# AVISTA OIl DANMARK A/S

**Juelsmindevej 6**
**4400 Kalundborg**

**CVR no. 10 16 92 91**

## Annual report for 2022

Adopted at the annual general meeting on 29 June 2023

Niels Mathiesen
chairman

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## Statement by management on the annual report

The board of directors and executive board have today discussed and approved the annual report of AVISTA OIl DANMARK A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Kalundborg, 29 June 2023

**Executive board**

Niels Mathiesen
CEO

**Board of directors**

| | | |
|---|---|---|
| Detlev Bruhnke<br>chairman | Benedikt Fuhlrott | Marc Verfürth |

# Independent auditor's report

*To the shareholder of AVISTA OIl DANMARK A/S*

**Opinion**

We have audited the financial statements of AVISTA OIl DANMARK A/S for the financial year 1. januar - 31. december 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31. december 2022 and of the results of the company's operations for the financial year 1. januar - 31. december 2022 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

# Independent auditor's report

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on management's review**
Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 29 June 2023

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised Public Accountant
mne32169

## Company details

| | | |
|---|---|---|
| **The company** | AVISTA OIl DANMARK A/S<br>Juelsmindevej 6<br>4400 Kalundborg | |
| | CVR no.: | 10 16 92 91 |
| | Reporting period: | 1. januar - 31. december 2022 |
| | Domicile: | Kalundborg |
| **Board of directors** | Detlev Bruhnke, chairman<br>Benedikt Fuhlrott<br>Marc Verfürth | |
| **Executive board** | Niels Mathiesen, CEO | |
| **Auditors** | KPMG<br>Statsautoriseret Revisionspartnerselskab<br>Dampfærgevej 28<br>2100  København Ø | |

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| Gross profit/loss | 53.051 | 34.825 | -625 | 1.626 | -48 |
| Profit/loss before net financials | 31.190 | 12.232 | -9.265 | -10.486 | -7.055 |
| Net financials | 100 | -440 | 20 | -408 | -562 |
| Profit/loss for the year | 49.008 | 10.991 | 5.438 | 42.564 | 134.244 |
| Balance sheet total | 92.782 | 71.280 | 138.874 | 131.448 | 66.568 |
| Investment in property, plant and equipment | 4.628 | 9.505 | 1.694 | 26.143 | 1.949 |
| Equity | 63.101 | 39.093 | 103.618 | 98.179 | 52.579 |
| Number of employees | 23 | 23 | 22 | 20 | 18 |
| **Financial ratios** | | | | | |
| Solvency ratio | 68,0% | 54,8% | 74,6% | 74,7% | 79,0% |
| Return on equity | 95,9% | 15,4% | 5,4% | 56,5% | 510,6% |

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

# Management's review

### Business review

AVISTA OIL Denmark A/S collects Used Lubricating Oil (ULO) in Denmark using own collection fleet. Additional ULO is imported from Scandinavia and other European countries. The ULO is primarily sold to AVISTA Green re-refinery in Kalundborg, Denmark. Smaller volumes are sold to other re-refineries in the AVISTA OIL Group.

AVISTA OIL Denmark A/S also collects oil emulsions and other oil/water waste. The emulsions are treated at the company's facility in Horsens where oil and water are separated. The water is cleaned so it can be discharged into Horsens public sewer system and the oil is sold as supporting fuel for heavy industrial purposes.

### Recognition and measurement uncertainties

The insurance claims regarding the fire in July 2017 have not been settled with the insurance company. The claims which are related to operating loss and property damage are recognized in the annual report with the amounts received from the insurance company during 2017, 2018, 2019, 2021 and 2022. The amount received in 2022 is recognized as income in 2022. The settlement of the insurance claims is expected to be higher that the amount received. A related receivable has not been recognized as there is a dispute between insurer and insured regarding the final settlement and consequently there is uncertainty related to the proceeds that ultimately will be received.

### Development in activities and financial position

The company's income statement for the year ended 31 December 2022 shows a profit of TDKK 49.008, and the balance sheet at 31. december 2022 shows equity of TDKK 63.101.

The result for 2022 is better than expected primarily due to increased sales prices on ULO sold to AVISTA Green ApS as market has been affected by the ongoing crisis in Europe.

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

### Expected development of the company, including specific prerequisites and uncertainties

It is expected that that the total revenues for 2023 will be DKK 150-200 million with an EBIDTA on approx. 20%. The net result of 2023 is forecasted to be region DKK 22 -27 million. The expected result is influenced by the uncertainty that we presently experience in the world – war, sanctions and high energy prices affect logistic chains and flows of both used lubricating oil (feedstock) for our production and affects the markets where we sell our products with fluctuating prices and less transparency. Further energy prices and production cost are uncertain for the year to come and can affect the expected result negatively.

# Management's review

### Impact on the external environment and measures taken to prevent, reduce or mitigate impact

The Company work actively to constantly reduce impacts on the environment in the form of diffuse emissions, waste and waste water. AVISTA has zero tolerance regarding odor complaints, and therefore has carbon filters connected to all returns from which odor nuisances may occur. The process is continuously optimized to reduce waste streams, and all waste water is handled internally in a closed system until it is cleaned in our water treatment plant and is ready for discharge to the municipal treatment plant. An important initiative of the company is the installation of sensors in our customers' tanks, which are fee of charge. This reduces the risk of the tanks overflowing, and driving from customers with half-full tanks, which reduces our diesel consumption. By the end of 2022, we will have 729 installed sensors, and we have a goal that this number should reach 1,200. with the end of 2023.

### Risks

Risk management is conducted in cooperation with shareholders. The overall risk management includes production risk, sales risk, financial risk, environmental risk, cyber risk and corporate risk. The risk management is reviewed on an annual basis in order to ensure updated assessment of risk, risk mitigation and financial impact. The company's financial result is settled on a monthly basis to ensue overview of performance compared with budget and also to support risk management.

The company is not exposed to any financial risks on interest or currency which needs to be secured by the use of financial instruments.

## Income statement 1 January - 31 December

| | Note | 2022 TDKK | 2021 TDKK |
|---|---|---|---|
| **Gross profit** | | **53.051** | **34.825** |
| Staff costs | 3 | -14.359 | -13.762 |
| **Profit/loss before amortisation/depreciation and impairment losses** | | **38.692** | **21.063** |
| Depreciation, amortisation and impairment of intangible and tangible fixed assets | 4 | -7.502 | -8.831 |
| **Profit/loss before net financials** | | **31.190** | **12.232** |
| Financial income | 5 | 823 | 392 |
| Financial costs | 6 | -723 | -832 |
| **Profit/loss before tax** | | **31.290** | **11.792** |
| Tax on profit /loss for the year | 7 | 9.963 | -801 |
| **Profit/loss from continuing operations** | | **41.253** | **10.991** |
| Profit from discontinued operations after tax | 8 | 7.755 | 0 |
| **Profit/loss for the year** | | **49.008** | **10.991** |
| Distribution of profit | 9 | | |

## Balance sheet 31 December

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | TDKK | TDKK |
| **Assets** | | | |
| Software | | 2.238 | 4.326 |
| Customer relations | | 1.934 | 2.263 |
| **Intangible assets** | 10 | **4.172** | **6.589** |
| Land and buildings | 11 | 1.217 | 1.330 |
| Plant and machinery | 11 | 28.555 | 28.901 |
| **Tangible assets** | | **29.772** | **30.231** |
| Deposits | | 50 | 50 |
| **Fixed asset investments** | | **50** | **50** |
| **Total non-current assets** | | **33.994** | **36.870** |
| **Stocks** | 12 | **1.712** | **1.732** |
| Trade receivables | | 17.787 | 5.639 |
| Receivables from group entities | | 117 | 3.834 |
| Other receivables | | 0 | 36 |
| Deferred tax asset | 15 | 9.733 | 0 |
| Prepayments | 13 | 795 | 837 |
| **Receivables** | | **28.432** | **10.346** |
| **Cash at bank and in hand** | | **28.644** | **22.332** |
| **Total current assets** | | **58.788** | **34.410** |
| **Total assets** | | **92.782** | **71.280** |

## Balance sheet 31 December

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | TDKK | TDKK |
| **Equity and liabilities** | | | |
| Share capital | | 500 | 500 |
| Retained earnings | | 47.601 | 13.593 |
| Proposed dividend for the year | | 15.000 | 25.000 |
| **Equity** | 14 | **63.101** | **39.093** |
| Other provisions | 16 | 0 | 820 |
| **Total provisions** | | **0** | **820** |
| Lease obligations | | 13.574 | 15.347 |
| **Total non-current liabilities** | 17 | **13.574** | **15.347** |
| Current portion of non-current debt | 17 | 2.384 | 2.607 |
| Trade payables | | 7.240 | 4.251 |
| Payables to group entities | | 162 | 2.017 |
| Corporation tax | | 2.760 | 0 |
| Other payables | | 3.561 | 7.145 |
| **Total current liabilities** | | **16.107** | **16.020** |
| **Total liabilities** | | **29.681** | **31.367** |
| **Total equity and liabilities** | | **92.782** | **71.280** |

## Statement of changes in equity

| | Share capital | Retained earnings | Proposed dividend for the year | Total |
|---|---|---|---|---|
| Equity at 1 January 2022 | 500 | 13.593 | 25.000 | 39.093 |
| Ordinary dividend paid | 0 | 0 | -25.000 | -25.000 |
| Net profit/loss for the year | 0 | 34.008 | 15.000 | 49.008 |
| **Equity at 31 December 2022** | **500** | **47.601** | **15.000** | **63.101** |

## Notes

### 1 Accounting policies

The annual report of AVISTA OIl DANMARK A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The company has in 2022 changed reporting class from reporting B to mediumsized C.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK.

**Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

**Recognition and measurement of business combinations**

Divested or wound-up activities are recognised in the income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect divestments.
Gains or losses on the divestment of activitites are calculated as the difference between the sales amount and the carrying amout of net assets at the date of disposal, including non-amortised goodwill and projected cost of divestment.

# Notes

## 1 Accounting policies

The date of acquisition is the time when the company actually gains control over the acquiree.

The acquisition method is applied to the acquisition of new entities where the company gains control over the acquiree. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or emanate from a contractual right. Deferred tax on the revaluations made is recognised.

Positive differences (goodwill) between, on the one side, the purchase consideration, the value of non-controlling interests in the acquiree and the fair value of any previously acquired investments and, on the other side, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under 'Intangible assets'. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of its useful life.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

On acquisition, goodwill is ascribed to / classed with the cash-generating unit, which subsequently forms a basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are translated on initial recognition into the foreign entity's functional currency using the exchange rate at the date of the transaction.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is conditional upon future events or the fulfilment of agreed conditions, this part of the purchase consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of conditional purchase consideration are recognised in the income statement.

Expenses defrayed in connection with acquisitions are recognised in the income statement in the year in which they are defrayed.

## Notes

### 1 Accounting policies

If, at the date of acquisition, the identification or measurement of acquired assets, liabilities and/or contingent liabilities or the size of the purchase consideration are associated with uncertainty, initial recognition will be based on preliminarily calculated amounts. If it subsequently turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities and/or contingent liabilities was not correct on initial recognition, the calculation will be adjusted with retrospective effect, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments made will be recognised as error.

### Income statement

**Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

**Cost of sales**

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

**Other operating income**

The item Other operating income includes items of a secondary nature relative to the company’s activities, including gains on the sale of intangible assets and items of property, plant and equipment.

**Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

**Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

**Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and machinery.

# Notes

1 **Accounting policies**

**Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities.

**Tax on profit /loss for the year**

The company is subject to the Danish rules on compulsory joint taxation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

**Discontinuing operations**

Profit/loss after tax on dicontinued operations and assets and related liabilities for discontinued operations are recognised as a separate line item without of comparative figures. Income and expenses are specified in the notes.

## Balance sheet

**Intangible assets**

***Rights and software***

Acquired rights and software is measured at cost less accumulated amortisation and impairment losses.

Intangible asses is amortised on a straight-line basis over the amortisation period, which is 3 years.

Gains or losses on disposal of intangible assets are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal.

# Notes

## 1 Accounting policies

### Tangible assets

Property, plant and machinery are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | |
|---|---|
| Production buildings | 10-15 years |
| Administration buildings | 20-40 years |
| Plant and machinery | 5-20 years |
| Fixtures and fittings, tools and equipment | 3-15 years |

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

### Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

# Notes

## 1 Accounting policies

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under Contingencies, etc.

**Fixed asset investments**

**Other investments**

Other financial assets, which consist of deposits are measured at amortised cost.

**Stocks**

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

**Impairment of fixed assets**

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

# Notes

## 1 Accounting policies

### Receivables

Receivables are measured at amortised cost.

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

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

### Equity

#### Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

### Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

# Notes

1 **Accounting policies**

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

**Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

**Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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

## Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of AVISTA OIL AG.

# Notes

## 1 Accounting policies

**Financial Highlights**

Definitions of financial ratios.

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

| | 2022 | 2021 |
|---|---|---|
| | TDKK | TDKK |
| **2 Revenue** | | |
| Sale of goods | 125.057 | 84.848 |
| Other revenue | 31.503 | 25.664 |
| **Total revenue** | **156.560** | **110.512** |

| | 2022 | 2021 |
|---|---|---|
| **3 Staff costs** | | |
| Wages and salaries | 13.146 | 12.548 |
| Pensions | 982 | 945 |
| Other social security costs | 231 | 269 |
| | **14.359** | **13.762** |
| Average number of employees | 23 | 23 |

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

# Notes

## 4 Depreciation, amortisation and impairment of intangible and tangible fixed assets

| | | |
|---|---|---|
| Depreciation intangible assets | 2.416 | 4.685 |
| Depreciation tangible assets | 5.086 | 4.146 |
| | **7.502** | **8.831** |

## 5 Financial income

| | | |
|---|---|---|
| Interest received from group entities | 0 | 389 |
| Other financial income | 823 | 3 |
| | **823** | **392** |

## Notes

| | | 2022 | 2021 |
|---|---|---|---|
| | | TDKK | TDKK |
| **6** | **Financial costs** | | |
| | Other financial costs | 723 | 832 |
| | | **723** | **832** |

| | | 2022 | 2021 |
|---|---|---|---|
| **7** | **Tax on profit /loss for the year** | | |
| | Current tax for the year | -230 | 0 |
| | Deferred tax for the year | -9.733 | 801 |
| | | **-9.963** | **801** |

| | | 2022 | 2021 |
|---|---|---|---|
| **8** | **Profit from discontinued operations after tax** | | |
| | Income from insurance claims | 9.943 | 0 |
| | Tax | -2.188 | 0 |
| | **Profit from discontinued operations after tax** | **7.755** | **0** |

| | | 2022 | 2021 |
|---|---|---|---|
| **9** | **Distribution of profit** | | |
| | Proposed dividend for the year | 15.000 | 25.000 |
| | Retained earnings | 34.008 | -14.009 |
| | | **49.008** | **10.991** |

## Notes

### 10 Intangible assets

| | Software | Customer relations |
|---|---|---|
| Cost at 1 January 2022 | 7.143 | 3.106 |
| Cost at 31 December 2022 | 7.143 | 3.106 |
| Impairment losses and amortisation at 1 January 2022 | 2.818 | 843 |
| Amortisation for the year | 2.087 | 329 |
| Impairment losses and amortisation at 31 December 2022 | 4.905 | 1.172 |
| **Carrying amount at 31 December 2022** | **2.238** | **1.934** |

### 11 Tangible assets

| | Land and buildings | Plant and machinery |
|---|---|---|
| Cost at 1 January 2022 | 6.664 | 121.051 |
| Additions for the year | 0 | 4.628 |
| Cost at 31 December 2022 | 6.664 | 125.679 |
| Impairment losses and depreciation at 1 January 2022 | 5.333 | 92.152 |
| Depreciation for the year | 114 | 4.972 |
| Impairment losses and depreciation at 31 December 2022 | 5.447 | 97.124 |
| **Carrying amount at 31 December 2022** | **1.217** | **28.555** |
| Carrying amount of leased assets | 0 | 15.922 |

# Notes

| | 2022 | 2021 |
|---|---|---|
| | TDKK | TDKK |
| **12 Stocks** | | |
| Raw materials and consumables | 351 | 124 |
| Finished goods and goods for resale | 1.361 | 1.608 |
| | **1.712** | **1.732** |

**13 Prepayments**

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

**14 Equity**

The share capital consists of 5.000  shares  of a nominal value of TDKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

# Notes

| | 2022 | 2021 |
|---|---|---|
| | TDKK | TDKK |
| **15 Provision for deferred tax** | | |
| **Provisions for deferred tax on:** | | |
| Intangible assets | 559 | 989 |
| Property, plant and equipment | 3.589 | 3.740 |
| Trade receivables | -45 | -44 |
| Provisions and debt | -3.511 | -4.130 |
| Tax loss carry-forward | -10.325 | -39.737 |
| Transferred to deferred tax asset | 9.733 | 39.737 |
| **Deferred tax asset** | | |
| Calculated tax asset | 9.733 | 39.737 |
| Write down to assessed value | 0 | -39.737 |
| **Carrying amount** | **9.733** | **0** |

| **16 Other provisions** | | |
|---|---|---|
| Balance at beginning of year at 1 January 2022 | 820 | 820 |
| Reversed in the year | -820 | 0 |
| **Balance at 31 December 2022** | **0** | **820** |

## 17 Non-current debt

| | Debt at 1 January 2022 | Debt at 31 December 2022 | Instalment next year | Debt outstanding after 5 years |
|---|---|---|---|---|
| Lease obligations | 17.954 | 15.958 | 2.384 | 7.498 |
| | **17.954** | **15.958** | **2.384** | **7.498** |

# Notes

## 18 Contractual obligations, contingencies, etc.

The company is the management company in a Danish joint taxation with AVISTA Green ApS. The entities are jointly and severally liable for danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Due income taxes and withholding taxes payable by the group of jointly taxed entities. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

## 19 Mortgages and collateral

Bank debt is secured by mortgage of TDKK 3.500 and pledge of business assets (inventory and trade receivables) of TDKK 21.000.

## 20 Related parties and ownership structure

**Transactions**

Following transactions has been made with related parties:

Purchase of finished lubriants for resale of TDKK 3.817 (2021: TDKK 2.198)
Purchase of used oil for resale of TDKK 31.289 (2021: TDKK 23.439)
Revenue of resold used oil, and other services of TDKK 112.925 (2021: TDKK 50.287)
Purchase of other services of TDKK 5.895 (2021: TDKK 4.735)

**Ownership structure**

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

AVISTA OIL AG
**Consolidated financial statements**

The company is reflected in the group report as the parent company AVISTA OIL AG

The group report of AVISTA OIL AG can be obtained at the following address:

AVISTA OIL AG
Bahnhofstrasse 82
31311 Uetze
Germany