AVISTA Green ApS

Juelsmindevej 6
4400 Kalundborg

CVR no. 39 65 67 95

Annual report for 2023

Adopted at the annual general meeting on 28 June 2024

Niels Mathiesen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of AVISTA Green ApS for the financial year 1 January - 31 December 2023.

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

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Kalundborg, 28 June 2024

Executive board

Niels Mathiesen
CEO

Independent auditor's report

To the shareholders of AVISTA Green ApS

Opinion

We have audited the financial statements of AVISTA Green ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Copenhagen, 28 June 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Karsten Bøgel
State Authorised Public Accountant
mne27849

Jon Beck
State Authorised Public Accountant
mne32169

Company details

AVISTA Green ApS
Juelsmindevej 6
4400 Kalundborg

CVR-no.	39 65 67 95
Financial year:	1 January - 31 December 2023
Incorporated:	6. June 2018
Financial year:	6th financial year
Domicile:	Kalundborg

Executive Board
Niels Mathiesen, CEO

Auditors
KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Financial highlights

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

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	599.945	669.790	399.175	98.076	70.240
Gross profit	130.195	261.108	134.705	7.660	-9.488
Profit/loss before net financials	36.951	178.808	51.377	-41.756	-39.366
Net financials	-13.438	-5.085	-15.615	-8.735	-2.225
Profit/loss for the year	17.997	134.502	29.517	-40.347	-33.530
Balance sheet					
Balance sheet total	764.608	789.017	706.405	688.374	532.689
Investment in property, plant and equipment	36.491	29.919	20.659	171.213	276.694
Equity	352.547	353.214	330.274	300.757	341.104
Number of employees	65	57	52	48	30
Financial ratios					
Gross margin	21,7%	39,0%	33,7%	7,8%	-13,5%
Solvency ratio	46,1%	44,8%	46,8%	43,7%	64,0%
Return on equity	5,1%	39,4%	9,4%	-12,6%	-19,7%

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

Management's review

Business review

AVISTA Green ApS (AVG) was established 1 January 2018 as a joint venture between AVISTA Oil AG, Germany and Greenbottle Limited, United Kingdom with the purpose of running a re-refinery for used lubricating oil in Kalundborg. The re-refinery started production in August 2020 and is producing high quality base oil which is used for production of new lubricating oil. The re-refinery is build with the newest technologies with optimized energy consumption and reduced emissions which places the Company within top tier re-refineries.The Company is a recycling company with focus on circularity, sustainability and the environment.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of TDKK 17.997, and the balance sheet at 31 December 2023 shows equity of TDKK 352.547.

The result for 2023 has been below expectations from the Annual report for 2022 due to high feedstock prices and low sales prices as market has been affected by the energy crisis in Europe. This means that revenue is lower than expected and higher feedstock has affected the margin, which results in an EBITDA and net result which is under expectations from 2022. The Company continue to settle in to the market to become a significant factor on the base oil market in Europe.

Significant events occurring after the end of the financial year

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

Expected development of the company, including specific prerequisites and uncertainties

It is expected that that the total revenues for 2024 will be DKK 700 – 800 million with an EBIDTA on approx. 20 - 25%. The net result of 2024 is forecasted to be region DKK 60 - 80 million. The expected result is influenced by the uncertainty that we presently experience in the world – war and sanctions affect logistic chains and flows of both used lubricating oil (feedstock) for our production and affects the markets where we sell our products with fluctuating prices and less transparency.

Management's review

The company's knowledge resources if of particular importance to its future earnings

The Company has the right to use AVISTA Oil AG patented technology for processing used lubricating oil (recycling used oil). The Company pays an annual fee for the license. The factory is placed in Kalundborg an industrial friendly city with a strong infrastructure both on energy and logistics. The Company faces competition on qualified labor from major companies located in Kalundborg but target to keep retention high, building the company culture and supporting an attractive workplace. Research and development in most circumstances is conducted in cooperation with shareholders re-refinery in Dollbergen alternatively with third parties.

Research and development activities in or for the company

The company has no research and development activities, but is involved in Group activities within this matter.

Employee matters

In general the Company recruits the best candidate for the job. On 31st Dec 2023 the organization consisted of 73 employees on all levels. One MD, 6 department heads (management level), 4 middle managers and 62 workers – across entire organization 20 women and 53 men. In the management team 3 out of 6 are women, which is an appropriate composition of the team looking at diversity as equal gender distribution has been achived on other management layers.

Regarding gender composition pursuant to the Danish Financial Statements Act section 99b, The Company only has one member of the top management, which makes equal composition on gender impossible. The company has no planned changes on the top management level in order to have equal composition of gender, but as in all other parts of the company, the most qualified person is hired.

Description of the company's use of financial instruments

The Company is doing business all over the world, but primarily in Europe. Therefore the Company is affected by changes in the global economy, both on global interest rates and changes in currency rates towards DKK. The company assess these risk on a daily basis, and does not use financial iinstruments to secure cashflow transactions in other currencies or to secure changes in interest rates.

Management's review

Corporate Social Responsibility pursuant to the Danish Financial Statements Act section 99a on social responsibility

The Company is a recycling company which re-refines used mineral lubricating oil, for example hydraulic oil or engine oil from a car. Circularity and green production is key to the Company and is seen as the DNA. The Company has via a third part supplier (DECRA) made a Life Cycle Assessment (LCA) which confirms that the primary products are produced with approx. 90% reduction in emission of CO2 compared to base oil produced from crude oil. The Company has implemented ISO14001 which ensures a continuous focus on reducing energy consumption and reduce environmental impact. Further, the Company is looking into the development in energy supply and sources of energy available to make sure, that the production is efficient and uses the energy, which is most climate friendly, internally called "Going Green". Even though being a company contributing to sustainability and circular economy, the Company affects the environment with its use of energy.

The income is from sale of primary products base oil which is produced in 2 qualities, KS100 and KS150 – the difference in the two products is the quality with KS150 as the highest quality. In addition to the base oil the re-refinery process produces residual products such as gasoil, bitumen, fuel oil, light ends and water. The residual products except from the water are sold in respective markets.

Risk management is conducted in cooperation with shareholders. The overall risk management includes:

1. Production risk is evaluated in relation to product quality, product volume, storage facilities and production facilities.
2. Sales risk is evaluated in relation to customers, product quality, logistics, national bands, sales pipelines, international restrictions/bands, and market trends.
3. Financial risk is evaluated in relation to customers evaluation, cash availability, budget, payment procedures, legal compliance.
4. Environmental risk is evaluated in relation to incidents, legislation, approvals, counterpart evaluation, incidents and general work environment.
5. Cyber risk in evaluated in relation to both physical access, education/training and available software in cooperation with insurance and 3rd part supplier.
6. Corporate risk is related to governance, legislation, staff and policies.

The risk management is reviewed on an quarterly basis in order to ensure updated assessment of risk, risk mitigation and financial impact.

On account of our risk assessment, we have not identified any significant risks in relation to environmental and climate matters.

Management's review

Environmental and climate matters

The company is working on an environmental and climate policy (expected to be implemented in 2025), which is why the company does not currently have policies on the matters. Further the Company is certified according to ISO 14001 and thereby obliged to continuous improvement on environmental impact. The base oil produced has a certified CO2 reduction on approx. 90% compared to base oil produced from crude oil refining.

Further we have in our “Code of Conduct” listed company requirement on Environmental/Climate behavior and one (out of four) values “Responsibility” which specific list requirement to behavior related to Environment/Climate.

The Company is a member of Kalundborg Symbiosis which is a partnership between fourteen public and private companies in Kalundborg. The main principle is that a waste stream in one company becomes a resource in another, benefiting both the environment and the economy. In a local partnership, we can share and reuse resources, thus both saving money and minimizing waste.

Social and employee matters

The Company has implemented a “Code of Conduct” based on AVISTA Oil AG “Compliance Manual” and a “Personalehaandbog”. The two documents contains policies and guidelines for the Company and employes – to mention a few “anti corruption policy”, “compliance with laws and regulations policy”, “human rights policy”. The documents are available for all employees on the Intranet and they are updated on a regular basis. In conjunction with updates the document/-change is circulated with all employees on email and also informed on Intra.

On social matters, the Company has a policy to be a well-known og trusted company in Kalundborg, which supports local actions and initiatives that helps develop the local community. The Company plans to keep supporting in the years to come by being an active partner in Kalundborg. Kalundborg Symbiosis has signed a framework agreement on social economy. The objective is to optimize social sustainability to which all members of Kalundborg Symbiosis have committed. The basic idea is that the symbiosis enterprises cooperate with social economy enterprises as, for example, suppliers of concrete services and in this way contribute to creating meaningful employment for local citizens who are challenged in the traditional labour market, which we contributed to during 2023 and will continue to do in the future. The Company utilize the agreement on social economy when feasible.

Anti-corruption and bribery

The Company has policies on both anti-corruption and human rights. The Company does not engage in actions that could be associated with corruption or bribery. We do not trade with countries where this is a risk, and this is a part of our business partner screening to make sure that we reflect on this matter for all customers and suppliers. We have not registered any violations of our anti-corruption and bribery policy in 2023 and we will continue this work in the future. In 2023, we have not registered any violations of our policy.

Management's review

Human rights

Our human rights policy is, that we support all human rights, and as part of our business partner screenings, we make sure, that we do not interact with companies which could be associated with actions that do not support human rights. We will continue to work to support human rights in the best way possible during our daily operations.

The Company has established a whistleblower arrangement to support the Company’s effort on corporate governance and compliance.

Policies on the underrepresented gender

Other management levels

Information on equal distribution of women and men

The Company only has one member (the CEO) of the executive board, which makes equal composition on gender impossible. The company has no planned changes on the top management level in order to have equal composition of gender, but as in all other parts of the company, the most qualified person is hired. The management level consists of 6 members and the middle management consist of 4 persons. The gender composition in both levels is 4 females and 6 males. Within the next 12 months it is the intention to strengthen the middle management with 3 females which will equalize gender composition in the two levels.

Executive Management/CEO	2023	2024	2025	2026	2027
Total numbers	1				
Other Management levels					
Total numbers	6 (3 females and 3 males)				
Underrepresented gender in percentage	50				

The gender composition in the other management levels have an equal degree.

Management's review

Statement of policy for data ethics

Description of the entity's work with and policy for data ethical questions

The company works with data ethics by making sure, that data is handled in a safe manner. Data is collected and stored securely and the company has a policy where stored data is reviewed and deleted if the data is no longer needed.

The company has strengthened the IT-security in 2023 to prevent attacks on data, infrastructure and correct data handling/storage. This is done by both software upgrades, physical installations and training of the staff.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	2	**599.945**	**669.790**
Change in inventories of finished goods		-19.225	63.394
Work performed by the enterprise and capitalised		530	0
Other operating income		4.007	5.853
Raw materials and consumables		-396.785	-429.465
Other external expenses		-58.277	-48.464
Gross profit		**130.195**	**261.108**
Staff costs	3	-48.947	-39.385
Profit/loss before amortisation/depreciation and impairment losses		**81.248**	**221.723**
Depreciation, amortisation and impairment of intangible assets and tangible assets		-44.297	-42.915
Profit/loss before net financials		**36.951**	**178.808**
Financial income	4	1.165	2.540
Financial costs	5	-14.603	-7.625
Profit/loss before tax		**23.513**	**173.723**
Tax on profit/loss for the year	6	-5.516	-39.221
Profit/loss for the year		**17.997**	**134.502**
Distribution of profit	7		

Balance sheet 31 December

	Note	2023	2022
		TDKK	TDKK
Assets			
Software		58	557
Customer relations		17.362	21.774
Intangible assets	8	**17.420**	**22.331**
Land and buildings	9	7.918	7.076
Plant and machinery	9	559.283	563.022
Tangible assets		**567.201**	**570.098**
Total non-current assets		**584.621**	**592.429**
Raw materials and consumables		38.720	39.484
Finished goods and goods for resale		77.137	96.362
Stocks		**115.857**	**135.846**
Trade receivables		29.563	22.409
Other receivables		10.627	3.903
Prepayments	10	6.316	5.502
Receivables		**46.506**	**31.814**
Cash at bank and in hand		**17.624**	**28.928**
Total current assets		**179.987**	**196.588**
Total assets		**764.608**	**789.017**

Balance sheet 31 December

	Note	2023	2022
		TDKK	TDKK
Equity and liabilities			
Share capital		283.574	283.574
Retained earnings		68.973	69.640
Equity	11	**352.547**	**353.214**
Provision for deferred tax	12	35.330	30.127
Other provisions	13	8.713	8.629
Total provisions		**44.043**	**38.756**
Banks		14.640	16.745
Lease obligations		237.076	252.866
Total non-current liabilities	14	**251.716**	**269.611**
Banks	14	39.210	1.860
Lease obligation	14	20.736	17.958
Trade payables		20.978	52.123
Payables to group entities		11.358	19.412
Payables to associates		9.273	15.890
Joint taxation contributions payable		0	7.662
Other payables		14.747	12.531
Total current liabilities		**116.302**	**127.436**
Total liabilities		**368.018**	**397.047**
Total equity and liabilities		**764.608**	**789.017**

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2023	283.574	69.640	353.214
Extraordinary dividend paid	0	-18.664	-18.664
Net profit/loss for the year	0	17.997	17.997
Equity at 31 December 2023	**283.574**	**68.973**	**352.547**

Notes

1 Accounting policies

The annual report of AVISTA Green ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large class C entities.

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

The annual report for 2023 is presented in TDKK.

Basis of recognition and measurement

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

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

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

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

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

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

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Notes

1 Accounting policies

Change in inventories of finished goods

Change in inventories of finished goods include the change in inventory value, which reflects cost for feedstock and added production cost for finished goods.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Notes

1 Accounting policies

Balance sheet

Intangible assets

Customer relations

The change in terminology from "goodwill" to "customer relations" has been made in the annual report for 2023 compared to 2022. The change is made to reflect a better describtion of the asset. The change does not affect any values or impairment assessments, either in 2023 or prevoius years.

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the usefull life, which is assessed at 3 years.

Customer relations is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Customer relations is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

Manufacturing plants	3-30 years
Other buildings	3-30 years
Fixtures and fittings, tools and equipment	3-5 years

Notes

1 Accounting policies

Assets costing less than DKK 32.000 are expensed in the year of acquisition.

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

The depreciation period is determined on the basis of the asset's estimated useful life, which is determined according to comparable assets in the industry. The asset's useful life will be reassessed on an ongoing basis, as well as any need for write-downs.

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

Leases

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

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

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

Impairment of fixed assets

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

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

Notes

1 Accounting policies

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Stocks

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

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

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

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

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

Receivables

Receivables are measured at amortised cost.

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

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

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

Notes

1 Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Provisions

Provisions comprise expected expenses relating to environmental obligations, assest retirement obligations, claims restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

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

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

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

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

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

Liabilities

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

Notes

1 Accounting policies

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

Financial liabilities also include the capitalised residual finance lease commitment.

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

Foreign currency translation

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

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

Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Financial Highlights

Definitions of financial ratios.

Gross margin ratio $$\frac{\text{Gross Profit x 100}}{\text{Revenue}}$$

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

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

Notes

		2023	2022
		TDKK	TDKK
2	**Revenue**		
	Domestic revenue	88.874	129.357
	Export revenue EU	418.551	476.549
	Export revenue outside EU	92.520	63.884
	Total revenue	**599.945**	**669.790**

		2023	2022
3	**Staff costs**		
	Wages and salaries	44.620	35.995
	Pensions	3.745	2.772
	Other social security costs	582	618
		48.947	**39.385**
	Number of fulltime employees on average	65	57

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

Notes

		2023	2022
		TDKK	TDKK
4	**Financial income**		
	Other financial income	1.165	292
	Exchange adjustments	0	2.248
		1.165	**2.540**

5	**Financial costs**		
	Financial expenses, group entities	0	1.180
	Other financial costs	12.389	6.445
	Exchange adjustments costs	2.214	0
		14.603	**7.625**

6	**Tax on profit/loss for the year**		
	Deferred tax for the year	5.203	30.758
	Adjustment of tax concerning previous years	51	0
	Adjustment of deferred tax concerning previous years	262	0
	Joint taxation contribution	0	8.463
		5.516	**39.221**

7	**Distribution of profit**		
	Retained earnings	17.997	134.502
		17.997	**134.502**

Notes

8 Intangible assets

	Software	Customer relations
Cost at 1 January 2023	3.002	43.689
Cost at 31 December 2023	3.002	43.689
Impairment losses and amortisation at 1 January 2023	2.445	21.915
Amortisation for the year	499	4.412
Impairment losses and amortisation at 31 December 2023	2.944	26.327
Carrying amount at 31 December 2023	**58**	**17.362**

9 Tangible assets

	Land and buildings	Plant and machinery
Cost at 1 January 2023	7.785	663.505
Additions for the year	1.279	35.211
Cost at 31 December 2023	9.064	698.716
Impairment losses and depreciation at 1 January 2023	709	100.483
Depreciation for the year	437	38.950
Impairment losses and depreciation at 31 December 2023	1.146	139.433
Carrying amount at 31 December 2023	**7.918**	**559.283**
Carrying amount of leased assets	0	57.684

10 Prepayments

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

Notes

11 Equity

The share capital consists of 2.835.737 shares of a nominal value of TDKK 100. No shares carry any special rights.

The share capital has developed as follows:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January 2023	283.574	395.136	395.136	395.136	257.066
Additions for the year	0	0	0	0	138.070
Disposals for the year	0	-111.562	0	0	0
Share capital	**283.574**	**283.574**	**395.136**	**395.136**	**395.136**

Disposals for the year in 2022 is a capital reduction for the shareholders.

	2023	2022
	TDKK	TDKK
12 Provision for deferred tax		
Provision for deferred tax at 1 January 2023	-30.127	631
Deferred tax recognised in income statement	-5.203	-30.758
Provision for deferred tax at 31 December 2023	**-35.330**	**-30.127**
Provisions for deferred tax on:		
Intangible assets	13	122
Property, plant and equipment	61.329	48.715
Provisions	-1.917	-1.898
Lease liabilities	-10.475	-10.501
Tax loss carry-forward	-13.620	-6.311
	35.330	**30.127**

Deferred tax relates to the Company's process plant and the different depreciation methods. There has been a different depreciation method due to the Company's tax losses carried-forward.

Notes

		2023	2022
		TDKK	TDKK
13	**Other provisions**		
	Balance at beginning of year at 1 January 2023	8.629	8.546
	Provision in year	84	83
	Balance at 31 December 2023	**8.713**	**8.629**
	Over 5 years	8.713	8.629
		8.713	**8.629**
14	**Long term debt**		
	Banks		
	After 5 years	7.442	9.302
	Between 1 and 5 years	7.198	7.443
	Non-current portion	14.640	16.745
	Within 1 year	1.860	1.860
	Other short-term debt to credit institutions	37.350	0
	Current portion	39.210	1.860
		53.850	**18.605**
	Lease obligations		
	After 5 years	178.013	179.664
	Between 1 and 5 years	59.063	73.202
	Non-current portion	237.076	252.866
	Within 1 year	20.736	17.958
		257.812	**270.824**

15 Subsequent events

No subsequent events have significantly impacted the figures at balance sheet date.

Notes

16 Contingent liabilities

The company is jointly taxed with AVISTA OIL Danmark A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2018 onwards as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment on or after 1 July 2018.

Other contingent liabilities not recognised in balance sheet
The company has placed a business pledge of EUR 10,000,000 for the balance with a credit institution with collateral in tangible and intangible assets, inventory and receivables.

17 Related parties and ownership structure

Controlling interest

AVISTA OIL AG
Bahnhofstrasse 82
31311 Uetze
Germany

Transactions

Follwing transactions has been made with related parties and affects on the following item lines:
Purchase of goods for resale TDKK 130.250 (2022: TDKK 133.911)
Interest Expense TDKK 0 (2022: TDKK 1.180)
Income from administrative services TDKK 4.515 (2022: TDKK 5.886)
Purchase of services related to construction of assets TDKK 1.496 (2022: TDKK 269)
Purchase of other services TDKK 6.882 (2022: TDKK 5.781)
Income from sales TDKK 0 (2022: TDKK 63.884).

Follwing transactions has been made with significant parties and affects on the following item lines:
Purchase of goods for resale TDKK 138.086 (2022: TDKK 166.722)
The lease has been entered into on market terms.

Ownership structure

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

AVISTA Oil AG
Greenbottle Ltd

Notes

17 Related parties and ownership structure (continued)

Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company AVISTA Oil AG

The consolidated financial statements of AVISTA Oil AG may be obtained at the following address:

AVISTA OIL AG
Bahnhofstrasse 82
31311 Uetze
Germany

18 Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, no disclousure of auditor's fee has been prepared. The Company's disclosure of the auditor's fee is included in the consolidated financial statements of AVISTA Oil AG.