
Noreco DK Pipeline ApS

Lyngbyvej 2, DK-2100 Copenhagen

Annual Report 2022

CVR No 27 97 75 61

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15 June 2023

Chairman of the meeting

Steen Jensen

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Statement by the Executive Board

The Executive Board has today discussed and approved the Annual Report of Noreco DK Pipeline ApS 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, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 15 June 2023

Executive Board

Marianne Wold Eide

Independent auditor's report

To the Shareholder of Noreco DK Pipeline ApS

Opinion

We have audited the financial statements of Noreco DK Pipeline ApS for the financial year 1 January – 31 December 2022, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the 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 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 15 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised
Public Accountant
mne32169

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Company Information

The Company	Noreco DK Pipeline ApS Lyngbyvej 2 DK-2100 Copenhagen CVR No: 27 97 75 61 Financial period: 1 January - 31 December Financial year: 18th financial year Municipality of reg. office: Copenhagen
Parent company	Noreco Olie- og Gasudvinding Danmark B.V. (Holland)
Executive Board	Marianne Wold Eide
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 Copenhagen CVR No: 25 57 81 98

Management's Review

Main activity

The activities and purpose of the Company is to provide an alternative distribution channel to the European gas market and thereby increase competition. The Company currently provides pipeline transportation capacity to the gas producers from Danish fields to the NOGAT pipeline. Noreco Oil Denmark A/S thereby is able to distribute part of the Danish gas production to the western European market. Following the sale of a 4.6% interest in the pipeline in 2022, the Company now has a 36.8% interest in the pipeline. The other investors in the pipeline are Total Danmark Pipelines A/S (31.2%), Total Denmark ASW Pipeline ApS (12.0%) and Nordsøfonden (20%).

Development in the year

The income statement of the Company for 2022 shows an income of TDKK 40,555 (2021: TDKK 32,882), and at 31 December 2022, the balance sheet of the Company shows equity of TDKK 297,844 (2021: TDKK 257,289). The pipeline capacity has been available all through 2022, and during the redevelopment of the Tyra field, the pipeline will be the only export route for gas from the DUC area.

In March 2022 a 4.6% share of the Company's interest in the pipeline was sold to Nordsøfonden and after this transaction the Company has a 36.8% interest in the pipeline.

Targets and expectations for the year ahead

The Company expects revenue to be on the same level as in 2022 as the pipeline will be the only export route for gas from the DUC area during the Tyra Redevelopment Project.

Unusual events

The financial position at 31 December 2022 and the results of the activities for the financial year 2022 of the Company have not been affected by any unusual events other than what has already been described above.

Subsequent events

In March 2023 Noreco announced its intention to change name to BlueNord, the name change was approved by the Annual General Meeting in Norwegian Energy Company ASA, held on April 25 2023.

Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Revenue		43,619	43,117
Other income		1,432	-
External expenses		-5,455	-3,503
Gross profit		39,596	39,614
Depreciation and impairment of property, plant and equipment	2	-872	-984
Profit before financial income and expenses		38,724	38,630
Financial income	3	14,115	10,603
Financial expenses		-845	-922
Profit before tax		51,994	48,311
Tax on profit for the year	4	-11,439	-15,429
Net profit for the year		40,555	32,882

Distribution of profit

Proposed distribution of profit

Retained earnings	40,555	32,882
	40,555	32,882

Balance Sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Property, plant and equipment	5	17,285	20,317
Deferred tax assets	6	9,374	6,809
Non-current assets		26,659	27,126
Receivables from group enterprises		279,852	231,175
Other receivables		4,024	3,598
Current assets		283,876	234,773
Cash in hand and at bank		19,698	22,845
Assets		330,233	284,744

Liabilities and equity

		2022 TDKK	2021 TDKK
Share capital		500	500
Retained earnings		297,344	256,789
Equity		297,844	257,289
Decommissioning provision	7	11,251	15,618
Non-current liabilities		11,251	15,618
Trade payables		5,665	289
Payables to group enterprises		15,473	11,549
Current liabilities		21,138	11,838
Liabilities		32,389	27,456
Equity and liabilities		330,233	284,744

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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	256,789	257,289
Net profit for the year	-	40,555	40,555
Equity at 31 December	500	297,344	297,844

Notes to the Financial Statements

1 Staff costs

There are no employees in the company. The company does not pay salary to the management.

2 Depreciation and impairment of property, plant and equipment

Pipeline depreciation

	2022 TDKK	2021 TDKK
	872	984
	872	984

3 Financial income and expenses

Financial income

Financial income from group enterprises

Interest income bank

Foreign exchange gain

	14,029	10,574
	81	-
	5	29
	14,115	10,603

Financial expenses

Pipeline decommissioning accretion expense

Foreign exchange loss

Interest expense

	682	601
	78	162
	85	159
	845	922

4 Tax on profit for the year

Current tax for the year

Deferred tax for the year

Adjustment of tax concerning previous years

	9,935	10,387
	1,504	242
	-	4,800
	11,439	15,429

Notes to the Financial Statements

5 Property, plant and equipment

	Pipeline TDKK
Cost at 1 January	316,417
Disposal of asset	-2,686
Decommissioning costs, adjustment	0
Cost at 31 December	313,731
Impairment losses and depreciation at 1 January	296,100
Depreciation for the year	872
Reversal of depreciation on disposal	-526
Impairment losses and depreciation at 31 December	296,446
Carrying amount at 31 December	17,285

6 Deferred tax assets

	2022 TDKK	2021 TDKK
Property, plant and equipment	8,974	5,828
Decommissioning	400	981
	9,374	6,809

7 Decommissioning provision

Together with the other consortium participants the Company has an obligation to decommission the pipeline and associated facilities by end of pipeline life. The consortium participants have to develop a plan and a budget for the decommissioning of the pipeline. When the time for decommissioning of the pipeline approaches, application for approval will be sent to the Danish Energy Authority.

Due to the uncertainty of the final decommissioning cost estimates, these Financial Statements contain an estimate of the obligation and equivalent capitalised asset. Reviews of estimated decommissioning costs are carried out annually. The discount rate applied in both years is 5.0%.

	2022 TDKK	2021 TDKK
Decommissioning provision beginning of the year	15,618	15,017
Adjustments in the year	-3,296	-
Disposal	-1,753	
Accretion	682	601
	11,251	15,618

8 Contingent liabilities

The company is jointly taxed with other Danish group companies. As a group company, the company is indefinitely and jointly and severally liable with other group companies for Danish corporate and withholding taxes on dividends, interest and royalties within the joint taxation. Any subsequent corrections of joint tax income and withholding tax, etc. could result in liability for the company. There are no other contingencies or other financial obligations.

9 Related parties

Noreco DK Pipeline ApS' related parties comprise:

Substantial influence

Noreco Olie- og Gasudvinding Danmark B.V. (Holland), being principal shareholder.

Noreco DK Pipeline ApS' is part of the consolidated financial statements of BlueNord ASA, Nedre Vollgate 0158 Oslo, Norway, which is the smallest group in which the Company is included as a subsidiary.

Other related parties

The Company's other related parties comprise companies in the BlueNord Group, board members, management and leading employees and their family members. Further, related parties comprise companies, in which aforementioned persons have substantial interests.

Notes to the Financial Statements

10 Accounting Policies

Basis of Preparation

Financial Statements of Noreco DK Pipeline ApS for 2022 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with opt in of specific provisions for reporting class C.

The accounting policies applied remain unchanged from the prior year.

Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

Revenue is recognised in the income statement as it is earned. In addition, value adjustments are recognised for financial assets and liabilities measured at fair value or amortized cost. All expenses incurred to achieve the year's earnings are recognised in the income statement, including depreciations, write-downs and provisions, and 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 reliably measured.

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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 at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Income from the sale of pipeline capacity is recognized in revenue at the time of delivery, provided that the income can be measured reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Gains and losses on sale of assets are included in the income statement under the relevant line items.

External expenses

External expenses include the costs incurred to obtain revenue for the year, e.g. costs for operating and maintaining the pipeline, payment to Group entities, IT cost and auditor's fee.

Notes to the Financial Statements

10 Accounting Policies – continued

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of pipeline.

Tax on profit for the year

Tax for the year consists of current tax for the year, changes in deferred tax for the year and adjustment of tax concerning previous years. The tax attributable to the profit for the year is recognised in the income statement.

The Company is jointly taxed with the Danish Noreco Companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

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

Acquisition of an asset is recognised by allocating the cost of the purchase across the individual identifiable assets and liabilities in proportion to their relative fair values at the purchase date. No goodwill is recognised.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful life of the asset. Remaining useful life of the pipeline: 19 years.

The depreciation period and the residual value are determined at the time of acquisition and are reassessed annually.

Gains and losses on disposal of property, plant and equipment are included in the income statement under the relevant line items.

Assets costing less than DKK 31,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes to the Financial Statements

10 Accounting Policies – continued

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Financial liabilities are measured at amortised cost, substantially corresponding to nominal value.

Provisions

Provisions reflect the estimated cost of decommissioning and removal of the pipeline used for transportation of gas. Provisions are measured at net present value of the anticipated future cost (estimated based on current day costs inflated). The liability is calculated on the basis of current removal requirements and is discounted to present value using a risk free rate adjusted for credit risk. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels, etc. When a decommissioning liability is recognised or the estimate changes, a corresponding amount is recorded to increase or decrease the related asset and is depreciated in line with the asset. Increase in the provision as a result of the time value of money is recognised in the income statement as a financial expense.