recoverable for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is recorded at nominal value, calculated using tax rates at the balance sheet date or tax rates applicable in future years, to the extent enacted by law. Deferred tax assets, including the tax loss carry forward position, are recognised when it is probable that they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future (next five years) and that taxable profit will be available to offset the temporary difference can be utilised.

The deferred tax assets are presented under financial fixed assets. Deferred tax liabilities are presented under provisions.

Fiscal unity

As from 1 January 2019 the Company forms a fiscal unity for Dutch corporate income tax purposes together with SHV Holdings N.V. and its Dutch subsidiaries. Each of the companies recognises the portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the specific rules applicable to fiscal unities. The deferred corporate income taxes are deferred assets and deferred liabilities respectively to the head of the fiscal unity, being SHV Holdings N.V.

For other SHV Energy companies, outside the Netherlands, combined reporting for corporate income tax purposes may also be applicable. However, corporate income taxes are also recognised as if these companies were taxed on a stand-alone basis.

Together with some of its Dutch subsidiaries, the Company formed a fiscal unity for value added tax purposes. Due to the merger of several Dutch legal entities during the year, the fiscal unity has ceased to exist in 2022.

The standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

Share in result of participating interests

The share in the result of participating interests consists of the share of the Group in the results of these participating interests, determined on the basis of the accounting principles of the Group. Results of transactions, where the transfer of assets and liabilities between the Group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are measured in the Group's result from the date of acquisition or until the date of sale respectively.

Cash flow statement

The consolidated cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Cash flow items in foreign currency are translated at the average currency rates. The currency exchange differences reported in the consolidated statements of cash flow represent the effect of translating the liquidity in foreign currency at the beginning of the year and the change in liquidity during the year using the exchange rate prevailing at the end of the year.

Receipts and payments of interest and income taxes are presented within the cash flows from operating activities. Payments of dividends is presented within the cash flows from financing activities. Dividends received from investments in affiliates are presented within the cash flows from operating activities.

The consideration for acquired Group companies is presented under the cash flows from investment activities for the considerations paid in cash and cash equivalents. The effect on cash and cash equivalents is presented separately as changes in consolidation.

Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement. The payment of finance lease terms is allocated for the part related to the repayment of the lease obligation to the cash flows from financing activities and is allocated for the part related to the interest component to the cash flows from operational activities.

Cash flows from derivative financial instruments that are accounted for as hedges are classified in the same category as the cash flows from the hedged balance sheet items. Cash flows from derivative financial instruments whereby hedge accounting is no longer applied, are classified in accordance with the nature of the instrument, from the date at which hedge accounting is ended.

Changes in working capital include the cash flow movement from changes in inventories, accounts receivable and short-term debt, excluding amounts related to:

- *Redemption of long-term debt;*
- *Dividends to be paid;*
- *Payables to banks;*
- *Payables and receivables for taxes on income and equity;*
- *Payables and receivables for interest;*
- *Margin calls paid and received.*

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- *The fair value of listed financial instruments is determined based on the exit price.*
- *The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.*
- *The fair value of derivatives involving the exchange of collateral is determined by discounting the cash flows to present value, applying a risk-free swap curve. This is used because the credit and liquidity risk is mitigated by the collateral exchange.*
- *The fair value of derivatives that do not involve exchange of collateral is determined by discounting the cash flows to present value, applying the relevant swap curve plus credit and liquidity surcharges.*

Related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, among others, the relationship between the Company and its subsidiaries, shareholder, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether any amount has been charged. Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide a true and fair view.

Parent and ultimate controlling party

SHV Energy is part of SHV Group and is a wholly owned subsidiary of SHV Nederland B.V. in Utrecht, the Netherlands. The ultimate parent company is SHV Holdings N.V.

Transactions with key personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available to, or which might reasonably be expected to be available to, entities with no key management personnel in similar transactions on an arm's-length basis.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.



1. Mergers and acquisitions

Acquisitions

The Company acquired 100% of the shares in Petromax LPG and Petromax Cylinders (both companies are in Bangladesh) on 21 August 2022 when control was obtained. Petromax LPG is one of the fastest growing LPG companies in Bangladesh and serves domestic, commercial, and industrial customers across the country.

SHV Energy has acquired the 100% shares of Nuova Itafi S.r.l. in Italy which also owns the 100% shares of VulcanGas Umbra S.r.l. on 1 October 2022 when control was obtained. VulcanGas is active in both bulk and cylinder business in the northern part of Italy.

For 2022 a provisional 'purchase accounting' method has been applied for both Petromax and VulcanGas. The purchase price allocation will be finalised in 2023.

On 30 November 2022 the Company has acquired remaining shares (10.2%) in SunSource Energy Private Ltd. ('SunSource') in India. As from this date, the Company is 100% owner of SunSource.

The total consideration paid for these acquisitions amounted to EUR 122.2m. The impact on SHV Energy's net cash position in 2022 was EUR 87.5m outflow (cash consideration - adjusted for cash and cash equivalents acquired - of EUR 34.7m).

Divestments

There were no new divestments in 2022, however, the Company has received earn-out payments based on the post-disposal performance of several past divestments.

2. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Goodwill	Software	Customer contracts	Brands, concessions and licences	Other	Total
Balance as at 1 January 2022:						
Purchase price	152.6	153.0	53.8	38.2	9.1	406.7
Accumulated amortisation and impairment	(41.1)	(51.0)	(11.7)	(22.5)	(5.4)	(131.7)
Carrying amount	111.5	102.0	42.1	15.7	3.7	275.0
Changes in carrying amount:						
Investments	68.5	41.0	0.2	-	1.6	111.3
Monetary and inflation correction	-	-	-	0.1	1.0	1.1
Change in consolidation	(4.4)	-	4.0	1.5	(0.1)	1.0
Amortisation	(17.7)	(13.0)	(5.2)	(2.0)	(1.3)	(39.2)
Impairments	-	-	-	(0.3)	-	(0.3)
Translation differences	4.8	(1.1)	(0.2)	(0.4)	0.2	3.3
Total changes	51.2	26.9	(1.2)	(1.1)	1.4	77.2
Balance as at 31 December 2022:						
Purchase price	216.6	206.4	55.9	43.0	12.2	534.1
Accumulated amortisation and impairment	(53.9)	(77.5)	(15.0)	(28.4)	(7.1)	(181.9)
Carrying amount	162.7	128.9	40.9	14.6	5.1	352.2

Change in consolidation include, based on the final PPA, the reallocation for Italy (EUR 4.0m from goodwill to customer contracts) as well as the allocation for brand in Bangladesh (EUR 1.5m).

Goodwill

Goodwill primarily relates to historical acquisitions in Bangladesh, USA, Belgium, Italy, Sweden and Ireland (details of acquisitions in 2022 are presented in note 1). Additions to goodwill during the year relates to acquisitions of Petromax (Bangladesh) and VulcanGas (Italy). The remaining economic useful life of the goodwill ranges between 3 and 9 years.

No impairment triggers were identified in 2022 for any recorded goodwill.

Software

Software mainly consists of internally generated intangibles related to capitalised expenditures of ERP, CRM, HR and other IT systems. These systems enable the standardisation and optimisation of business processes, management information and master data supported by a single, global IT solution. EUR 64.4m (2021: EUR 54.8m) is under construction (predominantly SAP ERP implementation). The remaining economic useful life of software ranges between 1 to 7 years.

Customer contracts

Customer contracts mainly relate to the fair value of acquired customer contracts in India, USA, Italy, Spain and France, amounting to EUR 39.5m (2021: EUR 39.5m). The remaining economic useful life ranges between 1 and 17 years.

Brands, concessions and licences

This relates primarily to the fair value of acquired brands and operating licences in China, amounting to EUR 12.0m (2021: EUR 14.2m). The remaining economic useful life ranges between 1 and 8 years.

Other intangibles

Other intangible assets include development costs in Ireland, amounting to EUR 0.4m (2021: EUR 1.0m). Those development costs relate to the ongoing implementation of software projects in Ireland and a fuel cell project in Germany. Furthermore, other intangible assets in Brazil of EUR 2.2m (2021: EUR 1.0m) relate to acquired concessions.

3. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Commercial land & buildings	Gas cylinders & tanks	Machines & installations	Transport, plant & office equipment	Prepayments and operating assets under construction	Other	Total
Balance as at 1 January 2022:							
Purchase price	490.5	3,013.5	572.1	476.8	127.6	5.5	4,686.0
Accumulated depreciation and impairment	(276.4)	(2,086.3)	(416.6)	(319.0)	-	(3.8)	(3,102.1)
Carrying amount	214.1	927.2	155.5	157.8	127.6	1.7	1,583.9
Changes in carrying amount:							
Investments	20.4	190.0	20.1	34.2	127.6	-	392.3
Disposals	(2.4)	(22.8)	(0.6)	(0.8)	(0.3)	(0.3)	(27.2)
Monetary and inflation correction	17.3	18.1	5.1	5.7	-	-	46.2
Change in consolidation	20.9	62.2	16.6	7.1	-	-	106.8
Depreciation	(18.5)	(150.2)	(26.5)	(41.2)	-	-	(236.4)
Impairments, net (incl. reversal)	(0.5)	(5.2)	(0.1)	(0.4)	0.1	0.6	(5.5)
Translation differences	(2.6)	(0.6)	(5.8)	(4.5)	(3.1)	0.2	(16.4)
Reallocation	5.5	25.6	6.5	36.1	(72.7)	(0.9)	0.1
Total changes	40.1	117.1	15.3	36.2	51.6	(0.4)	259.9
Balance as at 31 December 2022:							
Purchase price	534.4	3,388.9	614.6	516.4	179.2	5.1	5,238.6
Accumulated depreciation and impairment	(280.2)	(2,344.6)	(443.8)	(322.4)	-	(3.8)	(3,394.8)
Carrying amount	254.2	1,044.3	170.8	194.0	179.2	1.3	1,843.8

The book value of gas cylinders and tanks as per 31 December 2022 amounts to EUR 476.9m and EUR 567.4m respectively for cylinders and tanks (2021: EUR 404.7m and EUR 522.5m respectively).

Operating assets under construction consist mainly of machines and installations for an amount of EUR 76.7m (2021: EUR 77.2m).

Other assets consist of idle assets not in active use, mainly including land plots and buildings.

The Group has entered into capital commitments amounting to EUR 78.1m (2021: EUR 46.7m), related to purchase of items of property, plant and equipment (note 15).

Borrowing and Guarantee costs of EUR 2.9m were capitalised by the Group in 2022 (2021: EUR 0.6m).

4. Financial fixed assets

Financial fixed assets were as follows:

	2022	2021
Investments in affiliates	71.2	56.1
Loans receivable related parties	8.1	8.1
Other securities and loans	32.9	38.2
Deferred tax assets	49.5	25.6
Deposits	12.5	12.8
Advance payments	18.6	14.2
Miscellaneous receivables	29.5	37.2
	222.3	192.2

Investments in affiliates

The Group's investments in affiliates are included on pages 89-91. SHV Energy is not liable for the debts of these affiliates.

Movements in the investments in affiliates were as follows:

	2022
Balance as at 1 January:	56.1
Changes in carrying amount:	
Acquisitions	19.8
Change in consolidation	(0.4)
Share in result of participating interests	(2.2)
Dividend received	(2.1)
Balance as at 31 December:	71.2

Financial fixed assets other than investments in affiliates

Movements in financial fixed assets, excluding the investments in affiliates, were as follows:

	Loans receivable related parties	Other securities and loans	Deferred tax assets	Other	Total
Balance as at 1 January 2022:					
Carrying amount	8.1	38.2	25.6	64.2	136.1
Changes in carrying amount:					
Redemption	-	-	-	(0.1)	(0.1)
Change in consolidation	-	-	5.8	(0.2)	5.6
Additions	-	3.1	-	11.8	14.9
Disposals	-	(8.3)	-	(14.6)	(22.9)
Inflation corrections	-	-	-	2.1	2.1
Reclassification to current assets or liabilities	-	(0.1)	1.3	-	1.2
Recognised in income statement	-	-	8.3	(1.2)	7.1
Recognised in reserves as result of hedge accounting	-	-	10.5	-	10.5
Translation differences	-	-	(2.0)	(1.4)	(3.4)
Total changes	-	(5.3)	23.9	(3.6)	15.0
Balance as at 31 December 2022:					
Carrying amount	8.1	32.9	49.5	60.6	151.1

Loans receivable related parties

The loans receivable related parties relate mainly to outstanding loans to PitPoint LNG B.V., amounting to EUR 6.7m (2021: EUR 6.7m) and SHV Nederland B.V., amounting to EUR 1.1m (2021: EUR 1.1m). The fixed interest varies between 0.25% and 5% and the average remaining term is 2 to 5 years. No collateral applies to these financing agreements and no repayment schedule has been agreed (except repayment at maturity date).

Other securities and loans

Other securities mainly relate to government bonds, required to be held in Italy, amounting to EUR 21.7m (2021: EUR 20.9m) and investments in start-up activities in renewables of EUR 9.6m (2021: EUR 15.5m). Regarding securities intended to be held for the long term, the fair value of these securities is estimated to be in line with their book value.

Deferred tax assets

The deferred tax assets related to deductible temporary differences are mainly associated with pension liabilities, unused tax credits and unused tax losses carry forward.

Total gross amount of unused tax losses carry forward which have not been included in the valuation and no deferred tax asset has been recognised amounts to EUR 328.1m (2021: EUR 240.2m).

Deferred tax assets related to deductible temporary differences to be reversed within one year, amount to EUR 19.2m (2021: EUR 8.9m). It is expected that EUR 5.7m (2021: EUR 1.7m) of the deferred tax assets related to tax losses carry forward will be offset within one year.

Other

As at 31 December 2022, other receivables, including deposits, advance payments and miscellaneous receivables, mainly relate to:

- Deposits amounting to EUR 12.5m (2021: EUR 12.8m) are mainly concentrated in Brazil (related to court proceedings: EUR 8.1m in 2022), China and France (part of rent arrangements: EUR 1.9m and EUR 0.8m respectively), India (expansion project: EUR 0.7m);
- Advance payments include amounts for prepaid rent and leases of EUR 7.2m (2021: EUR 6.1m) and autogas (LPG) stations in Turkey, amounting to EUR 4.5m (2021: EUR 3.3m);
- Miscellaneous receivables include a long-term hedging receivable of EUR 2.4m (2021: EUR 12.8m), a long-term receivable related to divestment of Balcas (earn-out) amounting to EUR 13.6m (2021: EUR 15.5m), long-term trade receivables in Brazil of EUR 5.9m (2021: EUR 3.8m) and a long-term tax refund in Italy of EUR 3.4m (2021: EUR 3.4m) and a surplus related to Calor Teoranta pension plan of EUR 1.0m (2021: nil).

5. Inventories

	2022	2021
Trading inventory	378.3	382.9
Raw materials and packaging	13.1	12.4
Prepayments on inventories	7.3	10.2
Other	32.4	25.0
	431.1	430.5
Less: Provision for obsolescence	(2.4)	(2.4)
	428.7	428.1

There are no inventories for which the carrying amount is valued above net realisable value at the balance sheet date. The net realisable value has been determined based on market prices as per balance sheet date.

The cost of inventories ('cost of goods sold'), recognised as an expense, amounts to EUR 9,007.6m (2021: EUR 6,516.9m) and is reported in the consolidated profit and loss account on the line 'Third party costs'.

Raw materials and packaging mainly relate to our cylinder manufacturing units in Turkey amounting to EUR 9.6m (2021: EUR 6.2m) and Brazil amounting to EUR 1.5m (2021: EUR 4.4m).

Other inventory consists of non-gas inventory, mostly including spare parts and consumables held at distributing companies, and raw materials and semi-finished products at non-distributing companies mainly in Great Britain in the amount of EUR 8.3m (2021: EUR 6.8m), Brazil in the amount of EUR 5.2m (2021: EUR 4.9m), Poland in the amount of EUR 2.9m (2021: EUR 1.6m) and Bangladesh in the amount of EUR 3.4m (2021: nil).

Provision for obsolescence mainly relates to slow moving (non-trading) inventory in Poland and France.

6. Trade and other receivables

	2022	2021
Trade receivables	851.7	864.2
Related party receivables	12.9	8.6
Financial accruals from related parties	4.4	3.1
Sales tax receivable	76.9	55.7
Prepaid expenditures	23.4	41.3
Income tax and similar taxes receivable	3.4	9.7
Other taxes	15.8	17.0
Advances to suppliers	23.9	40.4
Other receivables	51.0	23.3
Receivables for disposed Group company	-	10.6
Accrued income	21.1	30.8
	1,084.5	1,104.7
Less: allowance for doubtful receivables	(61.1)	(60.8)
	1,023.4	1,043.9

All receivables have an estimated maturity of shorter than one year.

Other taxes mainly include tax credits available in Brazil of EUR 7.1m (2021: EUR 3.0m) and an indirect tax credit in Italy of EUR 5.9m (2021: EUR 11.2m).

7. Securities

Securities relate to China for an amount of EUR 15.5m (2021: EUR 6.4m). These securities represent investments in structured deposit products at banks with floating interest rates, committed principal and advance redemption limitations.

8. Cash and cash equivalents

	2022	2021
Banks accounts (credit balances)	159.9	98.8
In transit/cheques	11.6	9.4
Cash funds	0.3	0.2
In-house bank accounts (credit balances)	124.3	238.9
Money market investments	56.3	41.7
	352.4	389.0

Cash and cash equivalents are at SHV Energy's free disposal. In several countries, transferring cash outside the country may be deferred or (semi) restricted. This could temporarily result in the cash in these countries being free for disposal at the local level only.

The Company's shareholder has centralised the cash management of SHVE and its subsidiaries through SHV Nederland B.V. Interest granted for these in-house bank accounts is at arm's-length basis: equal to central bank interest (with a minimum of 0%), including a margin, for both EUR and non-EUR accounts. The in-house bank balances are at the free disposal of the Company. Please also refer to note 13 **Current liabilities** showing debit balances of the in-house bank accounts.

Money market investments, such as term deposits for the period under 365 days at balance sheet date, amounting to EUR 56.3m (2021: EUR 41.7m), mainly related to Turkey, India, and China.

9. Shareholder's equity

Movements in shareholder's equity were as follows:

	2022	2021
Balance as at 1 January:	1,601.2	1,489.2
Net income	187.2	252.0
Dividends	(252.0)	(164.6)
Acquisition of minority interests	(1.6)	1.0
Movement in put/call options for acquisitions	25.5	(27.4)
Fair value of cash flow hedges charged directly to equity	(158.4)	55.9
Taxes charged on changes of fair value of cash flow hedges	41.5	(13.1)
Translation differences on foreign operations	(14.0)	8.2
Monetary and inflation correction	39.6	-
Balance as at 31 December	1,469.0	1,601.2

Acquisition of minority interests represents the goodwill of the acquisition of the remaining shares (10.2%) in SunSource (India) in 2022 as most of the movement in put/call options in 2022 (reversal of EUR 27.4m). The put/call options outstanding as at 31 December 2022 represent the option to acquire the remaining equity shares in EM3 in 2024 or 2025 (note 37).

For a detailed explanation of the share of the Company in group equity, reference is made to note 35 Shareholder's equity in the company financial statements.

10. Minority interests

Minority interests represent the share of third parties in the shareholders' net assets of consolidated companies. The movements in minority interests are as follows:

	2022	2021
Balance as at 1 January:	29.9	25.9
Change in consolidation	(4.3)	2.8
Change in capital	2.6	0.2
Third-party share in net result	10.0	6.4
Dividend distributions	(11.2)	(6.1)
Translation differences	(0.7)	0.7
Balance as at 31 December:	26.3	29.9

Minority interests mainly reflect the proportional share of third parties in the net value of assets and liabilities of Primagas in Germany, Liquegas in Malta, Gaspol in Poland and EM3 in Ireland and 4 legal entities in China. The changes in consolidations in 2022 represent the acquisition of the remaining shares (10.2%) in SunSource in India.

11. Provisions

	2022	2021
Liabilities resulting from deposits	184.3	198.4
Pensions	109.8	97.9
Deferred income taxes	91.6	95.1
Restructuring	4.1	2.2
Claims and other disputes	33.0	33.8
Other	38.5	36.2
	461.3	463.6

Liabilities resulting from deposits

The deposits provision represents deposits paid by customers for cylinders and tanks. Movements in deposits provision can be specified as follows:

	2022	2021
Balance as at 1 January:	198.4	199.0
Changes:		
Deposits received during the year	27.8	18.4
Deposits paid during the year	(16.4)	(5.2)
Charged and/or released to the profit and loss account	(8.9)	(10.9)
Change in consolidation	1.0	(6.8)
Discounting effect	(13.2)	(0.0)
Translation differences	(4.4)	3.9
Balance as at 31 December:	184.3	198.4

The deposit provisions for cylinders and tanks as per 31 December 2022 amount to EUR 143.8m and EUR 40.5m respectively (2021: EUR 142.6m and EUR 55.8m respectively). Deposits for cylinders are classified as short-term while deposits for tanks are classified as long-term. The provision expected to be utilised in the subsequent year amounts to EUR 147.2m (2021: EUR 148.2m), provisions to be utilised between one and five years from now amounts to EUR 11.3m (2021: EUR 22.4m). Due to change in interest rate environment, a discounting impact has been recognised for long-term provisions for tanks in 2022 (2021: nil) estimated per country based on high quality corporate bonds.

Pension provision

The pension provision contains the provision for the pension commitments to employees.

Movements in pension provision can be specified as follows:

	2022	2021
Balance as at 1 January:	97.9	151.7
Changes:		
Addition, charged to the profit and loss account	38.2	10.9
Utilisation, charged against the provision	(8.2)	(29.4)
Release, credited to the profit and loss account	(24.1)	(37.7)
Discount effect	(1.4)	(4.0)
Change in consolidation	0.6	1.8
Monetary and inflation correction	9.2	-
Translation differences	(2.4)	4.6
Balance as at 31 December:	109.8	97.9

SHV Energy operates several pension plans consisting of a mixture of defined benefit and defined contribution schemes. The defined benefit schemes relate both to final and average pay pension plans, some of which are transferred to company pension funds. Some of the company pension funds are in a deficit situation. This relates to pension funds in the United Kingdom ('UK') and Ireland. As at 31 December 2022, provisions were recorded for the obligations of SHV Energy to provide additional payments due to the low coverage of the pension funds or the difference between the actual interest rate and the applied discount rate in the pension arrangement. The administration agreements with the pension funds as with the insured arrangements run in general for one to five years. Some pension schemes are classified as defined benefit agreements under the Dutch pensions act or similar foreign acts. The post-employment health benefit scheme for employees in Brazil also qualifies as a defined benefit and a provision for this commitment is included.

Employees in the UK and Ireland have pension schemes that are structured and operate similarly to the Dutch pension system. The Calor UK Pension Trust and the Calor Teoranta Pension Scheme are closed for new entrants. A best estimate of the pension commitments of these foreign schemes is made at the reporting date using the actuarial projected unit method. The pension funds have had a funding deficit historically and as such have submitted a recovery plan to their relevant regulatory bodies to restore their capital to the minimum requirements. The recovery plans have been drawn up with due regard for the criteria set by these regulatory bodies and were subsequently approved. The companies involved have agreed to make additional contributions under the respective recovery plans.

As at 31 December 2022, the Calor UK Pension Trust had a deficit of GBP 52.9m (2021: GBP 47.7m). In 2021, a recovery plan, following the regular tri-annual revaluation, was agreed between the trustees and Calor. The annual deficit recovery payment to the pension scheme is GBP 15.5m. This will be paid until 2026, unless the deficit is recovered earlier. As per the reporting date, a provision is included, based on an actuarial calculation, for an amount of GBP 52.9m (2021: GBP 47.7m). The discount rate is 4.85% (2021: 1.80%). As at 31 December 2022, the Calor Teoranta Pension Scheme had a surplus limited to EUR 1.0m due to asset ceiling (2021: a deficit of EUR 2.6m). There is an annual EUR 3.1m deficit recovery plan funding arrangement agreed between Calor Teoranta, the Trustees and the Pensions Authority which will end in 2024. As per the reporting date a surplus amount, based on an actuarial calculation, is presented as part of the miscellaneous receivables (note 4) amount of EUR 1.0m (2021: provision of EUR 2.6m). The discount rate is 3.6% (2021: 0.7%).

In 2022, a total of EUR 25.7m was charged to the profit and loss account (2021: EUR 29.8m release) with respect to the Calor pension plan (in both UK and Ireland), consisting of regular contribution payments and movement of the provisions. The deficit recovery payment of GBP 15.5m in 2022 is the short-term part of the employee benefits provision.

Brazil provides a health insurance plan to their employees as part of their total employee benefits. Both retired and/or former employees are able to continue participating in this health insurance plan if certain conditions are met. This health insurance plan results in a liability for future rights of the employees. As per the reporting date, a provision is included, based on an actuarial calculation, for an amount of EUR 18.2m (2021: EUR 15.6m).

Provision for deferred income taxes

The provision for deferred income taxes comprises the tax effect of the taxable temporary differences between values recorded for financial reporting purposes and for tax purposes. Timing differences mainly result from differences in the valuation of tangible and intangible fixed assets. These are driven by fair value adjustments resulting from acquisition accounting ('purchase price allocation') and the accelerated depreciation of tangible fixed assets for tax purposes. Furthermore, application of hedge accounting for financial instruments with changes in fair value recognised in equity results in deferred tax charges.

Movements in deferred income tax provision can be specified as follows:

	2022	2021
Balance as at 1 January:	95.1	83.3
Changes:		
Recognised in profit and loss account, net	11.2	(1.6)
Recognised in reserves as result of hedge accounting	(30.6)	13.1
Change in consolidation	8.4	(1.7)
Deferred withholding tax	(0.1)	0.7
Monetary and inflation correction	9.4	-
Translation differences	(1.8)	1.3
Balance as at 31 December:	91.6	95.1

Deferred income taxes with a residual term of one year or less amount to EUR 12.6m (2021: EUR 41.9m).

Provision for restructuring

Provision for restructuring include costs related to certain compensation to staff and costs that are directly associated with plans to execute specific activities and the closure of facilities. A detailed plan exists for all restructuring provisions and the implementation of the plan has either started or the plan has been announced before issuance of the Annual Report.

An amount of EUR 3.6m (2021: EUR 2.1m) of the restructuring provision is due within one year. In 2022, a net expense of EUR 1.5m (2021: EUR 1.3m) has been recognised in the profit and loss account and has been fully included in staff expenses.

Provision for claims and other disputes

The provision in respect of claims and other disputes relates to disputes involving the Company and/or its group companies resulting from the normal course of business. In consultation with in-house and outside legal counsels, management regularly evaluates the relevant facts and circumstances of those claims. SHV Energy has global liability insurance with a self-insured retention and a maximum pay-out level. Although the outcome of these disputes cannot be predicted with certainty, and these are also contested by the Company and/or its subsidiaries, management believes that, based upon legal advice and information received, the provisions reflect the best estimate about the outcome of the claims. These provisions are reviewed periodically and adjusted, if necessary, to the extent that cash-outflow of related proceedings is probable. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision. This could have a material adverse effect on consolidated balance sheet and consolidated results of operations for a particular year.

Movements in provision for claims and other disputes can be specified as follows:

	2022	2021
Balance as at 1 January:	33.8	22.7
Changes:		
Addition, charged to the profit and loss account	5.1	15.5
Utilisation, charged against the provision	(2.3)	-
Release, credited to the profit and loss account	(4.5)	(4.9)
Change in consolidation	(2.2)	-
Monetary and inflation correction	1.3	-
Discount effect	(0.1)	-
Translation differences	1.9	0.5
Balance as at 31 December:	33.0	33.8

A major part of the provision for claims consists of various exposures associated with tax, general business risks and contract risks as well as labour cases in mainly Brazil for an amount of EUR 20.5m (2021: EUR 17.5m).

Provisions are expected to be long-term unless otherwise stated.

The provisions are expected to be used for an amount of EUR 11.8m (2021: EUR 15.2m) in the subsequent year and for an amount of EUR 20.6m (2021: EUR 18.6m) between one and five years.

Other provisions

Other provisions relate to onerous contracts amounting to EUR 2.1m (2021: EUR 2.9m), gas tanks /networks (deferred maintenance, accrued revenues and legal/contractual obligations) amounting to EUR 15.4m (2021: EUR 17.2m) and other liabilities of EUR 20.1m (2021: EUR 16.1m).

12. Non-current liabilities

	2022	2021
Debts to financial institutions	219.2	232.6
Finance lease obligations	3.3	4.7
Debts to shareholder	363.1	263.4
	585.6	500.7

Debts to financial institutions are denominated in EUR (EUR 16.9m), GBP (EUR 43.5m), INR (EUR 51.7m) and BRL (EUR 106.5m) as per year-end 2022.

Debts to shareholder are denominated in EUR (EUR 206.3m) and GBP (EUR 169.8m) as of year-end 2022 (including a EUR 13.0m current portion).

Non-current liabilities per 31 December 2022 can be further analysed as follows:

	Total	Repayment obligation in the years		
		2023 ^(*)	2024 - 2027	After 2027
Debts to financial institutions	219.2	-	177.2	42.0
Finance lease obligations	3.3	-	2.5	0.8
Debts to shareholder (*)	363.1	-	231.0	132.1
	585.6	-	410.7	174.9

(*) Note: excluding the portion presented as part of current liabilities per 31 December 2022 (note 13).

Movements in non-current liabilities were as follows:

	Financial institutions	Shareholder
Carrying amount as at 1 January 2022	237.3	263.4
Changes:		
New loans	15.6	148.3
Repayments	(3.0)	(26.3)
Reclassification to current liabilities	(23.5)	-
Translation differences	9.2	(9.3)
Carrying amount as at 31 December 2022	235.6	376.1
Current as at 31 December 2022	(13.1)	-
Non-current as at 31 December 2022	222.5	376.1

Collateral amounting to EUR 49.0m (2021: EUR 57.0m) has been provided for the debt mentioned above. This collateral consists of:

- Mortgage collateral on land and buildings;
- Mortgage collateral on total assets.

Debt to financial institutions

For the loans obtained (including current part and financial leases), an amount of EUR 316.1m has a fixed interest rate ranging from 1.2% to 26.78%. Several loans amounting to EUR 76.0m are subject to variable interest. The weighted average interest rate in 2022 is 9.18%.

Debts to shareholder

The debt to shareholder relates to loans received from SHV Nederland B.V., primarily to finance acquisitions. These loans rank pari passu with all other unsecured and unsubordinated liabilities, other than to the extent privileged by law. The loans amounting to EUR 363.0m bear a fixed interest rate ranging from 1% to 4.2% per annum (weighted average interest rate of 2.9%).

13. Current liabilities

Derivative financial instruments mainly consist of hedge accounting liability of EUR 41.3m, put/call option EUR 7.9m (2021: EUR 47.6m), and fair value of financial derivatives of EUR 15.6m (2021: EUR 4.4m).

	2022	2021
Trade payables	680.1	672.6
Debts to financial institutions	216.3	111.9
In-house bank accounts (debit balances)	381.8	135.4
Current part of non-current liabilities	26.0	13.1
Received prepayments on orders	96.4	84.0
Related party payables	16.6	15.6
Financial accruals to related parties	8.1	7.0
Income tax liability	27.9	11.6
Other taxes and social security contributions due	59.5	54.9
Pension liabilities	1.5	0.4
Other liabilities	106.9	108.2
Accruals and deferred income	104.1	101.7
	1,725.2	1,316.4

All current liabilities have an estimated maturity shorter than one year. The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

Debts to financial institutions include debit balances on bank accounts and short-term credit facilities. Debit balances on bank accounts amount to EUR 59.1m (2021: EUR 38.6m). Short-term credit facilities and current part of non-current liabilities amount to EUR 169.3m (2021: EUR 73.3m), exist in Bangladesh, India, Turkey, Brazil and the USA. Interest rate is fixed or floating and ranging from 5.0% to 14.8% (weighted average interest rate of 10.2%). Current part of financial leases amount to EUR 1m with a fixed and average interest rate of 0.3%.

Other liabilities include EUR 29.5m (2021: EUR 17.5m) due to suppliers for the purchase of operational fixed assets and EUR 77.6m (2021: EUR 90.7m) of various payables. The latter mainly consist of personnel-related payables of EUR 50.9m (2021: EUR 53.7m) and non-gas payables of EUR 15.1m (2021: EUR 23.0m), spread across various countries.

Other taxes and social security contributions due

	2022	2021
Sales tax and VAT	17.5	17.3
Social security contributions and wage tax	36.9	37.0
Withholding tax	1.8	0.6
Other taxes	3.3	-
	59.5	54.9

14. Financial instruments

Financial risk management

The Group is exposed to a variety of financial risks. These are categorised as market risk (such as interest rate risk, foreign currency risk and commodity price risk) and credit and liquidity risk. These risks are inherent to the way the Group operates as a multinational with a large number of operating companies in various countries. The Group's overall risk management policy is to identify, assess, and, if necessary, mitigate these financial risks to minimise potential adverse effects on the Group's financial performance. The Group makes use of derivative financial instruments to mitigate the risks associated with certain financial exposures. The Company trades in financial derivatives for managing risks on supply, group terminals and business unit retail optimisation purposes only.

In line with the general SHV governance, the capitalisation and funding of subsidiaries is a joint effort of both SHV Energy and the corporate treasury and tax department of SHV. Decisions regarding the debt-to-equity ratio are based on various aspects, including minimum regulatory requirements and the flexibility to change the structure. Except for withholding tax on dividend and interest in certain countries, the Group has no restrictions in paying intercompany dividends or in repaying intercompany loans.

The operating companies are primarily responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities and credit risk for non-financial counter-parties. Within the boundaries set forth by the Company's Risk Management Policy, the operating companies execute appropriate foreign currency risk management activities. Derivative financial transactions with third parties to manage fluctuations in commodity prices are only executed through Supply & Risk Management (S&RM) in Paris.

S&RM is responsible for reporting to the Risk Management Board on the Group's exposure to a number of financial risks: predominantly, commodity price risk. S&RM is allowed to take a maximum fixed price position, expressed in Knt which is monitored on a daily basis.

The fair value of most of the financial instruments recognised on the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount. The fair value of the other financial instruments recognised in the balance sheet can be specified as follows:

	2022		2021	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial fixed assets				
Participating interests	71.2	71.2	56.1	56.1
Receivables from participating interests	7.0	7.0	7.0	7.0
Trade investments	4.5	4.5	3.6	3.6
Other securities	21.8	21.8	21.0	21.0
Receivables from shareholder	1.1	1.1	1.1	1.1
Other receivables	115.7	115.7	103.4	103.4
Non-current liabilities				
Debts to financial institutions	(219.2)	(219.2)	(237.3)	(237.3)
Debts to shareholder	(363.1)	(363.1)	(263.4)	(263.4)
	(361.0)	(361.0)	(308.5)	(308.5)

Market risk

Commodity price risk

The company is exposed to the risk of fluctuations in the prevailing commodity prices of the gas products it sells. It therefore enters into derivative trades on a regular basis to minimise any negative impact from volatility where a natural hedge through commercial pricing is not achievable. The Company's risk management governance framework ensures that hedging is executed in line with the business (including storage) and customers' requirements.

The derivatives as per 31 December 2022 can be specified as follows:

	Volumes		Maturity	Market Value	Charge to P&L
Current assets					
Propane	694,483	mT	2023	(21.6)	17.6
Butane	11,200	mT	2023	0.2	(0.1)
Brent crude oil	795,000	BBL	2023	15.1	0.2
Naphtha	(57,200)	mT	2023	(20.3)	(20.5)
Natural gas	73,704	MWHR	2023	(1.4)	(1.4)
Freight	444,000	mT	2023	-	-
Other	27,577	mT	2023	(1.0)	(1.0)
Sub total				(29.0)	(5.2)
Non-current assets					
Propane	90,903	mT	2024	4.8	0.3
Brent crude oil	(127,000)	mT	2024	(4.6)	-
Natural gas	27,868	MWHR	2024	0.1	0.1
Sub total				0.3	0.4
Total				(28.7)	(4.8)

Note: mT is metric Ton, BBL is Barrel and MWHR is Megawatt Hours. Positions are presented net.

The market value of commodity price derivatives as per year-end amounts to negative amount of EUR 28.7m (2021: EUR 141.1m), of which EUR 24.0m is initially recognised in the revaluation reserve (2021: EUR 118.2m) gross of associated deferred tax. The Group applied cash flow hedge accounting for a significant part of the derivative portfolio.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. Foreign currency hedging activities are carried out to mitigate the risk that the net cash flows are adversely affected by changes in exchange rates. Foreign currency transaction risks within SHV Energy mostly relate to the purchase of gas in US dollars and sales of gas in local currency. This foreign currency exposure is managed by means of derivative financial instruments.

The group entities hedge receivables or payables that are not denominated in their functional currency. Each derivative used for exposure management must be directly linked to an existing underlying open economic position. Derivatives are only used to manage the economic hedging of pending positions and not for trading or other speculative purposes.

For an overview of the significant exchange rates applied, see note 26.

Foreign currency translation risk

SHV Energy is exposed to foreign currency translation risks arising from investments in countries that use a currency other than the Euro and are therefore dependent on the economic and political stability of those countries. These risks include long-term loans to foreign subsidiaries, net income and retained earnings of these foreign operations. The translation exposure resulting from net investments in equity of foreign operations is not hedged. The Group measures the translation exposure by the total amount of the capital invested, per foreign currency, reduced by long-term loans in the same foreign currency. Furthermore, SHV Energy uses foreign currency exchange swaps and cross-currency interest rate swaps to further reduce the exposure to translation risks stemming from net investments in long-term loans denominated in foreign currency.

The translation exposure for foreign currencies is as follows:

		Capital Invested		Exposure	
		2022	2021	2022	2021
Bangladesh taka	(BDT)	45.1	-	45.1	-
Brazilian real	(BRL)	173.3	124.7	173.3	124.7
British pound	(GBP)	138.0	127.5	138.0	127.5
Polish zloty	(PLN)	102.7	91.2	102.7	91.2
US dollar	(USD)	157.7	169.3	90.5	109.8
Turkish lira	(TRY)	59.1	35.2	67.1	43.2
Chinese renminbi yuan	(CNY)	92.9	91.7	92.9	91.7
Indian rupee	(INR)	109.4	101.8	109.4	101.8
Singapore dollar	(SGD)	0.0	0.0	0.0	0.0
Thai baht	(THB)	0.0	0.1	0.0	0.1
Bosnian marka	(BAM)	2.0	1.9	2.0	1.9
Czech koruna	(CZK)	10.3	8.5	10.3	8.5
Danish krone	(DKK)	5.4	5.3	5.4	5.3
Croatian kuna	(HRK)	8.1	10.0	8.1	10.0
Swedish krone	(SEK)	22.2	13.1	22.2	13.1
Total		926.2	780.3	867.0	728.8

A 10% strengthening of the main foreign currencies (BRL, GBP, PLN, USD, TRY, CNY, INR) against the Euro at the reporting date would have increased equity by EUR 77.4m (2021: EUR 69.0m). A 10% weakening of these same main foreign currencies against the euro at the reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

Foreign currency transaction risk

At 31 December 2022, the Group was part of several foreign exchange derivative contracts used to hedge future foreign currency transactions. The notional amount of such contracts, accounted for by applying the cost price hedge accounting method, totalled EUR 531.6m (2021: EUR 474.2m). This notional amount related to US dollars (contracts mainly fixed in British pounds, Euro, Polish Zloty and Turkish Lira) and EUR (contracts fixed in British pounds, Turkish Lira and Swedish Krone). The net market value of the outstanding foreign exchange derivatives related to foreign exchange transaction risk hedging amounted EUR 12.7m (2021: EUR 2.5m).

The derivatives as per 31 December 2022 can be specified as follows:

In millions of euro		Notional amount	Maturity	Net market value
US dollar transactions				
British pound	(GBP)	223.8	2023	10.7
Euro	(EUR)	242.4	2023-2024	2.1
Polish zloty	(PLN)	171	2023	0.8
Indian rupee	(INR)	6.6	2023	1.0
Swedish krone	(SEK)	3.3	2023	(0.1)
Danish krone	(DKK)	1.7	2023	(0.3)
Turkish lira	(TRY)	20.9	2023	0.1
EUR transactions				
US dollar	(USD)	73.7	2027	(8.3)
Swedish Krone	(SEK)	14.0	2032	(0.1)
British pound	(GBP)	11.1	2023	(0.6)
Turkish Lira	(TRY)	11.1	2023	(0.6)
SEK transactions				
US dollar	(USD)	3.4	2023	-
Total		629.1		4.7

Interest rate risk

The Group is partly financed with interest-bearing debt as disclosed in notes 12 and 13. SHV Energy has agreed fixed interest rates for the loans with its related parties. Loans with external banks mainly consist of fixed interest rate loans, although part of these borrowings are at variable interest rates, resulting in a cash flow interest rate risk.

The interest rate risk is presented by the interest payment schedule as per 31 December 2022 as presented below:

	Total	Repayment obligation		
		1 year or less	1-5 years	More than 5 years
Fixed interest rate loans receivable	1.1	-	1.1	-
Fixed interest rate loans payable	(692.2)	(105.8)	(411.5)	(174.9)
Variable interest rate loans payable	(75.9)	(75.9)	-	-
Net interest position	(767.0)	(181.7)	(410.4)	(174.9)

Should the interest rates of variable interest rate loans rise by 1% as of 31 December 2022, and leaving all other assumptions unchanged, interest expenses would rise by EUR 0.8m (2021: EUR 1.3m).

Credit and liquidity risk

Credit risk

Credit risk arises principally from the Company loans and receivables presented under financial fixed assets, trade and other receivables, cash and the positive fair value of derivatives. Credit risk encompasses both the direct risk of default and the risk that the creditworthiness of the counterparty will deteriorate, and concentration risks.

The maximum credit risk is equal to the carrying amount of each financial instrument as reflected on the balance sheet.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The credit risk per customer, and the number of customers differs per country. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a legal entity or an individual, whether they are a wholesale or retail customer, the geographic location, service, age profile, maturity and whether they have had financial difficulties in the past.

The Group has established credit policies under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. This review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for customers. These represent the maximum open amount allowed without requiring approval from the management; these limits are reviewed periodically. As the sales market differs significantly per country, there is no significant concentration of transactions with a single customer and geographically, there is no concentration risk.

SHV Energy has credit insurance in a number of countries to further mitigate the credit risk posed by customers.

The Group has an exposure to reputable banks that have been carefully selected and monitored, and credit limits are temporarily reduced in the event of uncertainty. The Group actively monitors the counterparty risk of banks used, bank balances are streamlined and consolidated into a manageable number and cash pools are used whenever possible. Generally, cash and cash deposits and derivatives are held with banks with a sufficient credit rating.

Liquidity risk

Liquidity risk is the risk that SHV Energy will encounter difficulties in meeting the obligations associated with its financial and contingent liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The Group's cash position and treasury function are monitored by using liquidity budgets. Management ensures that the cash position is sufficient to meet SHV Energy's financial obligations towards creditors.

SHV Holdings N.V. committed the in-house bank facility till June 2023 for an amount of EUR 125.0m and USD 160.0m.

15. Off-balance sheet assets and liabilities

Capital commitments

The Group has capital commitments of EUR 78.1m (2021: EUR 46.7m) for the construction or purchase of fixed assets of which EUR 57.6m is due within one year.

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of operating leases (including rent). The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period.

The remaining term can be specified as follows:

	2022
Due within one year	38.0
Due between two and five years	90.5
Due after five years	95.2
	223.7

In 2022, a total amount of EUR 34.3m (2021: EUR 23.7m) was paid under operating leases and long-term leasehold commitments.

Guarantees

In the normal course of business, certain group companies issued guarantees totalling to EUR 922.6m (2021: EUR 696.5m). Furthermore, banks have provided guarantees on behalf of group companies. Provisions have been made insofar as claims from guarantees given are probable.

Furthermore, the Group's entity in Italy has factored trade receivable to the banks with recourse. Adequate provisions and accruals to cover the financial consequences have been made when required.

Significant increase in issued guarantees in 2022 is explained by guarantees for S&RM suppliers and trade line guarantees provided by SHV Energy N.V. to support higher headroom for trading. Bid bond and supplier guarantees for operations in Turkey are provided by external local banks.

Claims and litigation

The Company and/or its group companies have received various claims that are contested by it/them. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed – partly on the basis of legal advice – that these will not have any material unfavourable impact on the consolidated financial position.

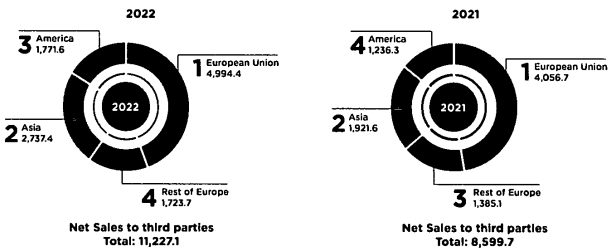
At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded provisions with sufficient certainty to allow the recognition of this amount.

Other off-balance sheet liabilities

In 2021, a recovery plan was agreed for Calor UK Pension Trust to make annual payments of GBP 15.5m until 2026, the recovery plan will be re-evaluated in 2024. For Calor Teoranta Pension Scheme, a recovery plan was agreed to make annual payments of EUR 3.1m until 2024. Other off-balance sheet liabilities have been entered into in respect of purchase agreements and other long-term commitments. The outstanding amount is mainly related to Turkey's IT service and transportation (EUR 5.7m), Head office's purchase agreement relate to lease cars and IT services (EUR 9.6m).

16. Net sales

The breakdown of net sales by geographical region is as follows:



	2022	2021
Net sales	11,236.6	8,601.9

Net sales to third parties amounted to EUR 11,227.1m (2021: EUR 8,599.7m), of which EUR 11,182.4m (2021: EUR 8,576.6m) is recognised outside the Netherlands.

	2022	2021
Goods and services transferred at a point in time	10,933.8	8,424.5
Goods and services transferred over time	302.8	177.4
Net sales	11,236.6	8,601.9

17. Third party costs

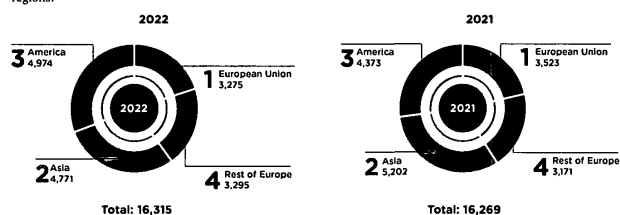
	2022	2021
Cost of raw materials and consumables including:		
Cost of goods sold	(9,111.1)	(6,576.1)
Cost of raw materials	(48.2)	(99.7)
Cost of outsourced work and other costs including:		
Other third-party costs	(7.2)	(21.2)
Cost of outsourced work	(10.3)	(6.5)
	(9,176.8)	(6,703.5)

18. Salaries and wages

	2022	2021
Salaries, wages and bonuses	(493.6)	(463.2)
Social security premiums	(96.3)	(87.7)
Pension premiums	(42.5)	16.8
	(632.4)	(534.1)

Pension premiums include a change in pension liabilities in Great Britain and Ireland of EUR 25.7m (2021: EUR 29.8m).

During the 2022 financial year, the average number of staff employed by SHV Energy, converted into full-time equivalents, amounted to 16,315 people (2021: 16,269 people), of which 16,156 (2021: 16,083) were employed outside the Netherlands. This staffing level (average number of staff) can be divided into the following geographical regions:



19. Other operating expenses

	2022	2021
Building related expenses	(130.5)	(127.0)
Sales promotion	(44.4)	(41.7)
IT	(77.3)	(65.8)
Insurance	(14.7)	(16.4)
Advisory	(43.8)	(35.7)
Temporary labour	(56.2)	(53.3)
Travel and representation	(23.0)	(11.1)
Filling	(20.8)	(13.8)
Transport	(238.5)	(222.6)
Repair and maintenance	(83.0)	(87.8)
Taxes and duties	(13.4)	(11.9)
Other staff expenses	(41.3)	(32.4)
Other expenses	(13.0)	(26.6)
	(799.9)	(746.1)

Other expenses in 2022 include a profit on the divestment of filling plants and offices in China of EUR 6.9m (2021: EUR 4.4m).

20. Amortisation and depreciation

	2022	2021
Amortisation of intangible fixed assets (see note 2)	(39.2)	(28.6)
Depreciation of tangible fixed assets (see note 3)	(236.4)	(218.7)
Impairments (see notes 2, 3 and 4)	(5.5)	(3.1)
	(281.1)	(250.4)

21. Exceptional items recognised in profit and loss

Exceptional items were originally recognised in profit and loss as salaries and wages, other operating expenses, amortisation, and depreciation. Significant exceptional items are specified per category below based on internal management information if such category exceeds EUR 1m or have been presented in past period:

	2022	2021
Operating result excluding exceptional items	372.3	338.4
Claims and other disputes	(4.8)	(5.3)
Pensions	(25.7)	27.8
Restructuring	(5.3)	(12.7)
Sale of tangible fixed assets	7.9	18.7
Impairments	-	(3.5)
Divestments of business activities	2.0	4.4
Exceptional items	(25.9)	29.4
Operating result	346.4	367.8

22. Interest income and similar income

	2022	2021
Loans to participating interests	0.7	0.3
Loans to shareholder/participants	3.2	1.0
Deposits and other	12.4	6.9
Dividend income	1.0	0.1
Change in fair value of instruments measured at fair value, net	-	9.6
Discount effect for present value of provisions	17.5	4.0
	34.8	21.9

23. Interest expenses and similar charges

	2022	2021
Loans granted by financial institutions	(19.8)	(10.5)
Current account overdraft facilities	(13.5)	(4.1)
Loans from shareholder/participants	(15.3)	(4.9)
Change in fair value of instruments measured at fair value, net	(10.1)	-
Credit and commitment fees	(3.2)	(0.3)
Bank charges and cost of loans	(6.4)	(4.6)
Foreign exchange losses, net	(4.2)	(9.0)
Other	(4.9)	(3.3)
	(77.4)	(36.7)

24. Tax on result

The components of the tax charge are as follows:

	2022	2021
Current income taxes	(101.9)	(77.5)
Deferred income taxes	(2.9)	(22.4)
Income tax expense	(104.8)	(99.9)

Future tax profits that can be compensated with tax losses from prior year(s) are recorded for an amount of EUR 419.1m (2021: EUR 263.8m). Prior year(s) tax losses have been recognised – as deferred tax asset – for an amount of EUR 90.1m (2021: EUR 23.6m). Refer to note 4 Financial fixed assets. The applicable weighted average tax rate is 27.6% (2021: 24.3%), whereby the weighted average tax rate has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the profit and loss account for 2022 amounts to EUR 104.8m, or 34.7% of the result before tax (2021: 27.9%).

The numerical reconciliation between the nominal weighted average tax rate and the effective tax rate is as follows:

	2022	2021
Result before tax	302.0	358.3
Nominal weighted average tax rate	(83.4)	(87.1)
Effect of permanent differences	(11.1)	(0.1)
Valuation of temporary differences outside of profit and loss	0.1	0.8
No DTA recognised for tax losses carry forward	(8.5)	(8.4)
Additional credits / taxes on income and equity	(0.9)	(2.7)
Withholding taxes and taxes on income from investments in affiliates	(1.3)	(0.7)
Adjustments prior years and true-ups	0.3	(1.7)
Income tax expense	(104.8)	(99.9)

The income tax amount directly recognised in equity in 2022 is mainly related to hedge accounting and amounts to a credit of EUR 30.6m (2021: charge of EUR 13.1m). Refer to note 9 **Shareholder's equity**.

25. Cash flow statement

The consolidated cash flow statement provides an analysis of the changes in cash and cash equivalents (note 8) and has been prepared in accordance with the indirect method comparing the balance sheets as at 1 January and 31 December of the respective year. Liquidity in the consolidated cash flow statements consists of money market investments, credit balance of in-house bank accounts and other cash and cash equivalents (note 8). The money market investments are considered liquid investments as these are directly convertible and the cash that would be received is subject to an insignificant risk of change in value.

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. In some cases, the movements in balance sheet items as presented in the cash flow statement differ from the changes between the balance sheets at the beginning and the end of the period. These movements concern the following significant differences:

	2022
Operating working capital	
Balance at 1 January	416.2
Balance at 31 December	379.1
Balance sheet changes	(37.1)
Adjustments:	
Translation differences and other non-cash adjustments	15.1
Changes in consolidation scope (including acquisitions and disposals)	27.8
Total net change in working capital according to cash flow statement	(5.8)

The amount of cash and cash equivalents (excluding in-house bank accounts) attributable to minority interests amounts to EUR 2.6m (2021: EUR 4.3m).

26. Currency rates

The following rates to euro have been used in computing the principal foreign currency conversions:

		2022		2021	
		Average	Year-end	Average	Year-end
1	Brazilian real (BRL)	0.18	0.18	0.16	0.16
1	British pound (GBP)	1.17	1.13	1.16	1.19
1	Polish zloty (PLN)	0.21	0.21	0.22	0.22
1	US dollar (USD)	0.95	0.94	0.85	0.88
1	Turkish lira (TRY)	0.05	0.05	0.10	0.07
100	Chinese renminbi yuan (CNY)	14.12	13.50	13.11	13.87
100	Indian rupee (INR)	1.21	1.13	1.14	1.19
1	Bosnian marka (BAM)	0.51	0.51	0.51	0.51
100	Czech koruna (CZK)	4.07	4.14	3.90	4.02
100	Danish krone (DKK)	13.44	13.45	13.45	13.45
100	Croatian kuna (HRK)	13.27	13.27	13.28	13.31
100	Swedish krone (SEK)	9.41	8.97	9.86	9.77
1	Singapore dollar (SGD)	0.69	0.70	0.63	0.65
100	Thai baht (THB)	2.71	2.72	2.64	2.66
100	Philippine pesos (PHP)	1.74	1.68	1.72	1.73
100	Bangladesh taka (BDT)	1.02	0.91	0.99	1.02

27. Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholder, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis. In its normal course of business, the Company buys and sells goods and services from and to various related parties in which the Company has an interest. These transactions are conducted at arm's length and are subject to conditions that typically govern comparable sales and purchase transactions with third parties.

28. Auditor's fees

Regarding the statement of auditor's fees, SHV Energy applies the exemption as referred to in Article 382a, Part 3, Book 2 of the Dutch Civil Code.

29. Subsequent events

No material subsequent events occurred.

Company financial statements

Company balance sheet as at 31 December 2022

(Before proposed profit appropriation)

In millions of euro	Note	2022	2021
Fixed assets			
Intangible fixed assets	30	39.5	221
Tangible fixed assets	31	1.6	2.0
Financial fixed assets	32	1,705.9	1,658.9
		<u>1,747.0</u>	<u>1,683.0</u>
Current assets			
Receivables	33	38.4	29.8
Cash and cash equivalents	34	1.6	7.5
		<u>40.0</u>	<u>37.3</u>
		<u>1,787.0</u>	<u>1,720.3</u>
Shareholder's equity			
35			
Issued and paid-up capital		72.5	72.5
Share premium reserve		729.0	729.0
Foreign currency translation reserve		(351.8)	(338.3)
Other legal reserves		98.3	190.3
Other reserves		733.8	695.7
Unappropriated result		187.2	252.0
		<u>1,469.0</u>	<u>1,601.2</u>
Provisions	36	3.6	3.8
Non-current liabilities	37	148.3	-
Current liabilities	38	166.1	115.3
		<u>1,787.0</u>	<u>1,720.3</u>

The notes 30 to 44 are an integral part of these company financial statements.

Company profit and loss account 2022

In millions of euro	Note	2022	2021
Share of result of participating interests, after tax	42	226.8	280.4
Other income and expenses, after tax		(39.6)	(28.4)
Net result		<u>187.2</u>	<u>252.0</u>

The notes 30 to 44 are an integral part of these company financial statements.

Notes to the 2022 Company financial statements

General

The company financial statements are part of the 2022 statutory financial statements of SHV Energy N.V. ('the Company'). The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the company profit and loss account exclusively state the share of the result of participating interests after tax and the other results after tax.

In so far as no further explanation is provided for items in the company balance sheet and the company profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

Accounting policies

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For an explanation of the accounting principles used in the preparation of the company financial statements, the policies for valuation of the assets and liabilities and for determining the result, as well as for the notes to the various company assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, unless stated otherwise.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity accounting method on the basis of net asset value. For details, we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of result from participating interests

Income from participating interests concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests, and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

Corporate income tax

The Company is part of the fiscal unity headed by SHV Holdings N.V. The Company recognises the portion of corporate income tax that it would owe as an independent tax payer, taking into account the specific rules applicable to fiscal unities.

Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

30. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Goodwill	Software	Total
Balance as at 1 January 2022:			
Purchase price	9.7	17.1	26.8
Accumulated amortisation and impairment	(0.7)	(4.0)	(4.7)
Carrying amount	9.0	13.1	22.1
Changes in carrying amount:			
Investments, net	20.8	(1.2)	19.6
Amortisation	(1.9)	(0.3)	(2.2)
Total changes	18.9	(1.5)	17.4
Balance as at 31 December 2022:			
Purchase price	30.5	15.9	46.4
Accumulated amortisation and impairment	(2.6)	(4.3)	(6.9)
Carrying amount	27.9	11.6	39.5

Goodwill mostly relates to the acquisition of Petromax in Bangladesh in 2022. Remaining economic useful life is 9 years.

Under software, an amount of EUR 9.8m (2021: EUR 11.3m) is included as software in development and will be charged to countries and amortised once completed.

Net investment includes investments in software and licenses (EUR 11.1m), amounts that have been charged to countries upon completion (EUR (8.8)m) and adjustments related to unused licenses and non-allocable costs (EUR (2.3)m). Net investments consist of investments in software and licenses minus the amounts that have been charged to countries upon completion.

No impairments have been recognised in 2022 (2021: nil).

31. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Office equipment	Total
Balance as at 1 January 2022:		
Purchase price	3.0	3.0
Accumulated depreciation and impairment	(1.0)	(1.0)
Carrying amount	2.0	2.0
Changes in carrying amount:		
Investments	-	-
Disposals	-	-
Depreciation	(0.4)	(0.4)
Total changes	(0.4)	(0.4)
Balance as at 31 December 2022:		
Purchase price	3.0	3.0
Accumulated depreciation and impairment	(1.4)	(1.4)
Carrying amount	1.6	1.6

32. Financial fixed assets

	2022	2021
Participating interests in group companies	1,498.1	1,568.0
Other participating interests	16.0	-
Accounts receivable from group companies	161.9	68.6
Accounts receivable from other participating interests	6.7	6.7
Other securities and loans	23.2	15.6
	1,705.9	1,658.9

Movements in the participating interest were as follows:

	Participating interest in group companies	Other participating interests	Total
Balance as at 1 January 2022:	1,568.0	-	1,568.0
Changes in carrying amount:			
Capital changes	51.8	(0.4)	51.4
New consolidations	(106.5)	19.7	(86.8)
Share in result of participating interests	226.8	(3.1)	223.7
Transfer to provisions	-	(0.2)	(0.2)
Dividend received from participating interest	(144.8)	-	(144.8)
Cash flow hedge	(116.9)	-	(116.9)
Translation differences	19.7	-	19.7
Balance as at 31 December 2022:	1,498.1	16.0	1,514.1

No impairments have been recognised (2021: nil).

For an overview of participations, refer to pages 89-91.

At 31 December 2022, the carrying value of the outstanding accounts receivable from participating interests amounted to EUR 168.5m (2021: EUR 75.3m) with fixed interest rates ranging from 0% to 6% (2021: 0% to 6%). The total outstanding receivable matures in more than one year, except for Circular Fuels Ltd. and related companies (temporary loans). No collateral applies to these loans. Outstanding receivable includes loans to:

- SHV Energy USA LLC of EUR 67.2m (2021: EUR 59.6m);
- Prima LNG N.V. of EUR 10.0m (2021: EUR 8.0m);
- PitPoint LNG B.V. of EUR 6.7m (2021: EUR 6.7m);
- Liquigas S.p.A. of EUR 69.0m (2021: nil);
- Primagas Energia S.A.U. of EUR 5m (2021: nil);
- Primagas Sverige AB of EUR 10.3m (2021: nil);
- Energy Metrics Monitoring and Management Ltd. of EUR 0.3m (2021: nil);
- Circular Fuels Ltd. nil (2021: 1.0m).

Other securities and loans relate to:

- Equity investments in Emerald Industrial Innovation Fund L.P. of EUR 4.4m (2021: EUR 3.5m);
- Loans to TankTastic Ltd. of EUR 0.3m (2021: EUR 0.3m);
- Loans to DSL-01 B.V. of EUR 4.0m (2021: EUR 3.1m);
- Loans to Oberon Fuels, Inc. of EUR 0.9m (2021: EUR 0.9m).

As of December 2022, the outstanding balances of the loans to Kew Sustainable Fuels Ltd., Sustainable Energy Centre Ltd. and Circular Feedstock Services were transferred to Dimeta. Outstanding balance owed to SHV Energy is nil (2021: EUR 7.8m).

33. Receivables

	2022	2021
Trade receivables from group companies	31.8	19.5
Other receivables	3.3	3.6
Prepayments and accrued income	3.3	6.7
	38.4	29.8

All amounts are due within one year.

Other receivables include sales taxes of EUR 2.3m (2021: EUR 1.9m), insurance claims of EUR 0.6m (2021: EUR 0.6m). Prepayments and accrued income include prepaid software licences 2022 amounting to EUR 3.3m (2021: EUR 6.5m).

34. Cash and cash equivalents

Cash and cash equivalents include credit balances of in-house bank accounts with SHV Nederland B.V. of EUR 1.6m (2021: EUR 7.5m).

35. Shareholder's equity

	Issued and paid-up capital	Share premium reserve	Foreign currency translation reserve	Other legal reserves	Other reserves	Unappropriated result	Total
Balance as at 1 January 2021:	72.5	729.0	(346.5)	112.9	756.7	164.6	1,489.2
Changes in financial year 2021:							
Appropriation of result	-	-	-	-	164.6	(164.6)	-
Result for the year	-	-	-	-	-	252.0	252.0
Addition to legal reserve	-	-	-	34.6	(34.6)	-	-
Taxes through equity	-	-	-	(13.1)	-	-	(13.1)
Put/call options for acquisitions	-	-	-	-	(27.4)	-	(27.4)
Dividend paid	-	-	-	-	(164.6)	-	(164.6)
Translation differences	-	-	8.2	-	-	-	8.2
Cash flow hedges	-	-	-	55.9	-	-	55.9
Acquisition of minority interests	-	-	-	-	1.0	-	1.0
Balance as at 1 January 2022:	72.5	729.0	(338.3)	190.3	695.7	252.0	1,601.2
Changes in financial year 2022							
Appropriation of result	-	-	-	-	252.0	(252.0)	-
Result for the year	-	-	-	-	-	187.2	187.2
Addition to legal reserve	-	-	-	(14.2)	14.2	-	-
Taxes through equity	-	-	0.5	41.0	-	-	41.5
Put/call options for acquisitions	-	-	-	-	25.5	-	25.5
Dividend paid	-	-	-	-	(252.0)	-	(252.0)
Translation differences	-	-	(14.0)	-	-	-	(14.0)
Cash flow hedges	-	-	-	(158.4)	-	-	(158.4)
Acquisition of minority interests	-	-	-	-	(1.6)	-	(1.6)
Monetary and Inflation correction	-	-	-	39.6	-	-	39.6
Balance as at 31 December 2022:	72.5	729.0	(351.8)	98.3	733.8	187.2	1,469.0

Issued and paid-up capital

SHV Energy has a nominal capital divided into shares of EUR 450 each. As at 31 December 2022 (and 2021), the number of issued ordinary shares was 161,000. All shares are fully paid-up. The Company holds no shares in its own capital.

Share premium reserve

The share premium includes the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income).

Foreign currency translation reserve

Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this legal reserve. In the case of the sale of a participating interest, the associated accumulated translation differences are transferred to the profit and loss account.

Other legal reserves

Other legal reserves consist of a legal reserve for capitalised development costs and a revaluation reserve for derivatives (for which cash flow hedge accounting is applied).

In accordance with applicable legal provisions, a legal reserve for the carrying amount of EUR 129.1m (2021: EUR 102.6m) has been recognised for capitalised internally developed software.

The negative fair value of derivatives of EUR 30.8m (2021: positive EUR 87.7m) is recognised in the revaluation reserve, along with an associated deferred tax asset (note 11) of EUR 10.5m (2021: EUR 30.5m (liability)).

Other reserves

The dividend of EUR 252.0m paid out in 2022 has been deducted from other reserves in shareholder's equity (2021: EUR 164.6m).

Unappropriated result

The net result for 2022 is included in the item unappropriated result within equity.

Appropriation of profit of 2021

The General Meeting has adopted the appropriation of profit after tax for the reporting year 2021 as proposed by the Executive Board by adding EUR 67.3m to 'Other reserves'. In 2022, the Company paid dividend for an amount of EUR 184.7m and distributed an amount of EUR 67.3m from the 'Other reserves'.

Proposal for profit appropriation 2022

The Executive Board proposes to the General Meeting to appropriate the profit after tax for 2022 of EUR 187.2m to the 'Other reserves'. On 19 April 2023, the Company made a distribution to the shareholder for an amount of EUR 90.0m, from the 'Other reserves'.

36. Provisions

	2022	2021
Pensions	0.4	0.5
Restructuring	0.6	0.4
Claims and other disputes	1.0	1.0
Other	1.6	1.9
	3.6	3.8

Pensions provision relates to future obligation of annual indexation of former employees of Primagaz Nederland B.V. The transfer of this financial obligation to SHV Energy N.V. was part of the divestment of Primagaz Nederland B.V.

The restructuring provision is partly due within one year (EUR 0.5m) and partly between one and five years (EUR 0.1m).

The provision for claims and other disputes relates to a specific dispute which is not covered by the global liability insurance. The provision is expected to be used in the subsequent year.

Other provisions predominantly relate to unused software licences and has an expected maturity of less than one year. The other provision is recognised for the negative difference between the number of licences to be paid to third parties after reporting date and the use of licences by the Company after the reporting date. The provision is determined based on the expected use of software licenses and the unavoidable costs that will be charged based on related agreements.

37. Non-current liabilities

Non-current liabilities include a loan payable to SHV Nederland B.V. of EUR 148.3m (2021: nil).

38. Current liabilities

	2022	2021
In-house bank accounts (debit balances)	138.8	53.0
To suppliers and trade creditors	5.3	11.6
To group companies	5.8	7.1
Other taxes and social security contributions due	0.6	0.2
Pension liabilities	1.1	0.1
Derivative financial instruments	7.9	33.4
Accruals and deferred income	6.6	9.9
	166.1	115.3

All current liabilities fall due in less than one year.

Derivative financial instruments consist of a put/call option to purchase the remaining shares in EM3. Both parties can exercise the option in 2024 or 2025.

39. Financial instruments

The Company is exposed to a variety of financial risk, such as credit risk, interest rate risk, foreign currency risk, liquidity risk and commodity price risk. The Group's overall risk management policy is to identify, assess, and, if necessary, mitigate these financial risks to minimise potential adverse effects on the Group's financial performance and therefore also on the Company's financial performance. The Company makes use of derivative financial instruments, including forward contracts to mitigate the risks associated with certain financial exposures. The Company does not trade in financial derivatives for speculative purposes.

The risks associated with the Company's financial instruments, the objectives, policies and processes for measuring and managing risks, and the management of capital are similar to the ones disclosed in note 14.

40. Off-balance sheet assets and liabilities

Commitments

Commitments for rent and operating lease agreements amount to EUR 3.9m (2021: EUR 2.4m), of which EUR 0.8m expires within one year and EUR 3.1m between one and five years.

Purchase commitments amount to EUR 9.3m (2021: EUR 14.3m), of which EUR 4.9m expires within one year and EUR 0.3m expires after five years.

Guarantees

Under article 403, book 2 of the Dutch Civil Code, the Company has issued a declaration of joint and several liability for 2 Dutch consolidated participating interests as disclosed in section Participations of SHV Energy N.V.

The Company has provided the following parent guarantees to third parties (banks and suppliers) on behalf of consolidated group companies:

- *France (S&RM): ten guarantees for a total amount of USD 726.3m;*
- *USA (Pinnacle): one guarantee of USD 17.0m;*
- *India: three guarantees of INR 7,200.0m;*
- *Bangladesh: one guarantee of USD 10.0m;*
- *Belgium: one guarantee of EUR 2.0m.*

Fiscal unity

Together with some of its Dutch subsidiaries, the Company formed a fiscal unity for value added tax purposes.

Due to the merger of several Dutch legal entities during the year, the fiscal unity has ceased to exist in 2022.

Furthermore, the company, together with its qualifying legal entities, is part of the fiscal unity of SHV Holdings N.V. for corporate income tax purposes. The standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the fiscal unity.

41. Employee benefits and number of employees

Wages and salaries, social security and pension charges relating to the employees of the Company can be specified as follows:

	2022	2021
Wages and salaries	21.2	20.6
Social security contributions	1.4	1.1
Pension costs	2.9	1.7
	25.5	23.4

During the 2022 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 155 people (2021: 156 people), of which 24 (2021: 22) were employed outside the Netherlands.

42. Share of result of participating interests after tax

This includes the share of the Company in the results of its participating interests, of which an amount of EUR 226.8m (2021: EUR 280.4m) is generated by group companies.

43. Remuneration of directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company and group companies amounted to EUR 1,847,918 (2021: EUR 2,063,407) for statutory directors.

No loans, advances or guarantees are granted by the Company to the statutory directors (2021: nil).

44. Related party transactions

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged. There have been no transactions with related parties that were not at arm's length. In its normal course of business, the Company buys and sells goods and services from and to various related parties in which the Company has an interest. These transactions are conducted on a commercial basis and are subject to conditions that usually govern comparable sales and purchase transactions with third parties.

45. Subsequent events

For the disclosure on subsequent events that are relevant to the Company, reference is made to the disclosure on subsequent events in the notes to the consolidated financial statements.

Other information

Provisions in the Articles of Association governing the appropriation of profit

Under article 30 of the Company's Articles of Association, the profit is at the disposal of the General Meeting. This can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

Participations of SHV Energy N.V.

All participating interests are consolidated group companies (with a 100% participating interest) unless stated otherwise. SHV Energy N.V. is at the head of the group and has the following capital interests as per 31 December 2022 (Name | Registered office | Share in issued capital):

Austria <ul style="list-style-type: none">• <i>Primagas Central Europe Gesellschaft m.b.H.</i> Vienna ²• <i>Primagas Gesellschaft m.b.H.</i> Kirchbichl 72.74% ²	Germany <ul style="list-style-type: none">• <i>FVG GmbH</i> Grassrudstedt 14.55% ⁴• <i>Nordsee Gas Terminal GmbH & Co. KG (NGT)</i> Brunsbüttel 36.37% ²• <i>Nordsee Gas Terminal GmbH (NGT)</i> Brunsbüttel 36.37% ²• <i>PPR Fluessigas GmbH & Co. KG</i> Krefeld 48.50% ²• <i>PPR Fluessigas GmbH</i> Krefeld 48.50% ²• <i>Primagas Energie GmbH</i> Krefeld 72.74% ²• <i>Primagas Verwaltung GmbH</i> Krefeld 72.74% ²• <i>Transgas Flüssigas Transport und Logistik GmbH & Co. KG</i> Dortmund 21.82% ²• <i>Transgas Flüssigas, Transport und Logistik Verwaltung GmbH</i> Dortmund 21.82% ²• <i>Westdeutsche Fluessigas Lager GmbH</i> Krefeld 30.33% ²
Bangladesh <ul style="list-style-type: none">• <i>Retromax LPG Limited</i> Dhaka 99.99% ²• <i>Retromax Cylinders Limited</i> Dhaka 99.99% ²	India <ul style="list-style-type: none">• <i>SunSource Energy Private Limited</i> Noida 99.99% ²• <i>Ilyarays Energy Private Limited</i> Noida 99.99% ²• <i>Inarays Energy Private Limited</i> Noida 99.99% ²• <i>Isharays Energy Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Maidawali Energy Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Bijaypur Energy Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Chandeli Energy Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Energy Bhilwara Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Energy Chennai Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Energy Lucknow Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Energy Mumbai Private Limited</i> Noida 99.99% ²• <i>Jyotikiran Energy Okhla Private Limited</i> Noida 99.99% ²• <i>Alpur Solar Private Ltd</i> Noida 72.74%• <i>Lone Cypress Venture Private Limited</i> Noida 55.88% ²• <i>S3 Energy Private Limited</i> Noida 99.99% ²
Belgium <ul style="list-style-type: none">• <i>Cylinder Filling N.V.</i> Tessenderlo ²• <i>Prima LNG N.V.</i> Berchem ¹• <i>Primagas Belgium N.V.</i> Tessenderlo ¹	
Bosnia and Herzegovina <ul style="list-style-type: none">• <i>Liquivex d.o.o.</i> Ustora 96.34% ²	
Brazil <ul style="list-style-type: none">• <i>Chama Tecnologia Do Brasil Ltda.</i> São Paulo ¹• <i>Supergasbras Energia Ltda.</i> Betim 99.99% ²• <i>MG de Transportes Ltda.</i> Betim ²• <i>Acelage Servicos de Engenharia Ltda.</i> Rio de Janeiro ²	
Croatia <ul style="list-style-type: none">• <i>Butanplin d.o.o.</i> Zminj ²	
Czech Republic <ul style="list-style-type: none">• <i>Primagas s.r.o.</i> Prague ²	
Denmark <ul style="list-style-type: none">• <i>Primagas Danmark A/S</i> Køge ¹	
France <ul style="list-style-type: none">• <i>Compagnie Bordelaise Des Gas Liquéfies – Cobogal</i> Ambès 50.00% ¹• <i>Primagas Lavera S.A.S.</i> Nanterre ²• <i>Primagas S.A.S.</i> Paris ¹• <i>Rhone-Gaz S.A.</i> Solaise 49.38% ²• <i>SHV Gas Supply and Risk Management S.A.S.</i> Nanterre ²• <i>Signalor S.A.</i> Gonfreville l'Orcher 34.98% ²• <i>Société Métallurgique Liotard Freres (S.M.L.F.) S.A.</i> Saint Pierre des Corps 99.99% ²	

India (continued)

- SHV Energy India Private Ltd. | Hyderabad²
- SHV Energy Private Ltd. | Hyderabad²
- Suryaaja Brunswick Private Limited | Noida | 99.99%²
- Suryaaja One Private Limited | Noida | 99.99%²
- Suryaaja Two Private Limited | Noida | 99.99%²
- Suryaaja Four Private Limited | Noida | 99.99%²
- Isharaya Energy One Private Ltd. | Noida | 99.99%²
- Isharaya Energy Two Private Ltd. | Noida | 99.99%²
- Isharaya Energy Three Private Ltd. | Noida | 99.99%²
- Isharaya Energy Four Private Ltd. | Noida | 99.99%²
- Taiyung Energy Private Limited | Noida | 99.99%²
- Taiyung Solar Projects Private Limited | Noida | 99.99%²
- Taiyung Solarenergy Private Limited | Noida | 99.99%²
- Utryan Energy Agra Private Limited | Noida | 99.99%²
- Utryan Energy Brunswick Private Limited | Noida | 99.99%²
- Utryan Energy Private Limited | Noida | 99.99%²
- Utryan Energy Puri Private Limited | Noida | 99.99%²
- Vasuprada Energy Private Limited | Noida | 99.99%²
- Verdaneearth Ventures Private Limited | Noida | 99.99%²
- VVS Solar Projects Private Limited | Noida | 50.00%²

Italy

- Alanno Gas S.r.l. | Alanno | 34.00%²
- Areagas S.p.A. | Velpolicella | 35.00%²
- Bimgas S.p.A. | Gavoi | 49.00%²
- Carini Gas S.r.l. | Carini PA | 41.00%²
- Costiero Gas Livorno S.p.A. | Livorno | 35.00%²
- Energo Servizi S.r.l. | Brescia¹
- Foligno Gas S.r.l. | Foligno | 49.00%²
- Ipem Industria Petroli Meridionale S.p.A. | Brindisi | 38.98%²
- Liguigas S.p.A. | Brescia²
- Liguigas Voltellina S.r.l. | Villa di Tirano SO | 50.00%²
- Montemarciano Gas S.c.r.l. | Montemarciano | 49.00%^{2,3}
- Rebigas S.r.l. | Pianello val Tidone PC | 50.00%²
- So.G.Ra.F. S.r.l. | Marnate Nassolina | 1.56%⁴
- VulcanGas Umbra S.r.l. | Spoleto²
- Nuova Itafi S.r.l. | Brescia²

Malta

- Gasco Energy Ltd. | Birzebbuga | 50.00%^{2,7}
- Liguigas Malta Ltd. | Birzebbuga | 50.00%^{2,7}

The Netherlands

- Dimeta B.V. | Utrecht | 50%²
- Itafi N.V. | Amsterdam¹
- PitPoint LNG B.V. | Nieuwegein | 50.00%²
- SHV Calor Asia B.V. | Utrecht^{1,6}
- SHV Energy (LPG) Holding B.V. | Utrecht^{1,6}
- SHV Energy USA B.V. | Utrecht¹
- SHV Gas South China B.V. | 's Gravenhage^{1,6}

People's Republic of China

- Dongguan SHV Energy Co., Ltd. | Dongguan | 89.77%²
- Dongguan SHV LPG Co., Ltd. | Dongguan | 89.77%²
- Guangdong Puhua Co., Ltd. | Guangzhou²
- Guangdong Puhua Energy Chain Co. Ltd. | Guangzhou²
- Guangzhou City Conghua Haoji Petrochemical Development Co., Ltd. | Guangzhou²
- Guangzhou City Hongdu Fuel Gas Co., Ltd. | Guangzhou | 30.00%²
- Guangzhou City Zengcheng Puhua Energy Co., Ltd. | Guangzhou²
- Guangzhou GuangAn LPG Co., Ltd. | Guangzhou | 51.00%²
- Guangzhou Luoxing Gas Co., Ltd. | Guangzhou²
- Guangzhou SHV E-commerce Co., Ltd. | Guangzhou²
- Guangzhou SHV Logistics Co., Ltd. | Guangzhou²
- Guangzhou Xiran Energy Co., Ltd. | Guangzhou²
- Guangzhou Xixun Consulting Service Co., Ltd. | Guangzhou²
- Heshan LPG Co. Ltd. | Heshan²
- Jiangmen Huayu Cylinder Retaising Co., Ltd. | Jiangmen²
- Jiangmen Huayu LPG Co., Ltd. | Jiangmen²
- Jiangmen Xinhui Huihai LPG Supply Co. Ltd. | Jiangmen | 60.00%²
- Jiangmen Xinjiang Gas Transportation Co., Ltd. | Jiangmen²
- Maosu Senye Gas Ltd. | Maosu²
- Ningbo SHV Clean Energy Co., Ltd. | Zhejiang | 80.00%²
- Shanghai Beair Energy Development Co., Ltd. | Shanghai²
- SHV (China) Investment Co., Ltd. | Guangzhou²
- SHV (Foshan) LPG Co., Ltd. | Foshan²
- SHV (Jiangmen) LPG Co., Ltd. | Jiangmen²
- SHV (Shanghai) LPG Co., Ltd. | Shanghai²
- SHV (Zhejiang) Energy Development Co., Ltd. | Zhejiang²
- SHV (Zhongshan) LPG Co., Ltd. | Zhongshan²
- Xu Zhou Xingyu Energy Co., Ltd. | Xu Zhou²
- Yangchun Senye Fuel Gas Co., Ltd. | Yangchun²
- Yangjiang Sen Ye Fuel Gas Co., Ltd. | Yangjiang²
- Yangxi Sen Ye Fuel Gas Co., Ltd. | Yangxi²
- Zhaoqing SHV Clean Energy Co., Ltd. | Zhaoqing²
- Zhuohai Cylinder Retaising Co., Ltd. | Zhuohai²
- Zhuohai Fuel Gas Group Co., Ltd. | Zhuohai²
- Zhuohai Fuel Gas Logistics Service Co., Ltd. | Zhuohai²
- Zhuohai Gas Co., Ltd. | Zhuohai²
- Zhuohai Xiteng Consulting Services Co., Ltd. | Zhuohai²

Philippines

- Surya Source Energy Link Inc. | Pasig City | 38.40%²

Poland

- Gaspol S.A. | Warsaw | 97.82%²
- Warsaw Gas Trading Sp. z o.o. | Warsaw | 97.82%²

Republic of Ireland

- Calor Gas Pensions Ireland Ltd. | Dublin²
- Calor Teoranta | Dublin²
- Energy Metrics Monitoring and Management Ltd. | Limerick | 60.00%²

Singapore

- SunSource Cleantech ventures PTE. Ltd. | Singapore²

Slovenia

- Butanplin d.d. | Ljubljana²

Spain

- Primagas Energia, S.A.U. | Barcelona¹

Sweden

- Primagas Gasol Sverige AB | Malma²
- Primagas Sverige AB | Stenungsund¹

Thailand

- SunSource Cleantech Ventures (Thailand) Co. Ltd. | Bangkok | 99.00%²

Turkey

- Butangas A.S. | Tekirdag²
- Evas Ev Aletleri Sanayi A.S. | Istanbul²
- Ipra Enerji A.S. | Istanbul¹
- Ipragas A.S. | Istanbul¹
- Yildirim Petrol Ticaret ve Nakliyat A.S. | Istanbul²

United Kingdom

- Autogas Ltd. | Warwick | 50.00%²
- Budget Gas Ltd. | Warwick²
- Calor Gas Ltd. | Warwick²
- Calor Gas Northern Ireland Ltd. | Belfast²
- Calor Group Ltd. | Warwick²
- Calor Partner Properties LP | Edinburgh²
- Calor Pension Trust Ltd. | Warwick²
- Calor Properties Ltd. | Edinburgh²
- Calor Properties Scotland Ltd. | Edinburgh²
- Chive Fuels Ltd. | Warwick²
- Chive Ltd. | Warwick²
- Circular Fuels Ltd. | Birmingham | 38.00%¹

United Kingdom (continued)

- Discount Gas Supplies Ltd. | Doncaster²
 - Hamilton Gas Products Ltd. | Belfast | 50.00%²
 - Humber LPG Terminal Ltd. | London | 50.00%¹
 - Liquefied Petroleum National Gas Ltd. | Warwick²
 - Pressure Test Services Ltd. | Belfast²
 - SHV Energy Holdings UK Ltd. | Warwick²
 - Energy Metrics Monitoring and Management UK Limited | Warwick²
 - SHV Gas Trading Ltd. | Warwick¹
- #### USA
- Alliant Arizona Propane LLC | Irving²
 - Alliant Gas LLC | Irving²
 - EM3 LLC | Chicago | 60.00%²
 - Pinnacle Operating Services Company LLC | Irving²
 - Pinnacle Propane Express LLC | Irving²
 - Pinnacle Propane LLC | Irving²
 - SHV Energy USA LLC | Delaware²
 - SunSource Energy Americas Inc. | Edison²

¹Direct (and through indirect investments) of SHV Energy N.V.

²Indirect investment of SHV Energy N.V.

³Participating interest with significant influence but no control.

⁴Participating interest with no significant influence.

⁵Participating interest in liquidation.

⁶Liability declaration issued (pursuant to Section 2:403 of the Dutch Civil Code).

⁷Legally a joint venture, consolidated for reporting purposes.

Independent auditor's report

To: the General Meeting of SHV Energy N.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2022 of SHV Energy N.V., based in Hoofddorp.

In our opinion the accompanying financial statements give a true and fair view of the financial position of SHV Energy N.V. as at 31 December 2022 and of its result for the year 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2022;
2. the consolidated and company profit and loss account for the year 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of SHV Energy N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapter Ethics & compliance of the Report of the Executive Board the Executive Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into SHV Energy N.V. and its business environment, and assessed the design and implementation of SHV Energy N.V.'s risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing SHV Energy N.V.'s code of conduct, whistleblowing procedures, third party due diligence procedures, ethics & compliance training and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Executive Board and other relevant functions, such as Internal Audit and Compliance.

As part of our audit procedures, we:

- assessed other positions held by the Executive Board members;
- evaluated investigation reports on indications of possible fraud and non-compliance;
- evaluated legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to SHV Energy N.V. and its subsidiaries and identified the following areas as those most likely to have a material effect on the financial statements:

- anti-bribery and corruption laws and regulations (reflecting the use of intermediary parties);
- labor laws (reflecting the significant and geographically diverse work force);
- competition law (reflecting the global presence and competitive local markets in which the business units operate); and
- environmental law and health and safety regulations (reflecting environmental impact restrictions related to the Company's logistical processes and related safety).

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the previous page and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries.
- We performed an analysis of high-risk journal entries related to post-closing journal entries and evaluated key estimates and judgments for bias by management. Where we identified instances of unexpected journal entries or other risks through our analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We instructed our component auditors to perform audit procedures in relation to high risk journal entries, specifically in relation to identified fraud risks. Based on our involvement in the work performed by the component auditors, we determined that they adhered to these group audit instructions.
- We incorporated elements of unpredictability in our audit, including an increased audit scope in a non-significant group company.

Revenue recognition (a presumed risk)

Risk:

Due to the positive results in relation to the budget, management could be tempted to improperly shift revenues to a future period. This would result in a risk of fraudulent financial reporting in relation to the cut-off, which subsequently would imply an understatement of revenues.

Responses:

- Identification of group companies in which the significant risk is presumed to be present.
- Determined and instructed minimum procedures to be performed by component auditors of components for which we determined the risk to be present. These procedures included, at a minimum:
 - Determination and evaluation of at least the design and implementation of the process level controls (incl. anti-fraud controls) as implemented by management.
 - Performance of substantive audit procedures (including test of details) over the cut-off of revenue at year end, which included testing revenue transactions recorded in FY 2023.
 - Journal entry testing, specifically taking into account high risk criteria in relation to revenues.
 - Applying an element of unpredictability in performing the audit procedures.
- We were involved in these audit procedures at a number of our component auditors through file reviews, physical site visits and the inspection of component reporting.
- Testing of high risk journal entries on group level which impact revenue recognised (post-closing journal entries).

We communicated our risk assessment, audit responses and results to the Executive Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Executive Board has performed its going concern assessment and has not identified any significant going concern risks. To assess the Executive Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Executive Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- we questioned the Executive Board on the key assumptions and principles underlying the Executive Board's assessment of the going concern risks, including the calculation of liquidity headroom and developments in energy prices.
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.
- we analysed the operating results forecast and the related cash flows compared to the previous financial year, developments in the business sector and any information of which we are aware as a result of our audit.
- we inspected financing agreements in terms of conditions and limitations that could lead to significant going concern risks, including the term of the agreements.
- as a significant part of the financing is provided by the SHV Holdings N.V. Group, we considered whether the outcome of our audit procedures to assess the ability of the SHV Holdings N.V. Group to fulfil its obligations to the company indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements.
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of management for the financial statements

The Executive Board (management) is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting 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 ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

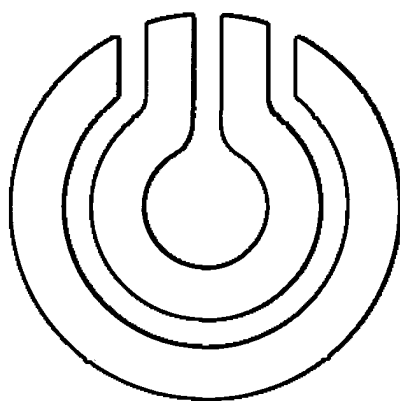
We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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 findings in internal control that we identify during our audit.

Rotterdam, 12 May 2023

KPMG Accountants N.V.

F.J. van het Kaar RA



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The Netherlands
www.shvenergy.com



SHV ENERGY