

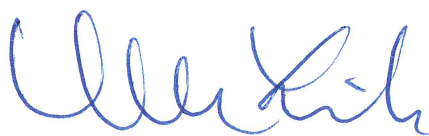
# Inter Terminals EOT ApS

Holtengårdsvej 25, 4230 Skælskør

CVR no. 31 08 02 66

## Annual report 2019

Approved at the Company's annual general meeting on 2 June 2020



Chairman



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## Management's review

### Principle activities of the Company

The Company provides oil storage and trans-shipment services to a range of oil companies and oil trading companies using its storage terminals at Ensted, Denmark.

The Company's ultimate parent is Inter Pipeline Limited; a major Canadian petroleum transportation, natural gas to liquids extraction and bulk liquids storage business based in Calgary, Alberta, Canada.

The Company is certified according to ISO 14001, OHSAS 18001 and is AEO - Authorised economic operator. All tanks are approved for Customs Warehousing.

### Management's review

The Company realised a profit after tax of EUR 2,547 thousand for the year and revenue of EUR 6,683 thousand. The actual results of the Company for 2019 are not in line with Management's past year expectations due to market being in the state of backwardation during first half of the year. Due to the International Maritime Organization regulation 2020 ("IMO") and other market factors the market strengthen during 2<sup>nd</sup> half of 2019.

2019 revenue was EUR 2,600 thousand higher than prior year, mainly due to improved rental and product handling activity that was on a historically low level in prior year. During 2019, the Company made investments of EUR 142 thousand in property, plant and equipment.

### Risk management

The Company's approach to risk management is detailed further in the notes to the accompanying financial statements.

### Capital management

The Company raises capital through its principle activities as well as through external financing, where required. Inter Terminals EOT ApS' Management assesses on a regular basis that the Company's capital structure is consistent with its goals. The overall objective is to secure that the Company has a capital structure which supports economic growth, while maximising returns. The Company's overall strategy remains unchanged from last year.

### Environmental matters

The Company has a responsibility to restore the site at Ensted to its original nature by way of decommissioning tanks e.g. provisions are made in order to fulfil this responsibility.

In the start of 2020 there was an oil spill in the terminal. The respective costs to settle are fully covered by the insurance, therefore the exposure is exclusively limited to the Company's insurance deductible.

### Outlook

The Company's strategy is to continue to provide its customers with safe, reliable, market responsive and innovative services and solutions. Management expects the Company to trade at a profit in a range of EUR 4,000 thousand – 4,500 thousand for the coming year due to a forecast of predominating contango market during the year. The Company also anticipates positive impact on the profitability from the IMO to reduce sulphur oxides emissions from ships coming into effect in 2020.

### Events after the balance sheet date

Following the COVID-19 virus outbreak, starting March, 2020, the market turned into contango state and the Company has experienced improved activity levels. Management considers COVID-19 to constitute a non-adjusting event and has not adjusted any figures in the financial statements 2019. No other events have occurred after the financial year-end, which could significantly affect the Company's financial position.

## Management's review

### Financial highlights

EUR'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	6,683	4,082	3,674	8,826	9,436
Gross profit	5,798	3,202	2,511	7,397	7,848
Operating profit	2,516	311	-1,624	2,755	5,021
Net financials	748	305	132	214	88
Profit/loss for the year	2,547	483	-1,165	2,406	3,937
<b>Ratios (%)</b>					
Total equity	77,935	75,389	74,906	76,571	78,185
Balance sheet total	106,830	96,341	88,657	85,694	87,113
Cash flows from operating activities	518	-4,844	2	8,761	3,255
Investments in property, plant and equipment	142	165	2,285	2,223	1,036
Gross margin	87	78	68	84	83
EBIT margin	38	8	-44	31	53
Return on assets	2.4	0.5	-1	3	5
Equity ratio	73	78	84	89	90
Return on equity	3.3	0.6	-2	3	5



## Management's review

### Company details

Name	Inter Terminals EOT ApS
Address	Holtengårdsvej 25 DK-4230 Skælskør
CVR no.	31 08 02 66
Financial year	1 January – 31 December
Website	<a href="http://www.interterminals.com">www.interterminals.com</a>
Telephone	+45 2466 4353
Board of Directors	Michael Holmstrøm Alexandersen, Chairman Hans Peder Krogh Mortensen Carsten Uffe Kirk
Executive Board	Carsten Uffe Kirk
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg

## Financial statements 1 January – 31 December

### Statement of comprehensive income

Note	EUR'000	2019	2018
3	Revenue	6,683	4,082
	Operating costs	-885	-880
	<b>Gross profit</b>	5,798	3,202
5	Staff costs	-734	-506
4,12	Depreciation of property, plant and equipment	-1,822	-1,785
6	General and administrative costs	-726	-600
	<b>Operating profit/loss</b>	2,516	311
7	Financial income	1,486	809
8	Financial expenses	-738	-504
	<b>Profit/loss before tax</b>	3,264	616
9	Tax for the year	-718	-133
	<b>Profit/loss for the year</b>	2,547	483
	<b>Other comprehensive income</b>	-	-
	<b>Total comprehensive income</b>	2,547	483

No dividend was declared by the Company at the date of the report.

## Financial statements 1 January – 31 December

### Balance sheet

Note	EUR'000	2019	2018
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
10,11	Goodwill	31,698	31,698
	<b>Intangible assets</b>	31,698	31,698
12	Property, plant and equipment	44,636	45,888
	<b>Total property, plant and equipment</b>	44,636	45,888
	<b>Total non-current assets</b>	76,334	77,586
	<b>Current assets</b>		
14	Trade receivables	1,020	533
22	Receivables from group entities	29,327	17,931
15	Prepayments and other receivables	112	130
	Cash	37	161
16	<b>Total current assets</b>	30,496	18,755
	<b>TOTAL ASSETS</b>	106,830	96,341

## Financial statements 1 January – 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
18	Share capital	17	17
	Retained earnings	77,918	75,372
	<b>Total equity</b>	<b>77,935</b>	<b>75,389</b>
	<b>Non-current liabilities</b>		
20	Provisions	4,099	3,611
13	Deferred tax	4,390	4,217
	<b>Total non-current liabilities</b>	<b>8,489</b>	<b>7,828</b>
	<b>Current liabilities</b>		
16.1	Bank loans	7,400	7,904
	Trade payables	97	46
22	Payables to group entities	12,749	5,084
	Other payables	160	90
16	<b>Total current liabilities</b>	<b>20,406</b>	<b>13,124</b>
	<b>Total liabilities</b>	<b>28,895</b>	<b>20,952</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106,830</b>	<b>96,341</b>

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## Financial statements 1 January – 31 December

### Statement of changes in equity

Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 January 2018	17	74,889	74,906
	Profit for the year	0	483	483
	Other comprehensive income for the year	0	0	0
19	Dividend distributed	0	0	0
	<b>Equity at 1 January 2019</b>	<b>17</b>	<b>75,372</b>	<b>75,389</b>
	Profit for the year	0	2,547	2,547
	Other comprehensive income for the year	0	0	0
19	Dividend distributed	0	0	0
	<b>Equity at 31 December 2019</b>	<b>17</b>	<b>77,919</b>	<b>77,936</b>

## Financial statements 1 January – 31 December

### Cash flow statement

Note	EUR'000	2019	2018
	<b>Pre-tax profit</b>	3,264	616
	<b>Cash flow changes:</b>		
4	Depreciation of property, plant and equipment	1,822	1,785
7	Financial income	-1,486	-809
8	Financial expenses	678	426
8	Unwinding of discounting on decommissioning obligation	60	78
	Cash generated from operations before changes in working capital	4,338	2,096
	<b>Changes in working capital</b>		
	Changes in receivables	-468	-539
	Changes in receivables/payables from/to group entities	-3,731	-6,217
	Changes in other current liabilities	-428	-567
	Cash flows from operating activities before net financial	-290	-5,227
	Interest received	1,486	809
	Interest paid	-678	-426
	<b>Cash flows from operating activities</b>	518	-4,844
12	Purchase of property, plant and equipment	-142	-165
	<b>Cash flows from investing activities</b>	-142	-165
19	Dividend distributed		0
	Proceeds from bank loans	14,800	23,400
	Repayment of bank loans	-15,300	-18,300
	<b>Cash flows from financing activities</b>	-500	5,100
	<b>Net cash flows</b>	-124	91
	Cash and cash equivalents, beginning of year	161	70
	<b>Cash and cash equivalents, year-end</b>	37	161



## Financial statements 1 January – 31 December

### Notes overview

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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

##### Corporate information

The financial statements of Inter Terminals EOT ApS for the year ended 31 December 2019 were authorised for issue in accordance with the resolution of the Board of Directors on 2 June 2020. Inter Terminals EOT ApS is a private limited company incorporated and domiciled in Denmark. The registered office is located at Varnaesvej 9A.

The Company is principally engaged in the provision of fuel oil and vacuum gas oil storage and trans-shipment services. The Company's ultimate parent is Inter Pipeline Limited based in Calgary, Alberta. Information on other related-party relationships of the Company is provided in note 22.

##### Basis for preparation

The annual report of Inter Terminals EOT ApS for 2019 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

The annual report is presented in EUR (thousands), which is the Company's functional currency.

The annual report has been prepared on a historical cost basis, except for environmental provisions and decommissioning obligations that have been measured at fair value.

The accounting policies that follow have been consistently applied to all years presented except as described in the section *New and amended standards and basis for conclusion*.

##### Applying materiality

When preparing the annual report, management seeks to improve the value of the information in the report by focusing on information that will help the understanding of the Company's performance in the reporting period and the financial position at year-end. The focus is on presenting information that is considered of material importance for our stakeholders, rather than generic descriptions.

Disclosures that are required by IFRS are included in the annual report, unless the information is considered of immaterial importance to users of the annual report. Materiality is not applied for items where disclosures are required for control purposes.

##### New and amended standards and basis for conclusion

###### Standards effective in 2019

The Company has adopted the following new and revised standards, along with the consequential amendments, effective 1 January 2019. These changes were made in accordance with the applicable transitional provisions.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the Company's financial statements.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### *IFRS 16 Leases*

The Company adopted IFRS 16 on January 1, 2019. IFRS 16 replaces IAS 17 Leases and related interpretations, and establishes a single, on-balance sheet accounting model for lessees which results in the recognition of a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lessors continue with a dual lease classification model. Classification as a finance or operating lease determines how and when a lessor will recognise lease revenue, and the type of assets to be recorded. The Company has identified in its lease contracts with customers it is a lessor in accordance with IFRS 16.

The Company adopted IFRS 16 using the modified retrospective method of adoption and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative financial effect of the adoption was recognised as an adjustment to opening balances at January 1, 2019, with the standard applied prospectively. There was no impact recorded in regard to equity at 1 January, 2019. The Company utilizes the practical expedient of relying on the December 31, 2019 onerous lease assessment as an alternative to performing an impairment review of right-of-use of assets at 1 January, 2019.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value. In the event that the Company has leases of certain office equipment (i.e., copy machines, coffee machines and other small machines) with a value below EUR 5 thousand, they are considered of low value.

Adopting IFRS 16 did not have impact to the operating profit and the financial position of the Company at 1 January, 2019.

##### *IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- ▶ Whether an entity considers uncertain tax treatments separately;
- ▶ The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- ▶ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- ▶ How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company has applied the interpretation from its effective date. The application did not have impact on the Company's financial statements.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Foreign currency translation

A functional currency is determined for the Company. The functional currency is the currency of the primary economic environment in which the Company operates. Transactions in other currencies than the functional currency are accounted for as transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the profit for the year as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated into the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the profit for the year as financial income or expenses.

##### Statement of comprehensive income

##### Revenue recognition

Revenue is recognised in the statement of comprehensive income when it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognised in the statement of comprehensive income as services are rendered. Fixed and variable tank leases including minimum guaranteed throughputs are recognised on a straight-line basis over the term of the contract. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date; whether fulfilment of the arrangement is dependent on the use of a specific asset; and the arrangement conveys a right to use an asset. Based on that assessment, all lease contracts with customers are classified as operating leases.

Revenue from excess throughputs and other services is recognised once the performance obligation occurs. If the revenue cannot be reliably measured, only the income up to the level of the expenses incurred will be recognised.

##### Operating costs

Operating costs comprise repair and maintenance costs, fuel and power costs and other operating expenses primarily related to the nature of Company's activities.

##### General and administrative costs

General and administrative costs comprise items secondary in nature to the Company's activities, including gains and losses on ongoing disposals and replacement of property, plant and equipment.

Gains on the sale of assets are deemed realised when the benefits and the risks of the sale are entirely borne by the buyer and there is no uncertainty as to whether the agreed payment has been received.

Losses on the sale of assets are recognised as soon as they are foreseen.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and losses relating to receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. Interest is recognised under the accrual basis of accounting.

Over time, the discounted decommissioning obligation is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance expense.

##### Tax for the year

All Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

The income tax expense for the year, which consists of current tax, joint taxation contributions for the year and changes in deferred tax, is recognised in the profit for the year as regards the portion that is attributable to the profit for the year, and directly in other comprehensive income as regards the portion that relates to entries directly in other comprehensive income.

### Statement of financial position

#### Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- ▶ Held primarily for the purpose of trading;
- ▶ Expected to be realised within twelve months after the reporting period;
- ▶ Or, cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in the normal operating cycle;
- ▶ It is held primarily for the purpose of trading
- ▶ It is due to be settled within twelve months after the reporting period
- ▶ Or, there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Intangible assets

On initial recognition, goodwill is measured in the statement of financial position at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment at each year end. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Company's cash-generating units at the acquisition date. The determination of cash-generating units follows organisational and internal reporting structure.

##### Property, plant and equipment

Property, plant and equipment comprise land, piers, buildings, tank storage terminals and machinery and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers and labour. Specific and general borrowing costs attributable to a construction period are recognised in the cost of the asset being constructed.

The cost is increased by the present value of the estimated obligations for dismantling and removing the asset and restoring the site to the extent that they are recognised as a provision. Where individual components of an asset have different useful lives, they are accounted for as separate items, which are depreciated separately.

Subsequent expenses, for example, in connection with the replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Company from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is taken to the profit for the year. All other repair and maintenance expenses are recognised in the profit for the year as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset. The useful life of the main assets is as follows:

Buildings	20-60 years
Piers	20-50 years
Tank storage equipment	20-70 years
Plant and machinery	3-50 years
Land is not depreciated	

The basis of depreciation is determined on the basis of the asset's residual value less any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation ceases if the residual value exceeds the carrying amount of the individual components.

If the depreciation period or the residual value changes then the effect on depreciation is recognised prospectively as a change in accounting estimates.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Leases

###### *Lessee Accounting*

The Company has lease agreements for buildings and plant and equipment. The Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Qualifying leases are recorded as a right-of-use (ROU) asset for the right to use the underlying asset, and a lease liability for the obligation to make lease payments in the consolidated balances sheets of the Company. Lease payments associated with low value leases and leases with a term of under 12 months are expensed.

###### ***Right-of-use assets***

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of the initial lease liabilities, initial direct costs, lease payments made at or before the commencement date less any lease incentives received, and estimates of costs for dismantling and restoration. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset. ROU assets are remeasured when a modification to the underlying lease results in a remeasurement of the corresponding lease liability.

###### ***Lease liabilities***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses either the interest rate implicit in the lease or its incremental borrowing rate if the implicit rate is not readily determinable. Discounted future lease payments are comprised of fixed payments less any incentives received, variable payments based on an index or rate, and penalties for terminating a lease (where the expectation of termination is reasonably certain).

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Any modification to an existing lease agreement triggers reassessment of the lease contract. If the lease modification is not accounted for as a separate lease, the lease liability is remeasured at the effective date of the modification by discounting the revised lease payments using a revised discount rate. A remeasurement of the lease liability will result in a corresponding adjustment to the ROU asset.

Lease liabilities are recognised and included under 'Other payables' for the current portion of the lease liabilities and under 'Provisions' for the non-current portion of the lease liabilities.

###### *Lessor Accounting*

##### ***Lease Revenues***

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The Company holds operating lease agreements for the lease of oil storage assets to third parties. Initial direct costs are included in the carrying value of the underlying assets and depreciate over the term of the lease. The depreciation policy for these underlying assets is consistent with the depreciation policy for similar assets. Rental income from operating leases is generally recognised on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Variable lease payments that do not depend on a rate or index are recognised when they are earned.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Impairment of non-current assets

Goodwill is tested for impairment annually, initially before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment, along with the carrying amounts of the other non-current assets of the cash-generating unit to which the goodwill has been allocated and written down to the recoverable amount via profit for the year if the carrying amount exceeds the recoverable amount.

The carrying amounts of property, plant and equipment are tested annually to determine if any indication of impairment exists. If any such indication exists, the recoverable amount of the asset is determined.

The recoverable amount is the higher of fair value, less expected selling expenses, and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current interest rate and the risks specifically related to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then on a pro-rata basis to reduce the carrying amount of other assets in the CGU with an offset to net income.

Impairment losses relating to goodwill are not reversed. Impairment losses relating to property, plant and equipment are reversed to the extent that the assumptions or estimates that led to the impairment have changed. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the value of the asset after depreciation had no impairment losses been charged.

##### Financial assets

Cash and cash equivalents, trade receivables, receivables from group entities, prepaid expenses and other receivables are classified as financial assets and recognised as current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Financial assets are carried at amortised cost and are assessed by the Company at each reporting date to determine expected credit losses on a forward-looking basis. For trade receivables and receivables from group entities, the Company applies the simplified approach and recognises lifetime expected credit losses upon initial recognition of the receivables. Historical customer default rates, age of balances outstanding and forward-looking information are used to determine the expected credit losses. When an expected credit loss is required to be recognised, the carrying amount of the asset is reduced by the assessed amount with a corresponding entry to profit for the year.

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Cash in the statement of financial position comprises cash at banks and in hand.

##### Equity

Dividend proposed for the year is disclosed in the notes to the financial statements and is therefore not recognised as a liability at 31 December.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Income tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes paid on account. Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities. However, temporary differences are not provided for in respect of goodwill not deductible for tax purposes, office properties and other items - apart from business combinations - where temporary differences have arisen at the acquisition date without having any effect on either profit or taxable income.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets and current tax liabilities or intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is measured in accordance with the tax rules and tax rates that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit for the year.

The Company has established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as interpretations of tax regulations, etc. The actual obligation may deviate and be dependent on the outcome of litigations and settlements with the relevant tax authorities. At 31 December 2019 and 2018, the Company has not recognised any provisions for uncertain tax positions.

##### Provisions

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Company has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

In measuring provisions, the costs required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. A pre-tax discount rate is used that reflects the general interest-rate level in the market. The change in present values for the financial year is recognised under financial expenses.

If it is considered unlikely that an outflow of resources embodying economic benefits will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Information about material contingent liabilities is disclosed in the notes.

##### Decommissioning obligations

Decommissioning obligations are legal obligations that represent the present value of the expected cost to be incurred upon the termination of operations and closure of the storage facilities. The estimated costs for asset retirement obligations include such activities as dismantling, demolition and disposal for the facilities and equipment, as well as remediation and restoration of the plant sites, but not its temporary removal from service.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The fair value of a liability for a decommissioning obligation is recognised in the period in which it is incurred if the fair value can be reasonably estimated. The liability accretes to its full value over time through charges to financial expenses or until the Company settles the obligation. In addition, the asset retirement cost, equal to the estimated fair value of the decommissioning obligation, is capitalised as part of the cost of the related property, plant and equipment and depreciated over the estimated useful life of the asset.

#### Financial liabilities

Financial liabilities comprise bank loans, trade and other payables to public authorities, etc.

Bank loans are recognized at the proceeds received net of transaction costs. On subsequent recognition, bank loans are measured at amortised cost using the effective interest-rate method so that the difference between the proceeds and the nominal value is recognised in the profit or loss for the year under financial expenses over the term of the loan.

Trade payables and other payables, including payables to group entities, are measured at amortised cost.

#### Cash flow statement

The cash flow statement shows how cash and cash equivalents at the Company have changed over the reporting period. In accordance with IAS 7, cash flows divided into cash flows from operating activities, from investing activities and from financing activities. The cash and cash equivalents shown in the cash flow statement comprise cash on hand and demand deposits with banks and other financial institutions.

Cash flows from operating activities are determined using the indirect method as profit (loss) before depreciation, amortisation and impairment losses adjusted for changes in provisions, change in net working capital, interest received and interest paid, and income tax paid. Trade payables relating to purchases of property, plant and equipment are not recognised in change in net working capital.

Cash flows from investing activities comprise payments in connection with the purchase and sale of property, plant and equipment and other non-current assets, as well as payments in connection with the divestment of entities and activities.

Cash flows from financing activities comprise changes in the size or composition of the share capital, expenses associated with such changes and dividend payments to owners. Cash flows from financing activities also include the raising of loans and instalments on loans.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

#### Events after the reporting date

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognizes in the Company's financial statements. The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognized in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable

#### Financial highlights

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$



EBIT margin

$$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Profit for the year} \times 100}{\text{Total assets}}$$

Equity ratio

$$\frac{\text{Equity} \times 100}{\text{Total asset}}$$

Return on equity

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Total equity}}$$

## Financial statements 1 January – 31 December

### Notes

#### 2 Significant accounting estimates and judgments

In connection with the preparation of the financial statements, Management makes a number of judgments and estimates, which form the basis of the recognition and measurement of income, expenses, assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Judgments related to the application of accounting policies**

In the process of applying the Company's accounting policies, Management exercises judgments which may have a significant effect on the amounts recognised in the financial statements.

##### **Estimation uncertainty**

Recognition and measurement of certain assets and liabilities at the balance sheet date require that Management makes assumptions and estimates of future events. If these assumptions and estimates are not realised as expected, it may result in corrections of the carrying amounts of the affected assets and liabilities in the subsequent financial year. In 2019, Management made assumptions and estimates in connection with the recognition and measurement of the following items:

##### ***Property, plant and equipment***

Calculation of the net carrying amount of property, plant and equipment required estimates of the useful life of the assets, residual value at the end of the asset's useful life, method of depreciation and whether impairment in value has occurred. A change in any of the estimates would result in a change in the amount of depreciation and a change to net income recorded in a period in which the change occurs, with a similar change in the carrying amount of the asset in the statement of financial position.

The useful life of property, plant and equipment is partly estimated based on their useful productive lives, experiences related to such assets, the maintenance history and the period during which economic benefits from utilisation of the asset accrued to the Company. Periodic reviews show whether changes have occurred in estimations and assumptions as a result of which the useful life and/or residual value need to be adjusted. Such adjustments will be made prospectively. There has not been any changes to Management's estimates in respect of useful life time of assets or scrap values in 2019. See note 1 for useful lives for the main assets.

##### ***Impairment testing of goodwill and other assets***

The Company tests goodwill impairment annually at 30 September or more frequently if there is an indication that they may be impaired. This also applies to other assets if there are indications that they may be impaired. Impairment indicators include, but are not limited to, a significant decline in an asset's market value, significant adverse changes in the technologic, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant change in the planned use of the asset, or ongoing underperformance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

Goodwill impairment testing is performed on an aggregated group of cash-generating units constituting the entity as a whole.

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to goodwill cannot be reversed in future periods.



## Financial statements 1 January – 31 December

### Notes

#### 2 Significant accounting estimates and judgments (continued)

Estimating the value in use requires the Company to make estimates of the expected future cash flows. Those cash flows do not include significant future investments that will enhance the asset's performance of the cash-generating unit being tested. In the case of intangible assets, the period used is based on the economic life of the asset.

Estimation of the value in use of the overall business and other intangible assets also requires the use of a suitable discount rate in order to calculate the present value of those cash flows and the growth rate used for extrapolation purposes.

For the purpose of Company's goodwill impairment testing, value in use is estimated using a discounted cash flow methodology. This method estimates value in use applying a discounted ten-year forecasted cash flow with a terminal value, based on the Management's assessment of the long-term outlook of the business. Cash flows are estimated from several sources including internal budgets and long-term contractual agreements with customers. Observable market data are used to develop discount rate, which approximates the discount rate from a market participant's perspective.

The calculation of value in use is most sensitive to assumptions about discount rate and revenue and the key assumptions used in the 2019 calculating the recoverable value are as follows:

#### **Revenues**

Revenues are based on Management's best estimates, taking into consideration existing contracts, timing of contract renewals, as well as relevant market factors. The market in which Inter Terminals operates was impacted by backwardation during the first half of 2019. Due to IMO 2020 and other market factors the market strengthen during 2<sup>nd</sup> half of 2019.

An average annual revenue inflation rate of 1.5% and an average utilisation rate of 100% in 2020 and 100% thereafter have been incorporated into the 10-year cash flow forecasts of the cash-generating unit. The average utilisation rate for the cash-generating unit incorporates both periods of contango and backwardation based on historical trends.

Following the COVID-19 virus outbreak, the market turned into a contango state which positively impacted the activity levels in the Company. Company's Management therefore has concluded that there is no additional impact in regards to the impairment testing results.

#### **Discount rates**

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow forecasts. The discount rate or weighted average cost of capital (WACC) is based on the specific circumstances of each CGU.

The WACC calculation takes into account appropriate debt and equity weightings based on the observable market participant data. The cost of equity is derived from the expected risk-free rate of return plus an appropriate equity risk premium and the after-tax cost of debt is based on expected borrowing rates for each CGU. Company-specific risks are also considered and are evaluated annually based on publicly available market data.

Goodwill has been assessed applying an after-tax discount rate of 6.40% (2018: 6.80%) to after-tax cash flows of the cash-generating unit.

The principles explained under 'Impairment test', note 11, are applied.

## Financial statements 1 January – 31 December

### Notes

#### 2 Significant accounting estimates and judgments (continued)

##### *Environmental provisions and decommissioning obligations*

In accordance with the policies stated under environmental and assets retirement provisions in note 1, these provisions are based on applicable Danish law and the best estimate of future expenses. Decommissioning costs will be incurred by the Company at the end of the operating life of some of the Company's facilities and properties. The Company accesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other sites. Provisions for decommissioning obligations may require revision, where changes to the reserve estimates affect expectations about when such activities will occur and the associated costs of these activities. The valuation of the obligation is subject to fluctuations in the risk-free rate and inflation rate. See also note 20. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

External valuers may be used to assist with the assessment of future decommissioning costs. The involvement of external valuers is determined on a case by case basis, taking into account factors such as the expected gross cost or timing of abandonment, and is approved by the Company's Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The provision at reporting date represents Management's best estimate of the present value of the future decommissioning costs required.

In 2016, Management engaged an external engineer firm to reassess the expected decommissioning costs. The reassessment led to increase in undiscounted decommissioning costs that was mainly due to an increase regarding the expected demolition costs of the harbour structure. In 2018 and 2019, Management carried out a desktop review based on the fact that there have not been made any significant changes to the sites and that the decommissioning costs are not volatile. According to Management's analysis, results of assessment made in 2016 are valid for 2019.

Undiscounted liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines and penalties and other sources, are recognised when it is probable that a liability has been incurred and the amount of the assessment and/or remediation cost can be reasonably estimated. Amounts recovered from third parties, which are likely to be realised are recognised separately and are not offset against the related environmental liability.

## Financial statements 1 January – 31 December

### Notes

#### 3 Revenue

Revenue is represented by the following categories that depict the types of services it originates from:

EUR'000	2019	2018
Fixed and variable tank leases	5,386	3,291
Throughput revenue	14	18
Harbour fees	1,214	773
Other fees	69	0
<b>Total</b>	<b>6,683</b>	<b>4,082</b>

The Company has entered into operating leases on its property, plant and equipment portfolio consisting of tanks for oil storage. These leases have terms of between 1 year and 6 months and 2 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at 31 December are, as follows:

EUR'000	2019	2018
Within one year	7,181	5,386
After one year but not more than five years	0	7,181
More than 5 years	0	0
<b>Total</b>	<b>7,181</b>	<b>12,567</b>

#### 4 Depreciation

EUR'000	2019	2018
Analysis of depreciation in the year:		
Land and buildings	104	104
Plant and machinery	1,712	1,675
Fixtures, fittings, tools and equipment, etc.	5	6
<b>Total</b>	<b>1,821</b>	<b>1,785</b>

## Financial statements 1 January – 31 December

### Notes

#### 5 Staff costs

EUR'000	2019	2018
Analysis of staff costs, etc.		
Wages and salaries	662	456
Defined contribution	72	50
<b>Total</b>	<b>734</b>	<b>506</b>

The average number of employees during the year	7	5
Number of employees at 31 December	8	5

The aggregate remuneration paid to members of the Executive Board and the Board of Directors, including amounts paid by other group entities, was EUR 163 thousand (2018: EUR 153 thousand), excluding pension costs. Defined contribution totaled EUR 12 thousand (2018: EUR 12 thousand).

#### 6 Audit fees

EUR'000	2019	2018
Ernst & Young		
Fee for statutory audit	24	23
Other assurance engagements	5	5
Tax consultancy	0	0
	<b>29</b>	<b>28</b>

#### 7 Financial income

Financial income originates from receivables due from group entities, advances and other financial assets, measured at amortised cost, and may be analysed as follows:

EUR'000	2019	2018
Interest income from group entities	1,486	809
	<b>1,486</b>	<b>809</b>

#### 8 Financial expenses

Financial expenses originate from financial liabilities measured at amortised cost and may be analysed as follows:

EUR'000	2019	2018
Interest expense, bank	86	54
Interest expense to group entities	592	372
Discounting of decommissioning obligation (note 20)	60	78
	<b>738</b>	<b>504</b>

## Financial statements 1 January – 31 December

### Notes

#### 9 Income taxes

EUR'000	2019	2018
Income tax expense/(income) recognised in the statement of comprehensive income:		
Current income tax charge	0	0
Compensation for use of current year tax losses	766	545
Change in deferred tax	-49	-410
Adjustment to prior year	0	-2
	<u>718</u>	<u>133</u>

Reconciliation between tax income/expense and the product of accounting profit multiplied by Denmark's domestic tax rate for the year ended 31 December:

EUR'000	2019	2018
Profit/loss before tax for the period	3,264	616
Calculated tax based on the Danish income tax rate of 22 % (2018: 22%)	718	135
Adjustment in respect of current income tax of previous years	0	-2
Income tax expense at the effective income tax rate of 22% (2018: 22%)	<u>718</u>	<u>133</u>

#### 10 Intangible assets

EUR'000	Goodwill
Cost at 1/1-2018	<u>33,281</u>
Cost at 31/12-2018	<u>33,281</u>
<b>Impairment at 1/1- 2018</b>	<u>-1,583</u>
Impairment in the year	<u>0</u>
<b>Impairment at 31/12- 2018</b>	<u>-1,583</u>
<b>Carrying amount at 31/12-2018</b>	<u>31,698</u>
Cost at 1/1-2018	<u>33,281</u>
Cost at 31/12-2018	<u>33,281</u>
Accumulated Impairment at 31/12-2019	<u>-1,583</u>
<b>Carrying amount at 31/12 2019</b>	<u>31,698</u>

## Financial statements 1 January – 31 December

### Notes

#### 11 Impairment test, intangible assets

For impairment testing purposes, goodwill acquired through business combinations has been allocated as follows:

Carrying amount of goodwill at 31 December:

EUR'000	Ensted oil terminal	
	2019	2018
Goodwill	31,698	31,698

Inter Terminals EOT ApS has goodwill in its Ensted oil terminal CGU, representing the excess of consideration transferred over the fair value of net identifiable assets of operations acquired. The Company assesses the recoverable value of the goodwill amount for impairment on a value in use basis by discounting projected future cash flows generated by these assets at a weighted average cost of capital that reflects the relative risk of the asset.

The recoverable value is based on cash flow projections that incorporate best estimates of revenue, operating and maintenance expenditures, administrative expenses and capital expenditures over 10 years.

The assessment is that projection period is consistent with that which would be used by a market participant in evaluating these CGUs. The cash flow projections are then aggregated with a terminal value, representing the value of cash flows beyond the tenth year incorporating an annual revenue growth rate of 1.5%.

The key assumptions used in the 2019 calculation of the recoverable value are discussed in note 2 - significant accounting estimates and judgments.

Based on the analysis performed in the current year, it was determined that there is no impairment of goodwill in 2019. A sensitivity analysis shows that leaving all other variables constant, the discount rate post tax would need to increase from 6.40% to 7.76% to result in an impairment for CGU.



## Financial statements 1 January – 31 December

### Notes

#### 12 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures, fittings, plant and equipment	Assets under construction	Total
<b>Cost at 1 January 2018</b>	6,395	50,478	64	131	57,068
Additions	0	150	0	15	165
Transfers	0	0	50	-50	0
Adjustment of historical cost <sup>1</sup>	-43	-669	0	0	-712
Adjustment of decommissioning obligation	-19	-363	0	0	-382
Write down of scrapped assets	0	0	0	0	0
<b>Cost at 31 December 2018</b>	<b>6,333</b>	<b>49,596</b>	<b>114</b>	<b>96</b>	<b>56,139</b>
<b>Depreciation 1 January 2018</b>	605	8,520	54	0	9,179
Depreciation in the year	104	1,675	6	0	1,785
Adjustment of accumulated depreciation <sup>1</sup>	-43	-670	0	0	-713
Reversed depreciation on scrapped assets	0	0	0	0	0
<b>Depreciation 31 December 2018</b>	<b>666</b>	<b>9,525</b>	<b>60</b>	<b>0</b>	<b>10,251</b>
<b>Carrying amount at 31 December 2018</b>	<b>5,667</b>	<b>40,071</b>	<b>54</b>	<b>96</b>	<b>45,888</b>
<b>Cost at 1 January 2019</b>	6,333	49,596	114	96	56,139
Additions	0	112	0	30	142
Transfers	0	98	0	-98	0
Adjustment of decommissioning obligation	21	406	0	0	427
Write down of scrapped assets	0	0	0	0	0
<b>Cost at 31 December 2019</b>	<b>6,354</b>	<b>50,212</b>	<b>114</b>	<b>28</b>	<b>56,708</b>
<b>Depreciation 1 January 2019</b>	666	9,525	60	0	10,251
Depreciation in the year	104	1,712	5	0	1,821
Reversed depreciation on scrapped assets	0	0	0	0	0
<b>Depreciation 31 December 2019</b>	<b>770</b>	<b>11,237</b>	<b>65</b>	<b>0</b>	<b>12,072</b>
<b>Carrying amount at 31 December 2019</b>	<b>5,584</b>	<b>38,975</b>	<b>49</b>	<b>28</b>	<b>44,636</b>

<sup>1</sup>Adjustment of historical cost and accumulated depreciation for 2018 represent write-down of assets written off in full in previous periods.

## Financial statements 1 January – 31 December

### Notes

#### 13 Deferred tax

Deferred tax relates to the following:

EUR'000	Statement of financial position		Statement of comprehensive income	
	2019	2018	2019	2018
Goodwill	3,617	3,251	366	-2
Property, plant and equipment	1,675	1,761	-85	-476
Provisions	-902	-795	-107	66
Adjustment to prior years	0	0	-222	2
<b>Deferred tax (expense/income)</b>			<b>-49</b>	<b>-410</b>
<b>Deferred tax, net</b>	<b>4,390</b>	<b>4,217</b>		

Recognised in the statement of financial position as follows:

EUR'000	2019	2018
Deferred tax assets	0	0
Deferred tax liabilities	4,390	4,217
<b>Deferred tax, net</b>	<b>4,390</b>	<b>4,217</b>
<i>Reconciliation of deferred tax, net:</i>		
At 1 January	4,217	4,629
Tax (income)/expense recognised in the statement of comprehensive income for the year	-49	-410
Adjustment to prior years	222	-2
<b>At 31 December</b>	<b>4,390</b>	<b>4,217</b>

Analysis of valuation and recoverability shows that all deferred tax assets and liabilities will be realised within a reasonable time. Consequently all deferred tax assets and liabilities have been recognised at 31 December 2019.

Companies in Inter Terminals Denmark Group offset tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## Financial statements 1 January – 31 December

### Notes

#### 14 Trade receivables

Trade receivables at 31 December 2019 include receivables at a nominal value of EUR 1,020 thousand (2018: EUR 533 thousand). No write-downs were made in respect of trade receivables in 2019 (2018: EUR nil).

Analysis of trade receivables that were past due, but not written down, at 31 December 2019:

EUR'000	2019	2018
<b>Maturities</b>		
Until 30 days	90	0
Post due, but not written down	0	0
	90	0
Neither past due nor written down	930	533
<b>Total</b>	<b>1,020</b>	<b>533</b>

All trade receivables are invoiced and settled in EUR.

#### 15 Prepayments

EUR'000	2019	2018
Prepaid insurance premiums	112	130
<b>Total</b>	<b>112</b>	<b>130</b>

#### 16 Financial assets and liabilities

Note	EUR'000	Carrying amount	
		2019	2018
	<b>Financial assets measured at amortised cost</b>		
14	Trade receivables	1,020	533
22	Receivables from group entities	29,327	17,931
	Prepayments and other receivables	112	130
	<b>Total financial assets measured at amortised cost</b>	<b>30,459</b>	<b>18,594</b>
	<b>Financial liabilities measured at amortised cost</b>		
	Bank loans	7,400	7,904
	Trade payables	97	46
22	Payables to group entities	12,749	5,084
	Other payables	160	90
	<b>Total financial liabilities measured at amortised cost</b>	<b>20,406</b>	<b>13,124</b>

The carrying amount reflects the fair value of financial assets and liabilities.

## Financial statements 1 January – 31 December

### Notes

#### 16.1 Changes in liabilities arising from financing activities

In 2018, the Company adopted the amendments to IAS 7 that were issued as a part of the IASB's Disclosure Initiative. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this requirement, an entity discloses the following changes in liabilities arising from financing activities:

- ▶ Changes from financing cash flows
- ▶ Changes arising from obtaining or losing control of subsidiaries or other businesses
- ▶ The effect of changes in foreign exchange rates
- ▶ Changes in fair values
- ▶ Other changes.

In 2019, the Company had changes in liabilities from financing cash flow with a bank loan of EUR -500 thousand (2018: EUR 5,100 thousand). Besides this, the Company has not had any of the above changes in liabilities arising from financing activities.

#### 17 Financial risks

At the balance sheet date, the Company identified credit risks, liquidity risks and foreign currency risks as factors of relevance to the business.

##### Credit risk

Credit exposure on financial instruments arises from counterparty's inability or unwillingness to fulfil its obligations to the Company. The Company's credit risk exposure relates primarily to customers (accounts receivable) and financial counterparties holding cash. Company's exposure to credit risk arises from default of a customer or counterparty's obligations, with a maximum exposure equal to the carrying amount of these instruments. Credit risk is managed through credit approval and monitoring procedures.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any collateral held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customer exposures. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

At 31 December 2019, the Company assessed that there is no risk of non-performance on its receivables from group entities.

At 31 December 2019, the Company considered that the risk of non-performance of its customers was minimal based on the Company's credit approval, ongoing monitoring procedures and historical experience. The creditworthiness assessment takes into account available qualitative and quantitative information about the counterparty including, but not limited to, financial status and external credit rating.

## Financial statements 1 January – 31 December

### Notes

#### 17 Financial risks (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

EUR'000	Current	<30 days	31 days and above	Total
<b>2019</b>				
Expected credit loss rate	0.20%	0.61%	2.45%	
Estimated total gross carrying amount	930	90	0	1,020
Expected credit loss	2	1	0	3
<b>2018</b>				
Expected credit loss rate	0.08%	0.23%	0.92%	
Estimated total gross carrying amount	533	0	0	533
Expected credit loss	0	0	0	0

With respect to credit risk on cash and deposits, the Company believes the risks of non-performance of counterparties are minimal as cash and deposits are predominantly held with major financial institutions.

#### Liquidity risk

Liquidity risk is the risk that suitable sources are not available to fund business operations, commercial strategies or meet financial obligations. The Company manages its liquidity risks through regular monitoring of funding and cash generation and utilisation.

The table below summarises the contractual maturity profile of the Company's financial liabilities at 31 December on an undiscounted basis:

EUR'000	Falling due within 1 year	Falling due between 1 and 5 years	Falling due after more than 5 years	Total	Carrying amount
<b>2019</b>					
Bank loans	7,400	0	0	7,400	7,400
Payables to group entities	12,749	0	0	12,749	12,749
Trade and other payables	257	0	0	257	257
	<u>20,406</u>	<u>0</u>	<u>0</u>	<u>20,406</u>	<u>20,406</u>
<b>2018</b>					
Bank loans	7,904	0	0	7,904	7,904
Payables to group entities	5,084	0	0	5,084	5,084
Trade and other payables	136	0	0	136	136
	<u>13,124</u>	<u>0</u>	<u>0</u>	<u>13,124</u>	<u>13,124</u>

#### Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in market interest rates. The Company manages its interest rate risks through regular monitoring of its funding facilities. At 31 December 2019, the Company considered that the exposure to interest rate risk was minimal, as no debt obligations with floating interest rates were withdrawn by the Company.

## Financial statements 1 January – 31 December

### Notes

#### 17 Financial risks (continued)

##### Foreign currency risks

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has transactional currency exposures that arise from sales or purchases of services and goods in currencies other than respective functional currency.

The Company manages its foreign currency risks through regular monitoring of its foreign currency exposures. Transactional foreign currency risk exposures have not been significant historically, therefore are not hedged.

Analysis of the Company's currency exposure at 31 December:

EUR'000	Assets	Liabilities	Net
Currency			
<b>2019</b>			
DKK	225	-181	44
USD	-	-	-
<b>2018</b>			
DKK	249	-126	123
USD	-	-	-

##### Sensitivity analysis at 31 December

The impact in thousands of euros on the results of operations and changes in equity resulting from a change of the Company's primary foreign currencies are shown below. The changes in exchange rates are based on the year's actual foreign exchange rate movements.

EUR'000	Possible change	31 December 2019		31 December 2018	
		Profit/loss before tax	Equity	Profit/loss before tax	Equity
DKK	+/- 0.5% (2018: +/- 0.5%)	-1	-4	-2	-1
USD	+/- 6% (2018: +/- 10%)	0	0	0	0
GBP	+/- 10% (2018: +/- 15%)	-5	-5	-1	-1

Danish Kroner is significantly linked to the Euro, therefore significant fluctuations are not expected.

##### Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.



## Financial statements 1 January – 31 December

### Notes

#### 18 Share capital

Ordinary shares issued and fully paid-in:

	No. of shares	EUR'000
At 1 January 2019	125,000	17
Movements in the year	-	-
<b>At 31 December 2019</b>	<b>125,000</b>	<b>17</b>

The share capital consists of shares of DKK 1 each = EUR 17 thousand. The shares do not carry any special rights. There have been no changes in the share capital since the establishment in 2007.

#### 19 Dividend

No dividends were paid to the parent company during the year ending 31 December 2019. No further dividend for 2019 is proposed at the annual general meeting.

#### 20 Provisions

EUR'000	Decommissioning obligations
1 January 2018	3,915
Discounting of decommissioning obligation	78
Change in value during the year due to inflation rate	-382
31 December 2018	3,611
1 January 2019	3,611
Discounting of decommissioning obligation	60
Change in value during the year due to discount rate	428
31 December 2019	4,099
Provisions are recognised in the statement of financial position as follows:	
Current 2019	0
Non-current 2019	4,099
	4,099
Current 2018	0
Non-current 2018	3,611
	3,611

## Financial statements 1 January – 31 December

### Notes

#### 20 Provisions (continued)

##### Decommissioning obligations

Decommissioning obligations represent legal obligations associated with the retirement of tangible long-lived assets that derive from the acquisition, construction or development and/or the normal operations of long-lived assets. The retirement of a long-lived asset includes its sale, abandonment, recycling or disposal but not its temporary removal from service.

The Company has used an inflation rate of 1.3% (2018: 1.3%) to calculate the undiscounted amount of estimated expenditures expected to be incurred on decommissioning of the storage facilities. A long-term risk-free rate of 1.7% (2018: 2.0%) was used to discount the future cash flows for decommissioning obligations, which have a maturity of 40 years.

In 2016, Management engaged an external engineer firm to reassess the expected decommissioning costs. The reassessment led to increase in undiscounted decommissioning costs that was mainly due to an increase regarding the expected demolition costs of the harbour structure. In 2018 and 2019, Management carried out a desktop review of decommissioning costs. According to Management's analysis, results of assessment made in 2016 are valid for 2019.

#### 21 Contingent liabilities, security for loans and other financial obligations

##### Contingent liabilities

The Company is jointly taxed with its immediate parent, Inter Terminals Denmark A/S, which acts as administration company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2019 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

The Company has no future lease obligations (operating leases) falling due within 5 years.

##### Security for loans

No security for loans has been provided.



## Financial statements 1 January – 31 December

### Notes

#### 22 Related-party transactions

Information about related parties with a controlling interest:

Related party	Domicile	Basis for control
Inter Pipeline Ltd.	3200, 215 – 2 <sup>nd</sup> Street SW Calgary, Alberta, T2P 1W4, Canada	Ultimate parent
Inter Terminals Denmark A/S	Holtengårdsvej 25 4230 Skælskør, Denmark	Parent company

Remuneration and salaries to the Board of Directors and the Executive Board are reflected in note 5.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

EUR'000	Inter Terminals Denmark Group
<b>2019</b>	
Amounts payable to related parties	-12,749
Amounts receivable from related parties	29,327
Interest expenses on loans from related parties	-592
Interest income on loans to related parties	1,486
Dividends to parent company	-
Management charge expenses	-715
Purchase of goods and other services from related parties	-148
Sale of goods and other services to related parties	-
<b>2018</b>	
Amounts payable to related parties	-5,084
Amounts receivable from related parties	17,931
Interest expenses on loans from related parties	-372
Interest income on loans to related parties	809
Dividends to parent company	-
Management charge expenses	-571
Purchase of goods and other services from related parties	-169
Sale of goods and other services to related parties	-

The Company is included in the Group Annual Report of the ultimate parent company, Inter Pipeline Ltd.

The Group Annual Report of Inter Pipeline Ltd. (ultimate parent) may be obtained at the following address: 3200, 215 – 2<sup>nd</sup> Street SW, Calgary, Alberta, T2P 1W4, Canada, and at the Group's web-site <http://www.interpipeline.com>.

#### 23 Events after the balance sheet date

Following the COVID-19 virus outbreak, starting March, 2020, the market turned into contango state and the Company has experienced improved activity levels. No other events have occurred after the financial year-end, which could significantly affect the Company's financial position.

### Statement by the Board of Directors and the Executive Board on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Inter Terminals EOT ApS for the financial year 1 January – 31 December 2019.

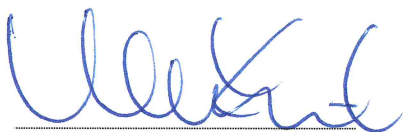
The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019, results of its operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of its operations and financial position.

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

Copenhagen, 2 June 2020  
Executive Board:



Carsten Uffe Kirk  
CEO

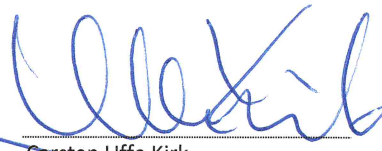
Board of Directors:



Michael Holmstrøm  
Alexandersen  
Chairman



Hans Peder Krogh Mortensen



Carsten Uffe Kirk

## Independent auditor's report

### To the shareholders of Inter Terminals EOT ApS

#### Opinion

We have audited the financial statements of Inter Terminals EOT ApS for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### 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 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 concluded 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 Statements Act. We did not identify any material misstatements of the Management's review.

## Independent auditor's report – Continued

### 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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in 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 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 conclusion is 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 – Continued

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.

Copenhagen, 2 June 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Christian Schwenn Johansen  
State Authorised  
Public Accountant  
mne33234



Kaare K. Lendorf  
State Authorised  
Public Accountant  
mne33819