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# ***Fortum Waste Solutions A/S***

Lindholmvej 3, DK-5800 Nyborg

## **Annual Report for 1 January - 31 December 2022**

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CVR No 34 48 44 14

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
12<sup>th</sup> of May 2023

Andreas Rudolf Ture  
Tiedtke

Chairman



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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Fortum Waste Solutions A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

We believe that the management's review contains a fair review and the affairs and conditions referred to therein.

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

Nyborg, 12<sup>th</sup> of May 2023

### **Executive Board**

Jens Peter Rasmussen

### **Board of Directors**

Andreas Rudolf Ture Tiedtke  
Chairman

Jens Peter Rasmussen

Marjo Katariina Keränen

Inge-Lise Ubbesen Andersen  
Staff Representative

Allan Rasmussen  
Staff Representative

# Independent Auditor's Report

## To the shareholders of Fortum Waste Solutions A/S

### Opinion

We have audited the financial statements of Fortum Waste Solutions A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 responsibilities for the financial statements

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

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

# Independent Auditor's Report

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

# Independent Auditor's Report

## Statement on 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 in 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 Statements Act. We did not identify any material misstatement of the management's review.

Odense, 12-05-2023

## Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Lars Knage Nielsen  
State-Authorised  
Public Accountant

**MNE-nr. mne10074**

## Company Information

### **The Company**

Fortum Waste Solutions A/S  
Lindholmvej 3  
DK-5800 Nyborg

Telephone: + 45 63317100

Website: [www.fortum.dk](http://www.fortum.dk)

CVR No: 34 48 44 14

Financial period: 1 January - 31 December

Municipality of reg. office: Nyborg

### **Board of Directors**

Andreas Rudolf Ture Tiedtke, Chairman  
Jens Peter Rasmussen  
Marjo Katariina Keränen  
Inge-Lise Ubbesen Andersen  
Allan Rasmussen

### **Executive Board**

Jens Peter Rasmussen, CEO

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
DK-5000 Odense

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	477.001	407.915	415.889	377.916	352.386
Operating profit/loss	26.659	14.210	26.192	-6.468	27.412
Profit/loss before financial income and expenses	27.342	19.490	26.524	3.867	28.706
Net financials	51.824	2.171	13.179	-52.191	-10.492
Net profit/loss for the year	62.452	17.428	33.193	-44.060	12.242
<b>Balance sheet</b>					
Balance sheet total	983.223	969.428	980.727	970.998	982.705
Equity	718.493	656.041	638.613	605.420	659.274
Investment in property, plant and equipment	50.358	29.813	28.691	51.221	21.399
Number of employees	168	166	170	165	157
<b>Ratios</b>					
Gross margin	41,6%	45,7%	46,0%	45,4%	53,4%
Profit margin	5,7%	4,8%	6,4%	2,9%	9,9%
Return on assets	2,8%	2,0%	2,7%	1,1%	3,6%
Solvency ratio	73,1%	67,7%	65,1%	62,4%	67,1%
Return on equity	9,1%	2,7%	5,3%	-7,0%	1,9%



# Management's Review

## Main activity and business model

Fortum Waste Solutions A/S main activity is waste incineration at plants complying with all applicable environmental requirements. We convert the energy content of the waste into green electricity and heating to the benefit of society large.

An industrial society produces hazardous waste, which cannot be allowed to pollute the air, water or soil. It is Fortum Waste Solutions A/S's mission to be able to manage the most hazardous and most complex types of waste, which cannot be managed by ordinary waste processing plants and which cannot be recycled.

## Market overview

Fortum Waste Solutions A/S is operating in a fully liberalized market, nationally as well as internationally. The market is characterized by heavy competition between the many players in the Danish market for hazardous waste, where Fortum Waste Solutions A/S seeks to create a strong market foothold based on "State-of-the-art" treatment technology that none of the domestic competitors can offer to the market.

## Development in the year

The income statement of the Company for 2022 shows a profit of DKK'000 62,452 and at 31 December 2022 the balance sheet of the Company shows equity of DKK'000 718,493.

For the past years the thermal treatment capacity in Europe has been 100% utilized. This applies to both Municipal Waste Incinerators as well as High Temperature Incinerations facilities. The effect on the market is higher treatment prices, which positively contributes to increased sales of our treatment capacity at the Nyborg site. The market situation we know today, is expected to remain unchanged in 2023.

The availability at the plants (operating hours) during especially second half of 2022 was relatively poor, due to some unplanned outages and prolonged planned outages. The operational challenges resulted in relative low availability (lost production) and missing energy sales to the Municipality of Nyborg. These operational challenges in 2022 also resulted in unsatisfactory high maintenance cost, which was additionally affected by the high inflation during 2022.

Despite the operational challenges in 2022, the high electricity prices contributed positively to the energy sales, and compensates for the missing sales of district heating to the Municipality of Nyborg.

In 2022 the fire safety program was continued and is following the implementation plan. Tank farm and storage facilities are to be upgraded to meet future legal requirements in regards to fire safety. The gaps are rather large and investments are needed. The fire safety program is coordinated in close cooperation with the competent authorities, and implementation will be on-going during the coming years. The full overview of the investments needed are not available yet, but is expected to be in the range of 150 MDKK.

## Management's Review

Safety has been the top priority again in 2022.

The Safety Index, which represents leading safety indicators reached 99% in 2022, - a similar level as 2021 reached 97%. However the LWIF (Lost Workday Incident Frequency) was 11,0 and above the target LWIF at 4,5. In 2023 focus in on lowering the LWIF, special attention is given to the external personnel and contractors, who are a major source of incidents.

Unfortunately there were a few severe accidents on site in 2022 resulting in external workers missing significant time. As safety remain a top priority, the safety program is undergoing an overhaul and more training sessions, better education and knowledge sharing is already being implemented.

### **The Past year and follow-up on development expectations from last year**

In general, a high activity in the Hazardous waste market, utilized all available capacity during the year, and the revenue from sales of treatment capacity increased. Service sales also increased compared to 2021 result, and the tank cleaning services and facility services are well incorporated in our setup and service portfolio.

In 2022 Fortum qualified to participate in the tender for the remediation of Groyne 42 (old landfill site), after having developed a soil treatment technology, that has been proving its capabilities in pilot tests. Two other companies also participated in the tender process, which after evaluation of the submitted offers, were cancelled and postponed to 2023. The argument from Region Midtjylland to postpone the tender was the inflation cost, which made the project impossible to complete within the financial frames of the project. Region Midtjylland will now seek the Danish Parliament for extra funding, in order to ensure that the project can be completed in an environmentally and financially viable way.

On variable cost side, the purchase of power and fuels was on a higher level, due to the increase in power prices in general worldwide as a consequence of the Russian-Ukrainian war. In total the variable cost was DKK'000 52.570 higher than last year.

The total staff costs have increased with DKK'000 2,086 compared to last year, mainly driven by wages, which is in line with the expectations.

The main reason for this year's result is the net financials of which DKK'000 50,950 is income due to change in the provision liability of remediations of the sites in Klintholm and Prøvestenen. The changes in the provisions is mainly due to an increase in the interest rates used for discounting purposes.

The positive impact of the financial income of DKK'000 50,950 is not directly or indirectly impacted in any way by the operations. The change in provisions for the liability of remediation is purely a result of changes in inflation and discount rates, which is why the impact should be disregarded when interpreting this year's result.

This year's positive operational profit of DKK'000 26,659, is DKK'000 12,449 higher than last year, with the note that the surge in energy prices as the main driver.

Of this year's result of DKK'000 79.166 the DKK'000 50.950 related to provisions and approximately

## Management's Review

DKK'000 24.300 of a surplus in electricity prices compared to "normal" electricity prices is the only reason this year has not resulted in a limited profit. As this year's results are mostly a result of the unnatural high power prices and the change in provisions the result of the year is not satisfying.

The general recycling trend in the market, is decreasing the domestic market of hazardous waste for incineration. This results in a change in waste mix between Danish and international waste. The trend from former years has continued in 2022, the international waste being an important part of the business, not only to fill up the treatment capacity, but also to ensure the proper waste mix in order to detoxify the domestic waste streams.

A carbon capture project has been launched, involving internal and external stakeholders. Prefeasibility study has been promising, and next milestone is a feasibility study, which would also include pilot plant test, scheduled to take place in 2024.

### Ownership

All shares in Fortum Waste Solutions A/S is owned by Fortum Waste Solutions Oyj.

# Management's Review

## Special risks - operating risks and financial risks

Fortum Waste Solutions A/S is exposed to a number of risks that affect the way in which the business is being operated. These risks include:

- Changes in legislation
- Operating risks
- Environmental risks
- Financial risks

A green tax reform was introduced and agreed upon in the Danish Parliament. The tax reform should regulate the Danish industry in connection to CO<sub>2</sub> emissions. By 2030 a tax of 750 DKK/ton CO<sub>2</sub> emitted will kick in, gradually phased in starting 2025 with 350 DKK/ton. Some energy taxes will be reduced to partly compensate for the increased CO<sub>2</sub>-tax, but this is not assumed to have much positive impact on Fortum. A special provision refers to the Fortum situation: Critical functions in connection to district heating supply shall be monitored and assessed in 2023. Dialogue with politicians and stakeholders is going on, in order to find a solution for Fortum, which should ensure that Fortum can bridge the period between 2025 and 2030, until carbon capture technology has been implemented.

Operating risks primarily relate to the operation of incineration plants and other treatment plants, including the Klintholm landfill and Fortum Waste Solutions A/S's other processing activities. The company seeks to minimize these risks through responsible and prudent operational management as well as ongoing follow-up, control and maintenance of its plants.

Environmental risks are inherent in Fortum Waste Solutions A/S's activities and the Environment and Sustainability Report for 2022 provides a detailed description of our activities within this field. Given the nature of our business, this area has top priority at Fortum Waste Solutions A/S, and we aim at the highest possible levels of safety and responsibility.

The financial risks are related to three main areas:

- The first relates to interest rate risks associated with the company's interest-bearing debt. Risks connected with higher interest rates are largely hedged through interest-rate swaps, if relevant.
- The second relates to the company's financial assets. We try to minimize the risks in this area by means of an investment strategy focusing on low interest rate risks, high liquidity and high repayment certainty as regards our debtors.
- The third relates to Fortum Waste Solutions A/S's operations where the most significant risks relate to currency translation of Sales income from other countries. Foreign sales are mainly made in EUR and NOK. As these contracts are normally short term, foreign exchange risks are considered limited.

# Management's Review

## Market risks

Market risks relate to sales of hazardous waste incineration services end energy as well as the supply of intermediary products. No single customer or supplier involves a risk that could significantly affect Fortum Waste Solutions A/S's financial position. The most significant market risk is considered to be ratio of treatment capacity to deliveries of hazardous waste from Northern Europe.

-External regulation via EU law and Danish legislation

Fortum Waste Solutions A/S operating conditions are significantly affected by EU law and Danish legislation. Through responsible and reliable communication, we seek to influence future legislation by means of direct and indirect interaction with authorities and other interest groups.

## Strategy

The longer-term outlook for the market situation, is an increased competition in thermal treatment of hazardous waste, and frame conditions that will strengthen. Therefore, there is a need to continue developing new services and business areas. The logic behind this is the following predictions:

- Increased in-house treatment and a shift towards less hazardous raw materials will decrease the volume of hazardous waste generated in the future
- The emphasis on recycling/re-use, there comes a need to shift to new, clean, and innovative recovery systems, which will transform all the EU member states towards zero-waste economies
- Extended Producer Responsibility is a significant responsibility assigned to producers for waste treatment and disposal, which will improve segregation and waste minimization at source and reduce waste generation
- Decarbonization demands from the society and authorities, which probably will result in taxes on emissions of greenhouses gases

Our business plans covers the activities, which are to mitigate the foreseen market changes. The plans involves the following initiatives:

- Implementation of a new key customer management model – ensuring our service offerings are meeting today's and future demands of our clients, and that we keep being relevant for our clients
- Waste flow optimization – to maximize utilization of the assets and at the same time ensuring the inventories are at an optimized level, for the benefit of our clients and our production
- Launching Waste to Material program – decarbonizing our Nyborg plant potentially combined with the decarbonization of other Waste to Energy plants, and thereby closing the loop for carbon binding it to materials.

# Management's Review

## Targets and expectations for the years ahead

In 2023 we will continue focusing on the following issues:

- Preventive safety work to be adjusted and further focused, with the aim of reducing injuries and improving safe working environment
- Fire safety program to be continued and developed further in accordance with demands from authorities
- Increased customer focus with implementation of a new key customer management model, which shall improve customer orientation further and be measured on increased customer satisfaction
- Continue the path of changing incineration residues into products that can be recycled, which includes CO<sub>2</sub> capture and utilization
- Implementation of new treatment capacity for salty waste water

The expectation to the results of 2023 is lower than 2022 due to some changes in the operational environment. Revenue is expected to drop to DKK'000 445.000 mainly due to lower electricity prices. Operating profit before financial income is expected to level with 2022 at DKK'000 28.000. Financial impact is expected to be around DKK'000 1 and therefore earnings before taxes to be DKK'000 27.000.

As noted in the risk segment of managements review, the impact of changes in the CO<sub>2</sub> taxes could heavily impact the business from 2025 and onwards.

Fortum is currently in unaware of the actual impact of the tax reform as the actual laws have not been drafted yet. A solution is expected in the fall of 2023. Best case scenario is an impact of DKK'000 0-10.000 while worst case scenario is an increase of DKK'000 100.000 in CO<sub>2</sub>-taxes in 2030.

We remain positive based on the dialogue with authorities. The changes in the taxes is expected to be less due to the needed capacity in hazardous waste treatment in Denmark.

## Uncertainty relating to recognition and measurement

The company has a future obligation in relation to the clean-up of the leased land. The present value of the obligation is based on assumptions made on size and depth of contaminated areas, unit costs to treat the contaminated soil as well as the filling and construction expenses. The valuation is upon the assumptions subject to estimates.

## Events after the balance sheet date

No events has occurred after the balance sheet date which would influence the evaluation of this annual report.

# Management's Review

## **Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act**

Fortum Waste Solutions continuously work with social responsibility, and reports information and progress in that area to Fortum Oyj. On behalf of the whole group, Fortum annually prepares a Sustainability Report. Please find more information about this work in the Group sustainability report, which is available for download at:

<https://www.fortum.com/sustainability>

## **Corporate governance**

The board of directors and executive management of Fortum Waste Solutions A/S constantly strive to ensure that the company's management structures and control systems are appropriate and work satisfactorily.

The framework for the planning of management's duties comprise the Danish Companies Act, the Danish Financial Statements Act, the company's articles of association and good practice for enterprises of the same size as Fortum Waste Solutions A/S.

## **Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act**

Fortum Waste Solutions A/S's Board of Directors comprises five members, of which three (two male members and one female member) are selected by the shareholders and two by the employees (one female and one male member). The target is to have one female member selected by the shareholders, therefore, Fortum Waste Solutions has an equal representation of the genders on the Board of Directors.

Due to the line of business in which Fortum Waste Solutions A/S operates, there is a high representative of male employees in general in the company. It is Fortum Waste Solutions A/S policy to promote gender equality in all managerial levels, and the target is to have at least the same gender composition in the managerial levels as in the staff in general.

The company pursues to develop and ensure diversity. This objective is also valid for the managerial positions. In the recruitment process, HR has to ensure that candidates from the underrepresented gender are represented to the hiring manager, if possible. The professional qualifications and educational background are always essential in order to ensure the right competences are in place, though.

In 2022, the R&W Management Team of Fortum Waste Solutions A/S consists of 8 individuals of which one (12,5%) are female managers and seven (87,5%) are male managers, which is higher than the gender composition in the company in general.

# Management's Review

## **Report on *Data Ethics* cf. Section 99 d of the Danish Financial Statements Act**

Fortum Waste Solutions A/S does not have a designated data ethics policy in place.

However, despite not having a local policy in place regarding data ethics specifically, Fortum has several other group-level policies and instructions that cover the subject of data ethics to some extent. In relation to protecting personal data, Fortum holds itself to the highest standards. Respecting privacy is a fundamental value for Fortum as a trustworthy and ethical company, as well as a responsible and ethical corporate citizen. Our commitments regarding personal data processing are described in our privacy notice and in a group-wide privacy policy, which are available on our website. Moreover, in our Code of Conduct we have committed to conduct all our business legally and ethically, and in accordance with practices related to good corporate governance. Fortum protects all business assets, including all information and data that we hold, with sufficient security and cybersecurity measures and all employees are expected to follow our security and IT guidelines. Commitment to similar security and ethical business principles is also required from all of our suppliers via our Supplier Code of Conduct.

Fortum Waste Solutions A/S collects various types of data in its operations. All personal data is processed in accordance with Fortum's group wide privacy policy. Non-personal data about our operations is collected and processed in order to support our business, but the key operations of Fortum Waste Solutions A/S are not based on or heavily relying on the collected data or utilization thereof. Majority of the collected non-personal data concerns waste related statistics provided to our customers, or metrics that are necessary to monitor in order to operate and control the waste treatment facility. Therefore, Fortum has concluded that our existing group-level principles regarding personal data and the general commitment to comply with all applicable laws and regulations in all of our activities, including in the processing of industrial data, have been sufficient also in relation to the ethical considerations which must be taken into account when algorithmic decision making, data or new technologies are used. However, we recognize the importance of the data ethics, and Fortum is assessing the need for having a separate, group wide data ethics policy in the future in compliance with the contemplated EU regulation regarding the subject. Fortum does not use data to track movements or consumer preferences of any private individuals, nor do Fortum use machine learning, AI or similar to profile customers, employees or other private individuals.



## Income Statement 1 January – 31 December

	Note	2022 DKK'000	2021 DKK'000
<b>Revenue</b>	1	<b>477.001</b>	<b>407.915</b>
Other operating income	2	683	5.280
Expenses for raw materials and consumables		-152.451	-107.161
Other external expenses		-126.904	-119.624
<b>Gross profit/loss</b>		<b>198.329</b>	<b>186.410</b>
Staff expenses	3	-103.836	-101.750
Depreciations	4	-67.151	-65.170
<b>Profit/loss before financial income and expenses</b>		<b>27.342</b>	<b>19.490</b>
Income from investments in subsidiaries		-	48
Financial income	5	52.284	2.198
Financial expenses	6	-460	-75
<b>Profit/loss before tax</b>		<b>79.166</b>	<b>21.661</b>
Tax on profit/loss for the year	7	-16.714	-4.233
<b>Net profit/loss for the year</b>	8	<b>62.452</b>	<b>17.428</b>

## Balance Sheet 31 December

### Assets

	Note	2022 DKK'000	2021 DKK'000
Land and buildings		32.126	30.234
Plant and machinery		462.162	485.708
Property, plant and equipment in progress		25.646	20.784
<b>Property, plant and equipment</b>	9	<b>519.934</b>	<b>536.726</b>
Other investments	10	105	105
<b>Fixed asset investments</b>		<b>105</b>	<b>105</b>
<b>Fixed assets</b>		<b>520.039</b>	<b>536.831</b>
Raw materials and consumables		14.347	12.010
<b>Inventories</b>		<b>14.347</b>	<b>12.010</b>
Trade receivables		48.372	44.365
Receivables from group enterprises		2.593	17.633
Other receivables		2.381	66
Prepayments	11	13.172	5.746
<b>Receivables</b>		<b>66.518</b>	<b>67.810</b>
<b>Cash at bank and in hand</b>		<b>382.319</b>	<b>352.777</b>
<b>Currents assets</b>		<b>463.184</b>	<b>432.597</b>
<b>Assets</b>		<b>983.223</b>	<b>969.428</b>

## Balance Sheet 31 December

### Liabilities and equity

	Note	2022 DKK'000	2021 DKK'000
Share capital		3.160	3.160
Reserve for revaluation		174.141	199.242
Retained earnings		541.192	453.639
<b>Equity</b>	12	<b>718.493</b>	<b>656.041</b>
Provision for deferred tax	13	57.147	50.341
Other provisions	14	99.130	162.802
<b>Provisions</b>		<b>156.278</b>	<b>213.143</b>
Trade payables		45.422	29.780
Payables to group enterprises		8.682	5.220
Corporation tax		156	3.783
Other payables		27.524	35.870
Deferred income	15	26.668	25.591
<b>Short-term debt</b>		<b>108.452</b>	<b>100.244</b>
<b>Debt</b>		<b>108.452</b>	<b>100.244</b>
<b>Liabilities and equity</b>		<b>983.223</b>	<b>969.428</b>
Uncertainty relating to recognition and measurement	16		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
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## Statement of Changes in Equity

	Share capital	Reserve for re- valuation	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	3.160	199.242	453.639	656.041
				-
Dissolution of previous years' revaluation	-	-25.101	25.101	-
Net profit/loss for the year	-	-	62.452	62.452
<b>Equity at 31 December</b>	<b>3.160</b>	<b>174.141</b>	<b>541.192</b>	<b>718.493</b>

# Notes to the Financial Statements

	2022 DKK'000	2021 DKK'000
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	335.227	269.471
Revenue, exports	141.774	138.444
	<b>477.001</b>	<b>407.915</b>
<b>Business segments</b>		
Sales income, waste treatment	364.739	347.793
Sales of heat	30.532	32.483
Sales of electricity	81.730	27.639
	<b>477.001</b>	<b>407.915</b>
<b>2 Other Operating income</b>		
Rent, income	422	334
Sales of shares in subsidiaries	-	2.226
Research and development grants	-	2.720
Expropriation compensation	230	-
Insurance reimbursements	31	-
	<b>683</b>	<b>5.280</b>
<b>3 Staff expenses</b>		
Wages and salaries	94.468	93.007
Pensions	8.040	7.467
Other social security costs	1.328	1.276
	<b>103.836</b>	<b>101.750</b>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	2.646	3.297
	<b>2.646</b>	<b>3.297</b>
<b>Average number of employess</b>	<b>168</b>	<b>166</b>
<b>4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	63.977	65.170
Gain/loss from sale and retirement of assets	3.174	-
	<b>67.151</b>	<b>65.170</b>

## Notes to the Financial Statements

	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>5 Financial income</b>		
Interest received from group enterprises	1.334	-
Other financial income	<u>50.950</u>	<u>2.198</u>
	<b><u>52.284</u></b>	<b><u>2.198</u></b>
<b>6 Financial expenses</b>		
Other financial expenses paid to group enterprises	459	-
Other financial expenses	<u>1</u>	<u>75</u>
	<b><u>460</u></b>	<b><u>75</u></b>
<b>7 Tax on profit/loss for the year</b>		
Current tax for the year	10.502	12.180
Deferred tax adjustments in the year	6.806	-7.947
Adjustment of tax concerning previous years	<u>-595</u>	<u>-</u>
	<b><u>16.714</u></b>	<b><u>4.233</u></b>
<b>8 Distribution of profit</b>		
Proposed distribution of profit		
Retained earnings	<u>62.452</u>	<u>17.428</u>
	<b><u>62.452</u></b>	<b><u>17.428</u></b>

## Notes to the Financial Statements

### 9 Property, plant and equipment

	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Property, plant and equipment in progress</u>	<u>Total</u>
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January	132.938	1.300.851	20.784	1.454.573
Additions for the year	4.535	38.861	50.358	93.754
Disposals for the year	-1.432	-	-2.100	-3.532
Transfers for the year	-	-	-43.396	-43.396
Cost at 31 December	<u>136.041</u>	<u>1.339.712</u>	<u>25.646</u>	<u>1.501.399</u>
Revaluations at 1 January	-	655.571	-	655.571
Revaluations at 31 December	-	655.571	-	655.571
Impairment losses and depreciation at 1 January	102.703	1.470.714	-	1.573.417
Depreciation for the year	1.570	62.407	-	63.977
Reversal of impairment and depreciation of sold assets	-358	-	-	-358
Impairment losses and depreciation at 31 December	<u>103.915</u>	<u>1.533.121</u>	<u>-</u>	<u>1.637.036</u>
<b>Carrying amount at 31 December</b>	<u>32.126</u>	<u>462.162</u>	<u>25.646</u>	<u>519.934</u>
<b>Carrying amount if no revaluation had been made</b>	<u>32.126</u>	<u>238.904</u>	<u>25.646</u>	<u>296.676</u>

## Notes to the Financial Statements

	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>10 Other fixed asset investments</b>		
Cost at 1 January	105	105
<b>Cost at 31 December</b>	<u>105</u>	<u>105</u>
<b>Carrying amount at 31 December</b>	<u>105</u>	<u>105</u>

### 11 Prepayments

Prepayment consist of prepaid costs related to subsequent financial years

### 12 Equity

The share capital consists of 316 shares of a nominal value of DKK'000

10. No shares carry any special rights.



## Notes to the Financial Statements

13 Deferred Tax	2022	2021
	DKK'000	DKK'000
Deferred Tax at 1 January	50.341	58.288
Changes in deferred tax in income statement	6.806	-7.947
<b>Deferred Tax at 31 December</b>	<b>57.147</b>	<b>50.341</b>
Fixed assets	81.991	89.453
Inventories	2.831	2.335
Provisions	-21.809	-35.816
Waste balance	-5.867	-5.630
<b>Deferred Tax at 31 December</b>	<b>57.147</b>	<b>50.341</b>

### 14 Other provisions

Provisions at 31 December 2022 amount to kDKK 99,130 and constitute Management's judgement and assessment of anticipated costs for purification of Klintholm and Prøvestenen.

Provision at 1 January	162.802	163.127
Additions for the year	-	13.190
Utilized in the year	-12.722	-11.317
Offset in present value	-50.950	-2.198
<b>Other provisions at 31 December</b>	<b>99.130</b>	<b>162.802</b>
Provisions, total future payments:		
Within 1 year	1.317	1.317
Between 1 and 5 years	6.583	6.583
After 5 Years	91.230	154.902
	<b>99.130</b>	<b>162.802</b>

### 15 Deferred income

Deferred income comprises waste received, but not treated. Which will not be recognised as income until recognition criteria are satisfied.

### 16 Uncertainty relating to recognition and measurement

The company has a future obligation in relation to the clean-up of the leased land. The present value of the obligation is based on assumptions made on size and depth of contaminated areas, unit costs to treat the contaminated soil as well as the filling and construction expenses. The valuation is upon the assumptions subject to estimates.

## Notes to the Financial Statements

	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>17 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
Guarantees in insurance company have been put up as security vis-à-vis the Danish Environmental Agency	30.386	36.280
Guarantees in insurance company have been put up as security with rental liabilities; Prøvestenen and Klintholm	10.345	10.345
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3.646	4.161
Between 1 and 5 years	11.299	9.885
After 5 Years	6.463	7.880
	<u><b>21.407</b></u>	<u><b>21.927</b></u>

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company' liability.

## 18 Related parties

### Controlling interest

Fortum Oyj (ultimate parent)

### Place of registered office

Espoo, Finland

## Notes to the Financial Statements

### Transactions with related parties

There have been following transactions with related parties:	Parent	Other Group Companies
Revenue	2.338	11.148
Other external expenses	-16.160	-12.761
Financial income/expenses	1.154	-
	<u>-12.668</u>	<u>-1.615</u>

### Consolidated Financial Statements

Fortum Waste Solutions A/S and subsidiaries are included in the consolidated financial statements of Fortum Oyj, Finland.

The Group Annual Report of Fortum Oyj may be obtained at the following address:

<https://www.fortum.com/files/fortum-financials-2022/download>

### 19 Events after the balance sheet date

No events has occurred after the balance sheet date which would influence the evaluation of this annual report

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Fortum Waste Solutions A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

There have been no changes in the accounting principles from last year.

Financial Statements for 2022 are presented in DKK'000.

### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Fortum Oyj, the Company has not prepared consolidated financial statements.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Fortum Oyj, the Company has not prepared a cash flow statement.

### **Recognition and measurement**

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Notes, Accounting Policies

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

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 rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

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

## Segment information on revenue

Segment information is disclosed on business areas. The segmentation is in accordance with the enterprise's internal reporting and fields of responsibility.

## Income Statement

### Revenue

In order to give a true and fair view of the year's activities, the revenue recognition criterion applied by the company is the percentage-of-completion. Consequently, waste treatment income is recognized as waste is handled and finally deposited. The amount which is subsequently recognized as income regarding deposited waste is made up at the average waste treatment price per ton of waste, net of freight charges. Income from sale of goods held for sale and finished goods is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably.

Revenue related to sale of electricity and district heating is recognized when delivery has taken place.

Revenue is recognized exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

### Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## **Notes, Accounting Policies**

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

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

## Notes, Accounting Policies

### Balance Sheet

#### Property, plant and equipment

On acquisition property, plant and equipment are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed property, plant and equipment comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and sub-suppliers up until the time when the asset is ready for use. Interests are not included in cost. Revaluation is based on regular assessment of fair value.

Other property, plant and equipment are measured at cost, added revaluation, less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	5-20 years
Plant and machinery	5-36 years

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and 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.

#### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

## **Notes, Accounting Policies**

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums etc.

### **Provisions**

Provisions are recognized when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include future obligations to clean-up contaminated land.

### **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 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.



## Notes, Accounting Policies

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 recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognized 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 recognized in the income statement in financial income and expenses.

### Financial debts

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

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Deferred income comprises waste received, but not treated, which will not be recognized as income until recognition criteria are satisfied.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

**This document has been signed electronically.**

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