

INEOS E&P A/S

**Teknikerbyen 5, 1.
Virum**

Annual report for 2022

CVR no. 73 34 96 13

Adopted at the annual general meeting on
29 June 2023

Christian Vinten

Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	2
Independent Auditor's Report	3
Management's Commentary	
Company Details	5
Company Overview	6
Financial Highlights	7
Management's Commentary	8
Financial Statements	
Income Statement 1 January - 31 December 2022	18
Balance Sheet at 31 December 2022	19
Statement of Changes in Equity	21
Notes	22
Accounting Policies	30

Management's Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of INEOS E&P 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 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 our opinion, Management's Commentary includes a fair review of the matters dealt with in the Management's Commentary

We recommend the adoption of the annual report at the annual general meeting.

Virum, 29 June 2023

Excutive Board

Mads Weng Gade

Board of Directors

Erik Fantoft Magnesen
Chairman

David James Bucknall
Deputy chairman

Mads Weng Gade

Independent Auditor's Report

To the shareholder of INEOS E&P A/S

Opinion

We have audited the financial statements of INEOS E&P A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity, 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 of 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. 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.

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.

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 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.

Statement on the management commentary

Management is responsible for the management commentary.

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 29 June 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Hillebrand

State-Authorised Public Accountant
Identification No (MNE) mne26712

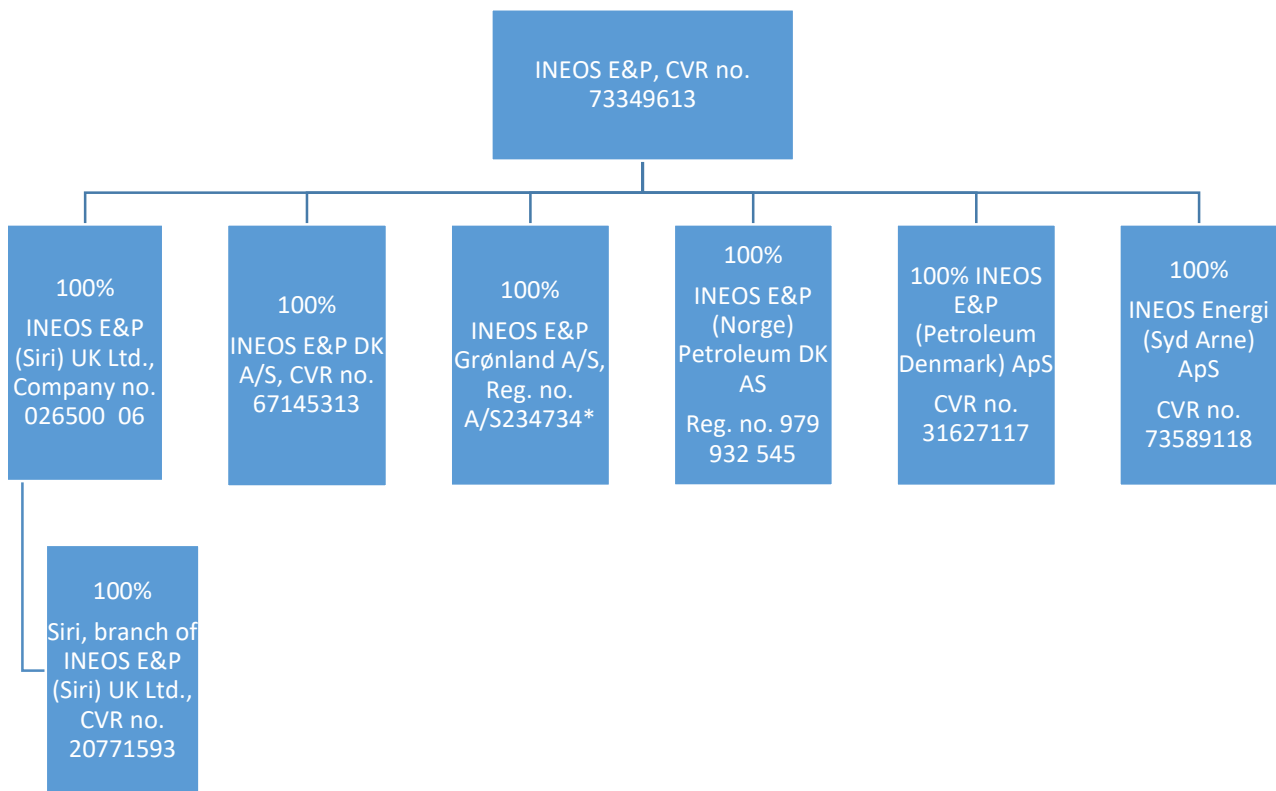
Peter Kyhnav-Vejgaard

State-Authorised Public Accountant
Identification No (MNE) mne42833

Company Details

The Company	INEOS E&P A/S Teknikerbyen 5, 1. 2830 Virum Website: www.ineos.com CVR no.: 73 34 96 13 Reporting period: 1 January - 31 December
Board of Directors	Erik Fantoft Magnesen, Chairman David James Bucknall, Deputy chairman Mads Weng Gade
Executive Board	Mads Weng Gade
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S
Consolidated Financial Statements	The Company is included in the consolidated Financial Statements of INEOS UK E&P Holdings Limited. The consolidated financial statements of INEOS UK E&P Holdings Limited can be obtained by contacting INEOS E&P A/S or at: https://beta.companieshouse.gov.uk/company/SC200459

Company Overview



* On March 28, 2023, INEOS E&P Grønland A/S was liquidated.

Financial Highlights

Key figures

Income statement (DKKm)	2022	2021	2020	2019	2018
Revenue	1,152	860	535	1,182	1,211
EBITDA	303	175	237	689	347
(Loss)/profit before financial income and expenses	533	589	399	114	-176
Net financial items	2,100	668	-651	247	1,563
(Loss)/profit for the year	2,435	1,668	-252	352	1,391
Balance Sheet (DKKm)					
Total assets	11,046	9,970	8,282	8,914	8,449
Investment in property, plant and equipment	12	0	28	64	36
Equity	5,998	3,563	1,876	2,134	1,786
Financial ratios					
EBIT margin	46.28%	68.45%	74.56%	9.66%	-14.50%
Return on assets	4.83%	5.91%	4.82%	1.28%	-2.08%
EBITDA margin	26.27%	20.32%	44.37%	58.27%	28.65%
None-financial data					
Average number of employees (FTE's)	245	183	195	210	306
OSHA Recordable injury rate for Siri Area (per 200,000 hours)*	0.98	0.00	0.45	0.43	0.00
Discharging of oil into the sea, tonnes*	2.87	0.99	1.10	1.65	0.98
Rejection of produced water, %*	87.0%	99.0%	98.8%	98.5%	98.9%
Gas flaring from platforms (flaring), million Nm3*	2.08	1.78	2.09	2.48	2.13

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.

* With effect from April 1, 2022, INEOS E&P A/S took over as the operator of the Syd Arne licence. Therefore, 2022 numbers include both Syd Arne and Siri Area.

Management's Commentary

Main activity

The company's objects are to engage in activities in the energy sector and ancillary activities, including sub-oil CO₂ storage activities.

Financial review

The Company's income statement for the year ended 31 December shows a profit of DKK 2,435 million, and the balance sheet at 31 December 2021 shows equity of DKK 2,998 million after a proposed dividend of DKK 3,000 million.

Revenue totaled DKK 1,152 million, which is 292 million higher than in 2021. The increase is primarily due to higher oil prices partly offset by a lower oil and gas production in the year. EBITDA increased by DKK 128 million to DKK 303 million in 2022. The increase was mainly due higher revenue offset by higher external cost related to CCS projects and higher employee cost.

EBIT decreased by DKK 55 million to DKK 533 million. The decrease is mainly due to a lower reversal of impairment compared to 2021. The reversal of impairment is related to Syd Arne due to higher oil prices.

Profit before tax increase by 1,376 million to 2,633 million. The increase is mainly due to higher income from subsidiaries offset by lower financial income. The increase in income from subsidiaries is related to INEOS Energy (Syd Arne) ApS and INEOS (Petroleum Denmark) ApS compared to 2021 and is mainly related to higher oil prices, reversal of impairment and recognising of deferred tax assets

Profit for the year increased by 767 million to 2,435 million. The increase is mainly due to the comments above offset by an adjustment of the the deferred tax asset of 198 million.

Financial performance for 2022 was better than expected due to the higher oil prices and the higher income from subsidiaries.

Production, operations and development update

Operational performance continued to be strong in the year with reliability of 96.2% (2021: 94.3%) on our existing operated fields. Sales averaged for INEOS Energy Denmark was 8.9 kboe of oil and gas per day (2021: 10.0 kboe per day) with approximately 79.0% from the operated Syd Arne field (2021: 79%) and 21% from the operated fields Siri, Nini and Cecilie (2021: 21%).

Siri Area

The Siri Area comprises the Siri field, where the processing platform and associated wells are located along with satellite tie-back fields Stine, Nini, Nini East and Cecilie. Oil is exported by tanker and gas and produced water reinjected into the Siri field. The Siri license, comprising Siri and Stine is 100% owned and operated by the INEOS E&P A/S whereas the Nini (Nini and Nini East) and Cecilie licenses are joint ventures between the INEOS E&P A/S (Operator, 57.1% and 56.4% respectively) and Wintershall Dea International GmbH. Production from Siri commenced in 1999 with the satellite developments following in the next decade.

Operational performance over the course of 2022 was good, although influenced by challenging compressor (26C) and turbine performance. The turbine was replaced as part of the planned summer shut down in September. Compressor (26C) will undergo a control system upgrade in 2023, with electrical panels and software updates. Scheduled turnarounds for 2023 are planned for May and June.

Management's Commentary

Production, operations and development update (continued)

Syd Arne Field

The Syd Arne field is a joint venture between the INEOS E&P A/S (Operator, 36.8%), INEOS Energy (Syd Arne) ApS (61.5%) and Danoil (1.7%). Production from the field commenced in 1999.

On 30 August 2021, INEOS E&P A/S acquired Hess Denmark ApS (now "INEOS Energy (Syd Arne) ApS") which increased the INEOS total share by 61.5% to 98.3%. With effect from April 1, 2022, INEOS E&P A/S took over as the operator of the Syd Arne licence.

2022 marked the first full year with INEOS responsible for daily operations. In January, an electrical motor for a high-pressure compressor failed, leading to a three-week production shut down. During this period, planned turnaround activities for later in the year were executed. The maturation of a tie-back of the nearby Solsort Oil discovery (The Solsort West Lobe) to the Syd Arne facilities for processing and export, reached conclusion in August 2022 when the project was sanctioned. Execution is ongoing with first oil expected in the final quarter of 2023.

Lulita Field

The Lulita field is a joint venture between Total (Operator, 15.6%), INEOS Energy Denmark (40%), Shell (18.4%), Noreco (10%), Nordsøfonden (10%) and Chevron (6%). Production comprises a single well drilled from the Harald platform. The well liquids are processed on Harald and oil and gas are exported separately to the Tyra complex for onwards distribution. The Lulita license expires in 2026. Production is currently shut in and expected to restart in the first half of 2024 following a redevelopment of the Tyra area. Total cites delays to the Tyra Redevelopment Project, a prerequisite for Lulita production to resume.

Hejre Field

The Hejre area comprises of licenses 5/98 (100% owned by the INEOS Energy Denmark) and 1/06 between INEOS Energy Denmark (80%) and Nordsøfonden (20%). Development and exploration activities takes place in license 5/98 whilst only exploration activities takes place in license 1/06.

The ongoing Hejre development project is in the concept selection phase with focus on maturing a tie-back to a suitable host. Following the acquisition of Hess Denmark ApS, 2022 maturation work has been focused on establishing technical feasibility and commercial attractiveness of taking produced Hejre fluids back to Syd Arne for processing and export of oil and gas.

Based on encouraging results, a non-binding Plan for Development and Operation "PDO" was submitted to the authorities in December 2022. In 2023 further preparations will take place to finalise and submit authority documents required as well as preparing for a potential Front End Engineering Design ("FEED") phase to be initiated following acceptable approval of the Hejre PDO and associated applications by the Danish authorities.

Solsort Field

The Solsort license is a joint venture between INEOS Energy Denmark (67.6%), NSF (State participation) (18.4%) and Danoil (14%).

The Solsort West Lobe development project consists of two wells drilled from the Syd Arne North Satellite platform and minor modifications to the Syd Arne facilities. This was approved by INEOS and the joint venture partners in September 2022. Operational preparations and procurement of long lead items continues into the first half of 2023 with a target to commence drilling activities in mid 2023.

Management's Commentary

Production, operations and development update (continued)

Greensand Project

The Greensand Carbon Capture Storage ("CCS") project is to develop a plan to safely and permanently store, in a cost effective manner, up to 8 million tonnes of CO₂ per annum, in the Siri area, after the fields have ceased production.

Continuing into phase 2 of the project, the use of the Nini West reservoir as an initial target for a pilot project was matured in 2022. The scope included material testing, core lab experiments, further modelling of an off-shore CO₂ injection trial in the Nini West reservoir and seismic data acquisition operations. The pilot project, including offshore and seismic acquisition operations, were planned for the first quarter of 2023. Maturation of the full-scale project is ongoing and work will continue in 2023 to finalise regulatory matters and commercial agreements ahead of potential future investments.

Market development

Crude Brent and US dollar

The average price of crude Brent in 2022 was approximately 101 USD/BBL, which is a 30 USD/BBL increase compared to 2021. From the start of 2022 oil prices started to increase significantly and in March it peaked at 137 USD/BBL and continued to be high before it started to decrease at the end of 2022 and ended 2022 in 81 USD/BBL. In 2023 the oil prices have continued to decrease and in June 2022 the average price of dated Brent has been 75.3 USD/BBL.

The USD exchange rate started 2022 at 6.56 DKK/USD but increased during the year and closed at 6.97 DKK/USD.

Production

Oil and gas production for INEOS E&P A/S totaled 1.7 million boe, down 33% from 2021. Decrease in production is due to natural decline in reservoir and unexpected shutdown on Syd Arne in January 2022.

Investments

Investments held by INEOS E&P A/S consist of technical installations on South Arne, Siri and Hejre. Capital expenditure in 2022 amounted to DKK 12 million, as compared to DKK 0 in 2021.

Future outlook

The Company continues to monitor the ongoing military actions in Ukraine that may disrupt or curtail its operations or development activities. The Company is actively monitoring any factors and events that could adversely affect the Company and mitigating measures are implemented where appropriate.

The Company is reviewing its strategy but will continue to pursue growth opportunities through further developments in Denmark.

The Company looks forward to the coming years with optimism in developing near term resources in a safe, reliable and profitable manner.

Based on the uncertainties related to oil prices, the Company expects a result before tax and income from subsidiaries between DKK -100 million and DKK 100 million. Further, due to natural decline in the reservoir and other factors, we expect lower production of 15-20% in 2023.

Management's Commentary

Subsidiaries

The subsidiaries in Denmark, UK, Greenland and Norway have contributed a profit of DKK 2,073 million in 2022. The profit is mainly related to INEOS Energy (Syd Arne) ApS and INEOS (Petroleum Denmark) ApS and is related to higher oil prices, reversal of impairment and recognition of deferred tax assets.

On the 28 March 2023 INEOS E&P Grønland A/S was liquidated.

At the end of 2022, INEOS E&P A/S (including subsidiaries) had 10 licenses in Denmark.

Special risks

Management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to the safe and reliable operation of fields, specifically those for which the Company is operator, management of the impact of oil and gas price volatility on the revenues and cash flows, and the ability to find and exploit gas deposits in the DK sector of the North Sea. The Company deploys highly skilled and experienced resources to identify, evaluate and financially assess development opportunities, applies the best safety and environmental practices in the production of proven oil and gas reserves and adopts robust financial management which, together with appropriate monitoring of business performance seeks to mitigate such risks.

Financial risk

The Company's operations are exposed to a variety of financial risks that include effects of the commodity price risk, credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

The main financial risk which could affect the company are set out below:

- a) **Commodity price risk:** Oil and gas is traded commodities with open market prices. The Company is exposed to fluctuations in market prices to the extent that it has not entered into fixed price agreements. The directors regularly review cost-benefit of entering into price hedges to minimise risk. The company has no price hedging in place.
- b) **Interest rate risk:** The company has a mix of financing facilities including deposits to subsidiaries and shareholder deposit and loan facility. Deposits to subsidiaries and shareholders bears interest at variable rates based on SOFR and; the shareholder loan bear interest at variable rates based on CIBOR. The directors review the interest rate and assess the cost-benefit of interest rate hedging. The company has no interest rate hedging in place.
- c) **Currency risk:** The Company undertakes transactions in various currencies, and the Company manages this risk by matching receipts and payments in the same currency (where possible) and monitoring the movements in exchange rates. The Company also has shareholder and subsidiary loan and deposits facility in USD, GBP, NOK and DKK. Although the significant majority of transactions are denominated in USD and DKK (the Company's functional currency). The directors continue to review the cost-benefit of currency hedging. The company has no currency hedging in place.
- d) **Credit risk:** The Company has in place policies and procedures to mitigate the risk that customers default on amounts owed to the Company. Exposure to credit risk is further minimised by the nature of the customers with which the Company deals.

Management's Commentary

Financial risk (continued)

- e) Liquidity and cash flow risk: The Company's operating assets generate sufficient positive cash flows to cover the Company's costs and development activities and service the Company's own obligations. The Company has access to liquidity, through participation in external financing and support from shareholders to manage such risks.

Recognition and measurement uncertainties

The recognition of Deferred Tax, Fixed Assets (impairments) and decommissioning liabilities are all subject to a high degree of uncertainty due to the level and nature of assumptions made when estimating the outcome of subsequent events. The assumptions which would change future measurement includes:

- General price development or development in market prices
- Expected useful live of production assets
- Weighted average cost of capital (WACC) and risk free rate
- Exchange rates, etc.
- Development of existing technologies

The recognition and measurement of items in the financial statements is not subject to any other significant uncertainty.

Unusual matters

The Company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Management's Commentary

Statutory report on corporate governance

Business model

The Company's main activity is exploration and production of oil and gas in the Danish part of the North Sea. Oil and gas are sold to primarily oil refineries in Europe.

A part of our strategy is to transform the business into a leading North Sea oil and gas company in terms of returns and cash generation. Furthermore, we continue to assess other opportunities for value creation, with investments focused on field extensions or build-out near existing producing assets as well as already initiated developments.

Corporate social responsibility

In INEOS E&P A/S we are committed to conducting our operations in a responsible manner for the benefit of our shareholders, customers, employees, and the society and environment in which we work. Safety is our number 1 priority, and our efforts to keep people safe never end, and we hold ourselves and one another accountable for our Quality, Health, Safety and Environment (QHSE) performance. We continuously strive to improve our performance and the INEOS 20 Safety Principles are an integral part of this.

INEOS E&P A/S is aware of the role it plays in society and of its responsibility towards its business partners as well as its shareholders and employees. INEOS E&P A/S has therefore committed itself to clear principles, which serve as the foundation for the actions INEOS E&P A/S takes as a business and as a corporate citizen.

The actions taken by INEOS E&P A/S and by its employees are founded on personal responsibility, honesty, loyalty and respect for others and for the environment. Managers bear particular responsibility in this regard.

Therefore, the Company has implemented a Code of Conduct which serves two main purposes:

1. It encourages every single employee to take responsibility for his or her actions and it seeks to provide them with appropriate guidance.
2. It outlines the ethical principles which guide the business activities of INEOS E&P A/S.

The Company has joined the principles of the UN Global Compact. INEOS E&P A/S works to further honor the Global Compact in its business relationships and does not have business relationships with business partners who are known to be in violation of the principles underlying the Global Compact.

INEOS E&P A/S is a part of INEOS Group. Read more about the Group Corporate Social Responsibility (CSR) objectives on the Company's website www.ineos.com/sustainability.

Human rights

No significant risks have been identified in relation to human rights. INEOS E&P A/S conduct business in a regulated market where authorities inspect companies to make sure that they comply with legislation and where labour unions is involved in negotiations regarding working conditions including human rights for employees.

INEOS E&P A/S conducts business to business (B2B) and our customers are mostly large corporation or public companies. Therefore, violation of human rights is rare and INEOS E&P A/S haven't registered any.

INEOS E&P A/S will continuously ensure that all human rights are respected, and there is a continuous follow up. INEOS E&P A/S will continuously ensures that all human rights are respected and will implement adequate policies if deemed required.

Management's Commentary

Anti-Corruption Policy

INEOS E&P A/S is committed to conduct all its business activities throughout the world in an honest and ethical manner and expects the same of its Employees and Business Partners. INEOS have implemented a policy on anti-corruption in order to follow this.

INEOS E&P A/S does not tolerate any form of Corruption, neither active or passive nor direct or indirect, and works against Corruption in all its forms. In all its activities, INEOS E&P A/S is committed to complying with the provisions of the Bribery Act 2010, the United States Foreign Corrupt Practices Act and any applicable anti-corruption laws in the countries where it does business. INEOS E&P A/S implements and enforces adequate procedures and systems, including the anti-corruption Policy, in order to ensure compliance with these commitments and laws.

During 2022, we have registered no cases of corruption nor bribery behavior.

Social and employee conditions

Through relevant procedures and processes, we must create the safest possible working environment for our employees and minimize work-related accidents and diseases. Furthermore, we must protect our employees from stress, bullying, harassment and physical danger in their workplace.

Every year, our goal is to avoid accidents in the workplace completely. The prevention will be upheld by a combination of education of each employee and the implementation of behavioral procedures ensuring a safe working environment. We must always make sure that all equipment is maintained properly, for it to carry a minimal risk to our employees.

In 2022, we reported 0.98 workplace accidents (OSHA recordable injury rate per 200,000 hours). It is the view of the Company that the most significant risk pertaining to working conditions is workplace accidents, which can cause injury to employees and impact our ability as a company to attract a skilled workforce.

Environmental

INEOS E&P A/S take the environment seriously and have therefore defined a mandatory minimum requirement for environmental management in the Company and it provides direction and support to the statements in the Company's QHSE Policy "We will commit ourselves to continual improvement and prevention of pollution" and "We will minimise our consumption of resources and impact on the environment".

Syd Arne:

In 2022 South Arne discharged 2,277 kg of oil into the sea with the produced water and 4.1 kg with the ballast water from operated oil and gas activities in Denmark. This was a decrease from 2021 which can mainly be attributed to the fewer shutdowns and process upset in 2022 on South Arne. The reinjection of produced water had a small decrease from 76.6 % in 2021 to 74.9% in 2022.

Gas flaring from own operated platforms (South Arne asset) decreased from 4.33 kSm³/d in 2021 to 1.37 kSm³/d in 2022 on average, this reduction was again due to high up-time and a very stable production from February to December 2022.

Both discharges and emissions significantly decreased in 2022 compared to 2021 and are well within the limits of the relevant permits. In 2022 there was a major shut down for most of January, but the rest of the year there was very stable production on South Arne, which has led to improved environmental figures for 2022 compared to 2021.

Management's Commentary

Environmental (continued)

Siri:

In 2022 Siri discharged 591 kg of oil into the sea with the produced water and 38.3 kg with the ballast water from operated oil and gas activities in Denmark. This was a decrease from 2021 which can mainly be attributed to decreased pigging frequency of the water injection pipelines for corrosion protection reasons. As a consequence, reinjection of produced water increased slightly to 99.1% from 99.0% in 2021

Gas flaring from own operated platforms decreased from 5.2 kSm³/d in 2021 to 4.7 kSm³/d in 2022 on average. The overall flare gas consumption in 2022 was at a historical low, and also the uptime on the 23-compressor in 2022 was high.

The discharges and emissions are both decreased in 2022 compared to 2021 and are well within the limits of the relevant permits.

INEOS E&P A/S believe that results of our efforts are reflected in our success in complying with regulatory requirements regarding environment and climate and acted with due environmental care. Nonetheless continuous efforts are made to reduce our impact going forward.

Climate

Global temperatures have increased steadily over past decades, and climate variations becomes more and more severe, with both warmer and wetter climate in some areas, and drier in other areas. The cause for the warmer climate is to a large extent ascribed to an increased amount of greenhouse gasses in the atmosphere, due to burning of fossil fuels.

INEOS is committed to contribute to the reduction of emissions of greenhouse gasses, both when it comes to our own installation, and in our effort to contribute in other sectors.

At our installation, we constantly strive to make the process more efficient and reduce the energy consumption, in particularly by waste-heat recovery and improved procedures.

The Siri Area holds a number of oil fields, which are to be decommissioned during this decade, due to the natural decline in production. However, the reservoirs are at a optimal depth for geological storage of CO₂, and the facility already in place, may be used for future carbon storage. INEOS is in the process of analyzing the feasibility and potential for carbon storage in our fields. If the use of the fields is deemed feasible, it may open up for storage of up to 8 million tons CO₂ per year.

The Siri Area Complex is uniquely located in an area where:

- Carbon storage is viable (sand reservoir in depth 800-3,000m)
- Electricity from wind farms is likely ~2025 (Sørlige Nordsjø II in Norway)
- Hydrogen storage might be matured for power-to-X (presence of salt diapirs)

INEOS is investigating the options for making the Siri Area a future test area for a number of Green Transition Projects, due to its benign location.

INEOS supports the ambition of the Danish Government to reduce CO₂ emission by 70 % in 2030. Therefore,

INEOS has played an active role in the work within the oil and gas industry which has led to input to the Climate Partnership for Energy and Utilities demonstrating a large potential for reductions.

Management's Commentary

Data ethics

INEOS E&P A/S has not defined a separate "Data ethics Policy". INEOS E&P A/S have defined General Data Protection Policy, Data Breach Policy and Data Retention Policy which defines rules on how data is managed and protected. Any violation of the policy or other internal procedures may be reported by employees through the group's whistleblower system or to the company's Compliance Officer. No report were filed in 2022.

Statement on the underrepresented gender

INEOS policy on gender diversity is to explain the target we as a company have set to increase gender diversity and the proportion of women at all management levels in our organization and the initiatives we have implemented and plan to implement to support this development. This also constitutes the element of fulfilling the legal requirement on reporting of targets and policy for the gender composition of management.

Therefore, INEOS has focus on three areas to increase the numbers of females on the Board of Directors:

Recruitment:

1. All available positions are advertised online, and/or promoted internally to ensure that everyone has equal opportunities to apply for the job.
2. Job adds are written in an unbiased language to secure an interest in INEOS Energy Denmark as a workplace and the specific position, for all qualified applicants.
3. When qualified female applicants have responded to a specific job posting (external or internal), Managers must always, if possible, invite all qualified female applicant for an interview.

Talent Development & Succession Planning:

1. Each year when the Performance & Development Review has been completed, women with special leadership potential are identified, and individual action plans are prepared for them.
2. To increase transparency the evaluation in connection with the People Review takes place in manager groups, to ensure that everyone is evaluated in a uniform matter based on equal parameters.
3. Twice a year, all employees have a Performance & Development Dialogue with their immediate manager. This ensures that all employees know how they are performing and that they have a structured dialogue about development wishes and possibilities. It is expected of the managers to pay close attention to diversity and the gender goals set for INEOS Energy Denmark.

Management focus:

1. The development of women in management is monitored through continuous reporting by HR and on at least quarterly basis the Board receives an overview of the gender distribution of management in our organization to ensure appropriate focus and efforts to increase the proportion of female managers.
2. Further all Managers are expected to focus on building diverse teams, and opportunities and support for females to advance.
3. HR ensures awareness of the gender distribution in relation to promotions, aiming at a gender distribution among the management that reflects the overall gender distribution within the organization.

Board of Directors

Currently the Board of directors consist of 3 members of whom 0 is women. Therefore, the company is required to set a target for the underrepresented gender in according to The Financial Statements Act section 99 b. Our target is that the Board of Directors should consist of at least 1 woman before end of 2023. While this target was not achieved in 2022, it remains a key focus for INEOS to be delivered before the 2023 target date is reached.

Management's Commentary

Statement on the underrepresented gender (continued)

Other management level

To improve the diversity in other management level INEOS has decided to set goals for the highest level under the Board of Directors (DK leadership team) and the next level (Leading leaders)

At the end of 2022 composition of other management level was as below.

	Female	Male
DK Leadership team	14%	86%
Leading Leaders	20%	80%

Based on the above INEOS has set a goals to increase the both management level to 25% females by the end of 2024. The oil and gas industry is very male dominated industry why we think we have set an ambitious and realistic. We hope that through our focus areas we will be able to reach the goals. When we have reach our goals we will set new goals so we over time will be able to equal composition of female and male.

During 2022, we have strived to increase the numbers of women in other management level through our focus areas with good progress but we have still not reach our goals. The Company will continue working towards a more equal composition of men and women in other management levels in 2023 through our focus areas.

Report on payments to authorities

Pursuant to section 99c of the Danish Financial Statements Act, INEOS E&P A/S is obliged to account for payment authorities. In 2022 INEOS E&P A/S has made payment of DKK 3.038 thousand regarding Nitrogen Oxide (NOx) fee.

Income Statement 1 January - 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
Revenue	1	1,152,393	860,072
Other operating income	2	31,872	125,356
Raw materials and consumables		9,795	-51,265
Other external expenses		-630,506	-579,914
Gross profit		563,554	354,250
Staff costs	3	-260,858	-179,447
Operating profit before depreciation, amortisation and impairment losses (EBITDA)		302,696	174,803
Amortisation, depreciation, impairment losses on intangible assets and property, plant and equipment	4	230,594	413,724
Other operating costs		-	231
Profit before financial income and expenses (EBIT)		533,291	588,758
Income from investments in subsidiaries	5	2,073,041	502,683
Financial income	6	199,137	215,616
Financial expenses	7	-172,351	-50,381
Profit/(loss) before tax		2,633,118	1,256,676
Tax on profit for the year	8	-198,000	411,714
Profit/(loss) for the year		2,435,118	1,668,390
Distribution of profit/ (loss)	9		

Balance Sheet at 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
Assets			
Intangible		94,163	-
Software		314	763
Intangible assets	10	94,477	763
Fixtures	11	384	738
Production assets	11	2,200,084	1,700,181
Production assets under construction	11	8,925	-
Lease assets	12	270,220	136,684
Tangible assets		2,479,613	1,837,603
Investments in subsidiaries	13	3,219,947	1,146,906
Receivables from group enterprises	14	4,208,597	5,816,844
Other receivables		-	51,728
Deferred tax asset	15	225,000	423,000
Other non-current assets		7,653,544	7,438,478
Non-current assets		10,227,633	9,276,844
Inventory		58,110	47,156
Trade receivables		161,815	242,574
Receivables from group enterprises	14	117,152	141,403
Other receivables		184,642	108,140
Tax receivables		11,766	11,766
Prepayments		46,250	43,653
Current assets		579,735	594,692
Cash at bank and in hand	16	238,809	98,657
Current assets		818,544	693,349
Assets		11,046,177	9,970,193

Balance Sheet at 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
Liabilities and equity			
Share capital		500,000	500,000
Retained earnings		2,497,879	3,062,761
Proposed dividend for the year		3,000,000	-
Equity	17	5,997,879	3,562,761
Provisions	18	4,066,030	3,900,786
Lease liabilities	12	248,850	127,927
Non-current liabilities		4,314,879	4,028,713
Lease liabilities	12	32,761	15,086
Trade payables		119,873	98,044
Payables to group enterprises	19	196,716	1,090,909
Other payables		252,684	157,092
Provisions	18	131,384	1,017,588
Current liabilities		733,418	2,378,719
Liabilities		5,048,298	6,407,432
Liabilities and equity		11,046,177	9,970,193
Going concern	1		
Fee to auditors appointed at the general meeting	20		
Subsequent events	21		
Contingent assets, liabilities and other financial obligations	22		
Related parties and group information	23		
License overview	24		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK'000	DKK'000	DKK'000	DKK'000
2022				
Equity at 1 January	500,000	3,062,761	-	3,562,761
Profit for the year	-	2,435,118	-	2,435,118
Proposed dividend for the year	-	-3,000,000	3,000,000	-
Equity at 31 December	500,000	2,497,879	3,000,000	5,997,879
2021				
Equity at 1 January	500,000	1,376,106	-	1,876,106
Profit for the year	-	1,668,390	-	1,668,390
Exchange adjustments, foreign	-	18,265	-	18,265
Equity at 31 December	500,000	3,062,761	-	3,562,761

Notes

	2022 DKK'000	2021 DKK'000
1 Revenue		
<i>Type of goods/services</i>		
Oil and gas	1,076,163	776,839
Other income relating to oil and gas production	76,230	83,234
Total	1,152,393	860,072
<i>Geographical information by location of customers</i>		
Denmark	92,465	73,096
Rest of EU	-	109,168
Rest of world	1,059,927	677,808
Total	1,152,393	860,072
<i>Timing of revenue recognition from customers</i>		
At a point in time	1,124,819	851,191
Over time	27,574	8,881
	1,152,393	860,072
2 Other operating income		
Change in decommissioning provision	1,102	105,672
Income from subleasing right-of-use assets	30,770	14,212
Other	-	5,472
	31,872	125,356
3 Staff costs		
Wages and salaries	290,785	257,130
Pensions	21,845	18,434
Other social security costs	-	-8
Other staff costs	122	-4,474
	312,752	271,081
Payroll charged to partners etc.	-51,894	-91,634
	260,858	179,447
Average number of employees (FTE's)	245	183

According to section 98 B(3) of the Danish Financial Statements Act, Remuneration to the Executive Board has not been disclosed.

Notes

	2022 DKK'000	2021 DKK'000
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	449	2,094
Depreciation of tangible assets	162,700	286,479
Reserval of impairment of tangible assets	-432,545	-722,760
Depreciation of leased assets	38,801	20,463
	<u>-230,594</u>	<u>-413,724</u>
5 Income from investments in subsidiaries		
Net profit/loss for the year	2,073,041	469,428
Impairment	-	-193,977
Provision	-	227,232
	<u>2,073,041</u>	<u>502,683</u>
6 Financial income		
Bank interest	1,471	257
Interest received from group companies	197,666	168,413
Exchange gains	-	46,946
	<u>199,137</u>	<u>215,616</u>
7 Financial expenses		
Bank interest	591	470
Financial expenses to group companies	41,368	9,311
Other financial expenses	26,750	28,184
Exchange loss	81,901	-
Lease interest	8,339	5,617
Interest element, provision	13,402	6,799
	<u>172,351</u>	<u>50,381</u>
8 Tax on profit for the year		
Current tax for the year	-	11,286
Deferred tax for the year	198,000	-423,000
	<u>198,000</u>	<u>-411,714</u>
9 Distribution of profit/(loss)		
<i>Proposed distribution of (profit/loss)</i>		
Retained earnings	2,435,118	1,668,390
	<u>2,435,118</u>	<u>1,668,390</u>

Notes

10 Intangible assets

	Software DKK'000	Intangible DKK'000	Total DKK'000
Cost at 1 January	35,782	-	35,782
Additions for the year	-	94,163	94,163
Cost at 31 December	<u>35,782</u>	<u>94,163</u>	<u>129,945</u>
Impairment losses and amortisation at 1 January	35,019	-	35,019
Amortisation for the year	449	-	449
Impairment losses and amortisation at 31 December	<u>35,468</u>	<u>-</u>	<u>35,468</u>
Carrying value at 31 December	<u>314</u>	<u>94,163</u>	<u>94,477</u>

11 Tangible assets

	Other fixtures and fittings, tools and equipment DKK'000	Production assets DKK'000	Production assets under construction DKK'000	Total DKK'000
Cost at 1 January	1,800	16,928,448	6,839,753	23,770,001
Additions for the year	-	2,584	8,925	11,509
Change in decommissioning provision	-	181,270	45,852	227,122
Cost at 31 December	<u>1,800</u>	<u>17,112,303</u>	<u>6,894,530</u>	<u>24,008,633</u>
Impairment losses and depreciaiton at 1 January	1,062	15,228,267	6,839,753	22,069,082
Depreciation for the year	354	162,346	-	162,700
Impairment	-	41,141	45,852	86,993
Reversal of impairment	-	-519,537	-	-519,537
Impairment losses and depreciaiton at 31 December	<u>1,416</u>	<u>14,912,216</u>	<u>6,885,605</u>	<u>21,799,237</u>
Carrying amount at 31 December	<u>384</u>	<u>2,200,086</u>	<u>8,925</u>	<u>2,209,395</u>
Interest expenses recognised as part of cost of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Due to change in key assumptions and higher prices compared to 2022 a reserval of impairment of 520 million is recognised related to Syd Arne. Further, a impairment of 87 million has been recognised related to the Siri area and Hejre. Key assumptions are disclosed by Group (INEOS UK E&P Holdings Limited) in note 12 of the financial statements for INEOS UK E&P Holdings Limited.

Notes

12 Lease assets

	Land and buildings DKK'000	Furniture and equipment DKK'000	Total DKK'000
Cost at 1 January	156,403	37,722	194,124
Lease modifications	14,151	158,186	172,337
Disposals	-	-973	-973
Cost at 31 December	<u>170,554</u>	<u>194,935</u>	<u>365,488</u>
Depreciaton at 1 January	27,380	30,060	57,440
Depreciation for the year	11,637	27,164	38,801
Disposals	-	-973	-973
Depreciaton at 31 December	<u>39,017</u>	<u>56,251</u>	<u>95,268</u>
Carrying amount at 31 December	<u>131,537</u>	<u>138,683</u>	<u>270,220</u>

The Company leases a number of assets as part of its activities. This primarily includes its offices, storage and vessel charter. Some leases will have payments that vary with market interest or inflation rates. The Company's obligations are secured by the lessors' title to the leased assets for such leases.

Amount recognised in profit and loss

	2022 DKK'000	2021 DKK'000
Expense relating to short-term leases for which recognition exemption is applied	4,149	4,352
Income from subleasing right-of-use assets	30,770	14,213

Interests on lease debt expensed in profit (loss) were DKK 8.3 million in 2022 (2021: DKK 5.6 million).

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Within 1 year	42,079	20,344
Between 1 and 5 year	206,480	43,337
Over 5 years	131,907	129,086
Less: impact on discounting	-	-49,754
Balance at 31 December 2022	<u>380,465</u>	<u>143,013</u>

Current	33,740	15,086
Non-current	346,726	127,927
Total	<u>380,465</u>	<u>143,013</u>

Commitment to short term leases as at 31 December	104	346
Commitment to low value leases as at 31 December	218,324	-
Total commitment	<u>218,429</u>	<u>346</u>

Notes

	2022 DKK'000	2021 DKK'000
13 Investments in subsidiaries		
Cost at 1 January	2,320,981	2,076,480
Additions for the year	-	874,501
Disposals for the year	-	-630,000
Cost at 31 December	<u>2,320,981</u>	<u>2,320,981</u>
Revaluations at 1 January	-1,174,075	-2,076,480
Exchange adjustments	8	18,265
Net profit for the year	2,073,033	469,428
Impairment	-	-193,977
Dividend	-	-21,311
Disposals for the year	-	630,000
Revaluations at 31 December	<u>898,966</u>	<u>-1,174,075</u>
Carrying amount at 31 December	<u>3,219,947</u>	<u>1,146,906</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
INEOS E&P (Siri) UK Ltd.	London, United Kingdom	100%	32,371	131,873
INEOS E&P DK A/S	Virum, Denmark	100%	76,286	2,568
INEOS E&P Grønland A/S*	Nuuk, Greenland	100%	30,157	377
INEOS Energy (Syd Arne) ApS	Virum, Denmark	100%	2,396,803	1,044,289
INEOS E&P (Petroleum Denmark) ApS	Virum, Denmark	100%	833,208	889,788
INEOS E&P (Norge) Petroleum DK AS	Stavanger, Norway	100%	-148,878	4,138
			<u>3,219,947</u>	<u>2,073,033</u>
			2022 DKK'000	2021 DKK'000

14 Receivables from group enterprises

Between 1 and 5 years	4,208,597	5,816,844
Non-current portion	4,208,597	5,816,844
Other short-term debt to subsidiaries	117,152	141,403
	<u>4,325,749</u>	<u>5,958,247</u>

Receivable from INEOS UK E&P Holdings Limited is covered by a letter of support from our indirect parent company INEOS Industries Limited.

Notes

	2022 DKK'000	2021 DKK'000
15 Deferred tax asset		
Deferred tax asset at 1 January	423,000	-
Amounts recognised in the income statement for the year	-198,000	423,000
Deferred tax at 31 December	225,000	423,000
Property, plant and equipment (chapter 2 taxes)	-	57,250
Other provisions (chapter 2 taxes)	-	30,470
Tax loss carry-forward (ordinary taxes)	-	12,500
Decommissioning (chapter 2 taxes)	225,000	322,780
	225,000	423,000

INEOS E&P A/S has recognized a deferred tax assets of DKK 225 million (2021: DKK 423 million). The basis for the recognition has been the model applied to determine impairment of non-financial assets adjusted for certain items to determine the future estimated taxable income. The decrease in recognized deferred tax asset is due to the impairment reversal. The recognised deferred tax asset is related to Hydrocarbon chapter 2 taxable income.

The recognised deferred tax assets relates to tax losses and timely differences, which will be utilised to offset future ordinary income and future chapter 2 income in jointly taxed subsidiaries.

There is a non-recognized deferred tax assets of DKK 18,071 million (2021: DKK 18,272 million), which relates partly to unutilised losses DKK 9,473 million (2021: DKK 8,705 million) in hydrocarbon income and partly to timely differences DKK 8,598 million (2021: DKK 9,567 million). It is considered more likely than not, that these losses and timely differences can not be utilised in the future.

16 Cash at bank and in hand

Available cash	652	513
Licenses and restricted cash	238,158	98,144
	238,809	98,657

17 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Share capital at 1 January	500,000	500,000	500,000	500,000	500,000
Reduction for the year	-	-	-	-	-
Share capital at 31 December	500,000	500,000	500,000	500,000	500,000

Notes

	2022 DKK'000	2021 DKK'000
18 Provisions		
Balance at 1 January	4,918,374	5,302,952
Provision made during the year	-	-
Provision used during the year	-1,052,075	-193,127
Provision made / (reversed)	98,149	-296,462
Change in estimated, interest and other factors	232,966	105,011
Balance at 31 December	4,197,414	4,918,374
<i>Provisions by category:</i>		
Decommissioning obligations	4,066,030	3,827,379
Onerous contracts	128,797	1,087,564
Other provisions	2,587	3,431
	4,197,414	4,918,374
<i>The expected due dates of other provisions are:</i>		
Within one year	145,226	1,017,588
Between 1 and 5 years	2,064,413	1,773,848
Over 5 years	1,987,775	2,126,938
	4,197,414	4,918,374

Provisions comprises of decommissioning obligations relating to demolition and decommissioning of the Company's oil and gas fields, provision for onerous contracts and other provision. Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the decommissioning provision is recognised in property, plant and equipment and depreciated together with the associated asset. The values of the provision for onerous contracts is recognised in the Income Statement as impairment of tangible assets.

19 Payables to group enterprises

Between 1 and 5 years	-	-
Non-current portion	-	-
Other short-term debt to subsidiaries	196,716	1,090,909
	196,716	1,090,909

20 Fee to auditors appointed at the general meeting

Deloitte		
Audit fee	827,224	840,806
Other services	19,000	16,900
	846,224	857,706

21 Subsequent events

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

22 Contingent assets, liabilities and other financial obligations

Contingent liabilities

According to legislation, INEOS E&P A/S are liable to pay compensation for any environmental accidents or other types of damage caused by our oil and gas activities, even when there is no proof of negligence (strict liability). We have taken out insurance to cover any such claims.

Notes

22 Contingent assets, liabilities and other financial obligations (continued)

INEOS E&P A/S is taxed jointly with all Danish subsidiaries. As management company, the company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

Guarantees

INEOS Holdings AG has furnished the Danish Ministry for Economic Affairs and the Interior with guarantees for fulfilment of obligations and liability in damages towards the Danish State or third parties incurred by INEOS E&P A/S in connection with the company's participation in exploration and production licences, irrespective of whether the obligations and liability rest on INEOS E&P A/S alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice INEOS E&P A/S's share of each obligation or liability.

23 Related parties and group information

Transactions with related parties

According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

Group information

INEOS E&P A/S immediate parent company is INEOS UK E&P Holdings Limited, United Kingdom (100 percent ownership). The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

INEOS E&P A/S is included in the consolidated financial statements prepared by INEOS UK E&P Holdings Limited, United Kingdom.

The consolidated financial statements of INEOS UK E&P Holdings Limited can be obtained by contacting INEOS E&P A/S or at:

<https://beta.companieshouse.gov.uk/company/SC200459>

24 License overview

License	Operator	Ownership Interest	Producing Oil and gas field	Oil and gas field under development	Oil and gas field under evaluation
1/06 Hejre Extension	INEOS E&P A/S	48.00%			x
1/90 Luita	INEOS E&P A/S	43.59%	x		
3/09 Solsort	INEOS E&P A/S	35.00%		x	
4/95 Nini Field	INEOS E&P A/S	57.14%	x		
4/98 Solsort	INEOS E&P A/S	35.00%		x	
5/98 Hejre	INEOS E&P A/S	60.00%			x
6/95 Siri	INEOS E&P A/S	70.00%	x		
7/86 Lulita Part	INEOS E&P A/S	43.59%	x		
7/89 Syd Arne Field	INEOS E&P A/S	36.79%	x		
16/98 Cecilie Field	INEOS E&P A/S	56.41%	x		

Accounting policies

Basis of preparation

The annual report of INEOS E&P 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 as well as selected provisions of the International Financial Reporting Standards approved by EU.

The annual report for 2022 is presented in Thousand Danish Kroner (DKK '000).

In pursuant of Section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements as the company is included in the cash flow statement of the INEOS UK E&P Holdings Limited.

In pursuance of Section 86(4) of the Danish Financial Statements Act, the company has omitted preparing a cash flow statement as the company is included in the cash flow statement of the INEOS UK E&P Holdings Limited.

In pursuance of Section 96(3) of the Danish Financial Statements Act, the company has omitted providing information on audit fees as the company is fully consolidated in INEOS UK E&P Holdings Limited's consolidated financial statements, in which the audit fees for the Group as a whole are disclosed.

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's 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's 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 instalments 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 are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Segment information

Information is provided on business segments and geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and management control.

Accounting policies

Revenue

The Company has chosen IFRS 15 as basis of recognition and measurement.

Revenue, which is stated net of value added tax, represents oil and gas products sold to third parties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations.

Revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer. For sales resulting from hydrocarbon production, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue resulting from hydrocarbon production from properties in which the Company has an interest with partners in joint arrangements is recognised on the basis of the Company's volumes lifted and sold. Lifting or offtake arrangements for oil and gas produced in certain of the Company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less inventory is an "underlift" or "overlift". Underlift and overlift are valued at cost price and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales in the income statement.

Other income relating to gas production include technical service to third or related parties, and revenue arising from tariffs for third or related parties use of owned pipelines and infrastructure. Tariffs are recognised at the end of the month for pipeline movements during the month and are based on quantity transported through the pipeline.

Raw materials and consumables

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature relative to the company's activities.

Other external expenses

Other external costs comprise expenses for distribution, sales, advertising, administration, premises, bad debts, operating leases, etc.

Over-/under lift is recognised at cost price. Over-/under lift refers to the situation in which the Company participates in producing fields with several participants and where the Company has lifted and sold more or less crude oil from a producing field than what the Company is entitled at the time of lifting.

Other external expenses also comprise cost for exploration and appraisal wells that do not qualify for capitalisation.

Employee costs

Employee costs comprise wages and salaries as well as payroll dependent expenses, including pensions, social security costs and other employee related costs.

Depreciation, amortisation and impairment losses

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

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses and liabilities and foreign currency transactions. It also includes realized and unrealized gains and losses on hedge interest rate and currency risks that are not hedges of net sales, cost of sales or fixed assets.

Income from investments in subsidiaries

The income statement includes the pro rata share of the net profit after the elimination of intercompany profit/losses and amortization of goodwill under the item "Results from investments in subsidiaries". Investments in subsidiaries are recognised and measured using the equity method. Further gains and losses due to sale of subsidiaries are included.

Joint ventures

Joint venture represent contractually agreed arrangements on joint economic activities where there is no undertaking involved, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Each of the venturers recognises in its individual financial statements the assets that it controls and the liabilities and expenses that it incurs and its share of the income that it earns from the sale of goods and services. The Company's exploration, development and production activities are generally conducted as co-licensee in joint operations with other companies (Joint Venture).

Tax on profit for the year

Tax on profit/loss for the year, consisting of current tax for the year and deferred tax for the year, is recognised in the income statement to the extent that it relates to profit/loss for the year and directly in equity to the extent that it relates to entries made directly in equity. The company is subject to the Danish rules on compulsory joint taxation. Subsidiaries are included in the joint taxation from the date they are included in the consolidation in the consolidated financial statements and up to the date on which they are no longer included in the consolidation.

INEOS E&P A/S is the management company for the joint taxation and consequently settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income. In this connection, Danish subsidiaries with tax losses receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses.

INEOS E&P A/S is covered by the Danish Hydrocarbon Tax Act. Hydrocarbon taxes are recognised under tax on profit/loss for the year. INEOS E&P A/S is the management company responsible for the carbon tax joint taxation and thus settles all hydrocarbon tax payments with the tax authorities.

The company is jointly taxed with Danish Hydrocarbon group enterprises. The Hydrocarbon tax is distributed among the enterprises in proportion to their taxable incomes.

Intangible assets

Software is measured at cost less accumulated depreciation or the recoverable amount, whichever is lower. Software is amortized over 3-5 years.

Cost includes direct and indirect costs associated with acquisition and implementation up to the date when the asset is ready for use.

Accounting policies

Balance sheet

Intangible assets (continued)

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company's development activities. As of the date of completion, capitalised development cost are amortised on a straight-line basis.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Cost is increased by estimated expenses for dismantling and removing the asset and restoration to the extent that they are recognised as a provision.

Exploration comprises recognised expenses for drilling successful exploration and appraisal wells where development of the field has yet to commence. Expenses are recognised using the successful efforts method. Under the successful efforts method, expenses for drilling specific exploration wells are recognised in the balance sheet. Acquired licences where discoveries have been made, including acquired reserves, are also recognised under exploration. General exploration expenses and expenses for unsuccessful exploration wells are recognised in the income statement. Recognition in the balance sheet is maintained pending determination of commercial viability. Where a discovery is found not to be commercially viable, the drilling expenses incurred are recognised in the income statement as Other external costs. Other exploration expenses are recognised in the income statement as Other external costs as incurred.

In the case of oil and gas production assets, cost is depreciated using the unit-of-production method based on the ratio of current production to estimated recoverable reserves by individual field.

Exploration assets and production assets under construction is not depreciated until production of oil and gas is started.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are capitalized over the period of construction. All indirectly attributable borrowing costs are recognised in the income statement.

The basis of depreciation is determined as cost reduced by any residual value, and depreciation is charged on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment

Investments in subsidiaries

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Accounting policies

Investments in subsidiaries (continued)

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of INEOS E&P A/S is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries are reviewed annually to determine whether there is any indication of impairment.

If there are indications of impairment, an impairment test is carried out for each asset or group of assets. Impairment is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount of the asset is calculated as the higher of the net selling price and the value in use.

The value in use is calculated as the present value of expected net cash flows from the use of the asset or group of assets and the expected net cash flows from the sale of the asset or group of assets after the end of their useful lives.

Inventory

Inventories consist of petroleum, condensate, liquid petroleum gas. Inventories are valued at the lower of cost and net realisable value.

Cost is determined as lifting cost for the month.

Receivables

Receivables are measured at amortised cost, which normally corresponds to nominal value. Provisions for bad debts are made.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

The item also includes underlift of crude oil, which is measured at realisable value. Because producing fields have several partners, situations may arise in which a partner has lifted and sold more or less oil than its relative entitlement at the point of lifting. Such situations are described as overlift or underlift, respectively. Overlift of crude oil is recognised as deferred income in current liabilities.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Accounting policies

Provisions

Provisions are recognised 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.

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

Provisions for decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and restoration as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to be attached to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in the market. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised within property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in net profit for the year as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. If it is considered unlikely that an outflow from the Company of resources embodying economic benefits will be required to settle an obligation, or if the obligation cannot be measured reliably, the obligation is accounted for as a contingent liability that is not recognised in the balance sheet. Material contingent liabilities are disclosed in the notes.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. If a contract is, or contains a lease, the Company applies IFRS 16 when accounting for such contracts. For all other contracts, it applies other IFRSs as appropriate.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

The Company, as lessee, has availed the exemption from lessee accounting for its short-term leases and leases of low-value items. Accordingly for these leases, it recognises the lease payments as an expense, on either a straight line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the Company's benefit.

The Company recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the Company has the primary responsibility for making the lease payments.

For contracts in scope, the Company, as the lessee, recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Accounting policies

Leases (continued)

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Income tax and deferred tax

Current tax payable and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and taxes paid on account.

Deferred 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 on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are measured at the value at which the asset is expected to be realised, either through elimination against tax on future earnings or through offsetting against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation enacted at the balance sheet date when the deferred tax is expected to materialise as current tax. Where the tax base can be determined applying alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year a tax rate of 25% on hydrocarbon activities and 22% on corporate tax has been applied.

Accounting policies

Liabilities

Financial liabilities such as mortgage loans and loans from credit institutions are recognised at the date of inception at the proceeds received net of transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. The difference between the proceeds received and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is measured at amortised cost, which for cash loans corresponds to the debt outstanding. For bond loans, amortised cost corresponds to the debt outstanding calculated as the underlying cash value of the loan at the date of inception, adjusted for depreciation charged over the repayment period on the market value adjustment of the loan at inception.

Other payables are measured at amortised cost, corresponding to nominal value.

Deferred income

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

Foreign currency translation

Transactions in foreign currencies are translated on initial recognition at the exchange rates applicable at the dates of transaction. Exchange differences arising between the exchange rate applicable at the transaction date and at the date of payment are recognised in the income statement as financial income or expenses.

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.

Non-current assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are classified as and meet the criteria for hedging of future transactions are recognised directly in equity. On realisation of the hedged transactions, the accumulated changes are recognised in the relevant items.

Changes in the fair values of derivative financial instruments that are classified as and meet the criteria for hedging of the fair value of a recognised asset or a recognised liability are recognised in the income statement together with value adjustments of the hedged asset or the hedged liability.

For derivative financial instruments that do not meet the criteria for designation as hedging instruments, changes in fair value are recognised in the income statement.

Changes in the fair values of derivative financial instruments that are used to hedge net investments in separate foreign subsidiaries are recognised directly in equity.

Accounting policies

Financial Highlights

Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
EBITDA margin	$\frac{\text{Earnings before interest, taxes, depreciation and amortisation} \times 100}{\text{Revenue}}$

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registereret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Christian Vinten

Dirigent

Serienummer: a66e9cb6-f896-45fe-8bb2-38898752fa31

IP: 212.133.xxx.xxx

2023-06-29 12:59:26 UTC



Peter Kyhnauv-Vejgaard

Revisor

Serienummer: 3f00d5a2-282e-46c9-962e-31c40d334541

IP: 80.62.xxx.xxx

2023-06-29 13:01:29 UTC



Erik Fantoft Magnesen

Bestyrelsesformand

Serienummer: 9578-5994-4-1920109

IP: 46.212.xxx.xxx

2023-06-29 13:03:28 UTC



Lars Hillebrand

Revisor

Serienummer: 45bc0e3b-19f6-4ad7-9303-4eb98b390379

IP: 83.151.xxx.xxx

2023-06-29 14:26:46 UTC



Mads Weng Gade

Adm. direktør

Serienummer: 3a1e010f-f69a-447d-a947-a5309f0a6803

IP: 213.242.xxx.xxx

2023-06-29 15:03:21 UTC



Mads Weng Gade

Bestyrelsesmedlem

Serienummer: 3a1e010f-f69a-447d-a947-a5309f0a6803

IP: 213.242.xxx.xxx

2023-06-29 15:03:21 UTC



Penneo dokumentnøgle: KD0IA-1TU48-BNI.25-1TT0V-QLBTB-31Y2C

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser i indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validator>

Management's Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of INEOS E&P 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 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 our opinion, Management's Commentary includes a fair review of the matters dealt with in the Management's Commentary

We recommend the adoption of the annual report at the annual general meeting.

Virum, 29 June 2023

Executive Board



Mads Weng Gade

Board of Directors

Erik Fantoft Magnesen
Chairman



David James Bucknall
Deputy chairman



Mads Weng Gade