

Oil tanking Copenhagen A/S

c/o Prøvestenen
S-Vej 4
2300 København S
Denmark

CVR no. 41 91 07 12

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

9 May 2023

Karl Henrik Dahl
Chairman of the annual general meeting

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Oiltanking Copenhagen A/S
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Oiltanking Copenhagen A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 9 May 2023
Executive Board:

Karl Henrik Dahl
CEO

Board of Directors:

Jens Guido Delventhal
Chairman

Karl Henrik Dahl

Eckhard Rainer Jung

Independent auditor's report

To the shareholder of Oiltanking Copenhagen A/S

Opinion

We have audited the financial statements of Oiltanking Copenhagen A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 9 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Klaus Rytz
State Authorised
Public Accountant
mne33205

Oiltanking Copenhagen A/S
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Management's review

Company details

Oiltanking Copenhagen A/S
c/o Prøvestenen
S-Vej 4
2300 København S
Denmark

Telephone: 3295 9595
Fax: 3295 8228

CVR no.: 41 91 07 12
Established: 21 October 1960
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Jens Guido Delventhal, Chairman
Karl Henrik Dahl
Eckhard Rainer Jung

Executive Board

Karl Henrik Dahl, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Core activity

The Company's main activity is tank storage rental.

Development in activities and financial position

Due to an impairment of DKK 80,000 thousand the Company's income statement for 2022 shows a loss of DKK 70,469 thousand as against a loss of DKK 6,153 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 62,392 thousand as against DKK 132,743 thousand at 31 December 2021.

Market overview

Coming out of Covid-19 the first half of 2022 was slow. The market is severely impacted by the Russia-Ukraine conflict, which has led to difficulties for our customers in securing the various products. However, the Company managed to rent out the majority of the storage capacity.

Subsequent events

For 2023 a very small part of the capacity is not yet rented out.

No other events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Gross profit		57,034	50,502
Staff costs	2	-18,535	-17,724
Depreciation, amortisation and impairment		-104,654	-25,233
Profit/loss before financial income and expenses		-66,155	7,545
Other financial expenses	3	-12,972	-13,842
Loss before tax		-79,127	-6,297
Tax on loss for the year	4	8,776	144
Loss for the year		-70,351	-6,153
Proposed distribution of loss			
Retained earnings		-70,351	-6,153
		-70,351	-6,153

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment			
	5		
Land and buildings		5,565	7,483
Property, plant and machinery		347,364	430,057
Fixtures and fittings, tools and equipment		471	1,151
Property, plant and equipment in progress		0	1,232
		<u>353,400</u>	<u>439,923</u>
Total fixed assets		<u>353,400</u>	<u>439,923</u>
Current assets			
Receivables			
Trade receivables		1,402	2,792
Receivables from group entities		6,378	2,822
Other receivables		581	558
Prepayments		1,985	2,212
		<u>10,346</u>	<u>8,384</u>
Cash at bank and in hand		<u>11,223</u>	<u>1,936</u>
Total current assets		<u>21,569</u>	<u>10,320</u>
TOTAL ASSETS		<u><u>374,969</u></u>	<u><u>450,243</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		4,400	4,400
Retained earnings		57,992	128,343
Total equity		<u>62,392</u>	<u>132,743</u>
Provisions			
Provisions for deferred tax		0	5,765
Total provisions		<u>0</u>	<u>5,765</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
	6		
Payables to group entities		214,528	250,789
Other payables		2,200	1,854
		<u>216,728</u>	<u>252,643</u>
Current liabilities other than provisions			
	6		
Current portion of non-current liabilities		81,229	47,393
Trade payables		2,327	5,012
Payables to group entities		151	5
Corporation tax		4,816	0
Other payables		7,326	6,682
		<u>95,849</u>	<u>59,092</u>
Total liabilities other than provisions		<u>312,577</u>	<u>311,735</u>
TOTAL EQUITY AND LIABILITIES		<u><u>374,969</u></u>	<u><u>450,243</u></u>
Contractual obligations, contingencies, etc.	7		
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	4,400	128,343	132,743
Transferred over the distribution of loss	0	-70,351	-70,351
Equity at 31 December 2022	4,400	57,992	62,392

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Oiltanking Copenhagen A/S for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation amortisation, and writedown, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow from 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.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement take into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of tangible fixed assets is reviewed annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

The revenue represents the invoiced sales during the year and are recognised at billing time.

Direct costs

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect cost of sales.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax 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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Fixed assets under construction are recognised and measured at cost on the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

The Company has chosen not to recognise a demolition obligation at production plants and machinery etc., which is in accordance with the Danish Financial Statements Act before 2001. The demolition obligation is not recognised in the balance sheet, but is only disclosed as a contingent liability. The estimated useful lives are as follows:

Office building on leased land	20 years
Tank installations	20 years
Technical plants and machinery	4-15 years
Office equipment	4 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Staff costs		
Wages and salaries	16,851	16,134
Pensions	1,437	1,427
Other social security costs	<u>247</u>	<u>163</u>
	<u>18,535</u>	<u>17,724</u>
Average number of full-time employees	<u>22</u>	<u>22</u>
3 Other financial expenses		
Interest expense to group entities	12,599	13,759
Other financial costs	<u>373</u>	<u>83</u>
	<u>12,972</u>	<u>13,842</u>
4 Tax on loss for the year		
Joint taxation contribution	-1,495	-2,822
Deferred tax for the year	-5,765	1,439
Adjustment of tax concerning previous years	-1,516	0
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>1,239</u>
	<u>-8,776</u>	<u>-144</u>

Financial statements 1 January – 31 December

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5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	8,897	482,874	3,671	1,232	496,674
Additions for the year	0	0	0	18,131	18,131
Disposals for the year	0	-523	0	0	-523
Transfers for the year	0	19,363	0	-19,363	0
Cost at 31 December 2022	8,897	501,714	3,671	0	514,282
Depreciation and impairment at 1 January 2022	-1,414	-52,817	-2,519	0	-56,750
Impairment for the year	-1,461	-78,279	-260	0	-80,000
Depreciation for the year	-457	-23,776	-421	0	-24,654
Reversed depreciation and impairment on assets sold	0	523	0	0	523
Depreciation and impairment at 31 December 2022	-3,332	-154,349	-3,200	0	-160,881
Carrying amount at 31 December 2022	5,565	347,365	471	0	353,401

6 Non-current liabilities other than provisions

DKK'000	1 January 2022	31 December 2022	Payment within 1 year	Debt 1-5 years	Outstanding debt after five years
Payables to group entities	298,181	295,757	81,229	135,151	79,377
Other payables	1,854	2,200	2,200	0	0
	300,035	297,957	83,429	135,151	79,377

Financial statements 1 January – 31 December

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7 Contractual obligations, contingencies, etc.

The Company has a demolition obligation on its seven lease contracts at Prøvestenen at an estimated value of DKK 19,547 thousand. The lease contracts cannot be terminated by Udviklingselskabet By & Havn until 2034.

The Company has a rent obligation amounting to DKK 57,725 thousand (31 December 2021: DKK 62,051 thousand). The Company has an operating lease obligation in the amount of DKK 211 thousand (31 December 2021: DKK 429 thousand).

Corporation tax payable within the joint taxation scheme amounted to DKK 4,816 thousand at 31 december 2022 (2021: DKK 2,822 thousand). Any later corrections of the taxable income subject to joint taxation may entail that the Company's liability will increase.

Contingent liabilities

The DCTA has lodged a claim for payment of unpaid customs of DKK 2,6 million. Of the stated amount the DCTA has held another company jointly liable for part of the claim in the amount of DKK 1,6 million.

The company has been notified of a potential claim in connection with the termination of a contract. The lawyer of the company assess there is little or no basis for the claim.

8 Mortgages and collateral

The Parent Company has issues a guarantee to Copenhagen Malmoe Port of DKK 3,600 thousand as security that the Company observes the terms of their lease contracts.

The Parent Company has issued a guarantee to the SKAT in the amount of DKK 1,852 thousand.

9 Related party disclosures

The Company is included in the consolidated financial statements of Oiltanking GmbH, Koreastrasse 7, D-20457 Hamburg, Germany. Which is the smallest group in which the company is included as a subsidiary. The consolidated financial statements in question can be obtained upon request to the Parent Company.