

# **INEOS E&P Grønland A/S**

**Hans Egedesvej 3  
Nuuk**

## **Annual report for 2019**

**CVR no 20 06 63 93**

Adopted at the annual general meeting on  
31 July 2020

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Anders Foldager

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## Management's Statement on the annual report

The Executive Board and the Board of Directors have today considered and approved the annual report of INEOS E&P Grønland A/S for the financial year 1 January - 31 December 2019.

The annual report has been 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 financial position at 31 December 2019 and of the results of the the Company's operations for the financial year 1 January - 31 December 2019.

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

We recommend the adoption of the annual report at the annual general meeting.

Nuuk, 31 July 2020

### Executive Board

Sebastian Koks Andreassen  
managing director

### Board of Directors

Erik Fantoft Magnesen  
chairman

Morten Rosenløv Jensen

Sebastian Koks Andreassen

## Independent Auditor's Report

To the shareholder of INEOS E&P Grønland A/S

### Opinion

We have audited the financial statements of INEOS E&P Grønland A/S for the financial year 1 January - 31 December 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibilities for the financial Statements

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

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

### Auditor's Responsibilities for the 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 judgment and maintain professional skepticism throughout the audit. We also:

## Independent auditor's report

- 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.

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.

## Independent auditor's report

### 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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 31 July 2020

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

#### **Lars Hillebrand**

State-Authorised Public Accountant  
Identification No (MNE) mne26712

## Company details

|                                   |   |
|-----------------------------------|---|
| The company                       | INEOS E&P Grønland A/S<br>Hans Egedesvej 3, postboks 1046<br>3900 Nuuk  |
|                                   | Website: <a href="http://www.ineos.com">www.ineos.com</a>   |
|                                   | CVR no.: 20 06 63 93  |
|                                   | Reporting period 1 January - 31 December  |
| Board of directors                | Erik Fantoft Magnesen, chairman<br>Morten Rosenløv Jensen<br>Sebastian Koks Andreassen  |
| Executive Board                   | Sebastian Koks Andreassen, managing director  |
| Auditors                          | Deloitte<br>statsautoriseret revisionspartnerselskab<br>Weidekampsgade 6<br>2300 København S  |
| Consolidated Financial Statements | The Company is included in the consolidated Financial Statements of INEOS E&P UK Holdings Limited which is the smallest parent entity producing consolidated financial statements in INEOS Group. |

## Management's review

### Business activities

The Company's object is to explore and develop hydrocarbons as well as store, process, transport and trade hydrocarbons and other ancillary activities as long as it is pursuant to the consolidated Act no. 49 of 21 January 1994 on mineral resources in Greenland (in Danish: Råstofloven) with any subsequent amendments, or what may be substituted for this.

### Business review

The Company's income statement for the year ended 31 December shows a loss of DKK -262 thousand, and the balance sheet at 31 December 2019 shows equity of DKK 30,241 thousand.

Financial performance for 2019 matched expectations.

### Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

### Unusual matters

The Company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual matters.



## Accounting policies

The annual report of INEOS E&P Grønland A/S for 2019 has been prepared in accordance with the provisions of the Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

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

The annual report for 2019 is presented in Thousand Danish Kroner (DKK'000).

### Basis of recognition and measurement

Income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to generate the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changed accounting estimates of amounts previously 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.

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.

## Income statement

### Other external expenses

Other external expenses include expenses related to administration, exploration licenses, geological and seismic data.

Other external expenses also comprise cost for exploration and appraisal wells that do not qualify for capitalisation.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net Financial income includes interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on foreign currency transactions.

### Tax on profit/loss for the year

Tax on profit/loss for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to profit/loss for the year and directly in equity to the extent that it relates to entries made directly in equity.

INEOS E&P Grønland A/S is assessed for Hydrocarbon taxation. Hydrocarbon taxes are recognised under tax on profit/loss for the year.

## Accounting policies

### Balance sheet

#### Receivables

Receivables are measured at amortised cost, which normally corresponds to nominal value. Provisions for bad debt are made when required.

#### Liabilities

Other payables are measured at amortised cost, corresponding to nominal value.

#### Foreign currency translation

Transactions in foreign currencies are translated on initial recognition at the exchange rates applicable at the dates of transaction. Exchange differences arising between the exchange rate applicable at the transaction date and at the date of payment are recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date. The differences between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the financial statements as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement 1 January - 31 December

|  | Note | 2019<br>DKK '000 | 2018<br>DKK '000 |
|--|------|------------------|------------------|
| Other external expenses                          |      | -284             | -8,831           |
| <b>Gross loss</b>                                |      | <b>-284</b>      | <b>-8,831</b>    |
| <b>Loss before financial income and expenses</b> |      | <b>-284</b>      | <b>-8,831</b>    |
| Financial income                                 | 1    | 146              | 128              |
| Financial costs                                  | 2    | -124             | -503             |
| <b>Loss before tax</b>                           |      | <b>-262</b>      | <b>-9,206</b>    |
| Tax on loss for the year                         |      | 0                | 0                |
| <b>Net loss for the year</b>                     |      | <b>-262</b>      | <b>-9,206</b>    |
| Distribution of loss                             | 3    |                  |                  |

**Balance sheet at 31 December 2019**

|                                    | <u>Note</u> | <u>2019</u>          | <u>2018</u>          |
|------------------------------------|-------------|----------------------|----------------------|
|                                    |             | DKK '000             | DKK '000             |
| <b>Assets</b>                      |             |                      |                      |
| Receivables from group enterprises |             | 30,426               | 0                    |
| Other receivables                  |             | 291                  | 4,559                |
| <b>Receivables</b>                 |             | <u>30,717</u>        | <u>4,559</u>         |
| <b>Cash at bank and in hand</b>    |             | <u>0</u>             | <u>30,313</u>        |
| <b>Current assets total</b>        |             | <u>30,717</u>        | <u>34,872</u>        |
| <b>Assets total</b>                |             | <u><u>30,717</u></u> | <u><u>34,872</u></u> |

## Balance sheet at 31 December 2019

|  | Note | 2019<br>DKK '000 | 2018<br>DKK '000 |
|--|------|------------------|------------------|
| <b>Liabilities and equity</b>                                  |      |                  |                  |
| Share capital  |      | 1,004            | 1,004            |
| Retained earnings  |      | 29,237           | 29,499           |
| <b>Equity</b>  |      | <b>30,241</b>    | <b>30,503</b>    |
| Trade payables   |      | 476              | 4,367            |
| Payables to group enterprises                                  |      | 0                | 2                |
| <b>Short-term debt</b>   |      | <b>476</b>       | <b>4,369</b>     |
| <b>Debt total</b>  |      | <b>476</b>       | <b>4,369</b>     |
| <b>Liabilities and equity total</b>                            |      | <b>30,717</b>    | <b>34,872</b>    |
| Subsequent events  | 4    |                  |                  |
| Contingent assets, liabilities and other financial obligations | 5    |                  |                  |
| Consolidation  | 6    |                  |                  |

## Statement of Changes in Equity

|                       | Share<br>capital | Retained<br>earnings | Total         |
|-----------------------|------------------|----------------------|---------------|
|                       | DKK '000         | DKK '000             | DKK '000      |
| Equity at 1 January   | 1,004            | 29,499               | 30,503        |
| Net loss for the year | 0                | -262                 | -262          |
| Equity at 31 December | <b>1,004</b>     | <b>29,237</b>        | <b>30,241</b> |

## Notes to the annual report

|  | 2019        | 2018          |
|--|-------------|---------------|
|  | DKK '000    | DKK '000      |
| <b>1 Financial income</b>                |             |               |
| Interest received from group enterprises | 3           | 0             |
| Other financial income                   | 2           | 8             |
| Exchange gains                           | 141         | 120           |
|  | <u>146</u>  | <u>128</u>    |
| <b>2 Financial expenses</b>              |             |               |
| Other financial expenses                 | 14          | 209           |
| Exchange loss                            | 110         | 294           |
|  | <u>124</u>  | <u>503</u>    |
| <b>3 Distribution of loss</b>            |             |               |
| <i>Proposed distribution of loss</i>     |             |               |
| Retained earnings                        | <u>-262</u> | <u>-9,206</u> |

#### 4 Subsequent events

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

#### 5 Contingent assets, liabilities and other financial obligations

INEOS E&P Grønland A/S has deferred tax assets of DKK 102,884 thousand (2018: DKK 102,805 thousand) that have not been recognised and related primarily to unutilised losses in hydrocarbon income. It is considered unlikely that these losses can be utilised in the foreseeable future.

In according to Greenlandic Law the company is subject to a general liability to pay damages for damage caused by oil and gas activities even though such damage is accidental (strict liability). A third party liability insurance has been taken out to cover liability for damages.

#### 6 Consolidation

The smallest parent entity producing consolidated financial statements is INEOS E&P UK Holdings Limited, incorporated in United Kingdom.