

# **INEOS Energy (Syd Arne) ApS**

**Teknikerbyen 5, 1.  
Virum**

## **Annual report for 2022**

**CVR no. 73 58 91 18**

Adopted at the annual general meeting on  
29 June 2023

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Christian Vinten

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## Management's Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of INEOS Energy (Syd Arne) ApS 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 2021.

In our opinion, Management's review 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

## Independent Auditor's Report

To the shareholder of INEOS Energy (Syd Arne) ApS

### Opinion

We have audited the financial statements of INEOS Energy (Syd Arne) ApS 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 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements requirements and IESBA Code. We believe that applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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, 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 skepticism 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 Management's commentary, and we do not express an form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that Management's 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 Management's 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

<b>The Company</b>	INEOS Energy (Syd Arne) ApS Teknikerbyen 5, 1. 2830 Virum  Website: <a href="http://www.ineos.com">www.ineos.com</a>  CVR no.: 73 58 91 18 Reporting period: 1 January - 31 December
<b>Board of Directors</b>	Erik Fantoft Magnesen, Chairman David James Bucknall, Deputy chairman Mads Weng Gade
<b>Executive Board</b>	Mads Weng Gade
<b>Auditors</b>	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S
<b>Consolidated Financial Statements</b>	The Company is included in the consolidated Financial Statements of INEOS E&P UK Holdings Limited. The consolidated financial statements of INEOS E&P UK Holdings Limited can be obtained by contacting INEOS E&P A/S or at:  <a href="https://beta.companieshouse.gov.uk/company/SC200459">https://beta.companieshouse.gov.uk/company/SC200459</a>

## Financial Highlights

### Key figures

<b>Income statement</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	DKK'000	DKK'000	USD'000	USD'000	USD'000
Revenue	1,104,530	687,514	138,108	163,767	191,014
Operating profit/loss	1,388,954	250,778	-91,006	-50,049	-163,106
Net financials	14,805	-64,878	-11,061	-9,934	-10,766
Net profit/loss for the year	1,044,290	426,487	-91,592	-45,766	-142,690
<b>Balance Sheet (DKKm)</b>					
Total assets	4,711,611	3,571,998	622,705	845,369	891,009
Investment in property, plant and equipment	8,070	1,574	17,599	12,163	17,839
Equity	2,396,804	1,352,514	379,551	471,143	516,909
<b>Financial ratios</b>					
Return on assets	29.48%	7.02%	-77.70%	-14.60%	-5.80%
Solvency ratio	50.87%	37.86%	28.80%	61.00%	55.70%
Return on equity	55.71%	49.25%	-117.10%	-21.50%	-9.30%
<b>None-financial data</b>					
Average number of employees (FTE's)	0	47	99	104	106

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.

In 2022 INEOS Energy (Syd Arne) ApS changes currency from USD to DKK. Only the numbers in 2021 has been restated to DKK.

## Management's Commentary

### Main activity

The objects for which the Company is established are investigating and recovering hydrocarbons, and to store, process, transport and trade in hydrocarbons and other relevant energy forms as well as other related products and services.

With effect from April 1, 2022, the Company ceased to be operator of the Syd Arne licence, and the operators-hip was, concurrently, assumed by INEOS E&P A/S.

The Company has an interest of 61.51572% in the 7/89 South Arne license. The production consists primarily of oil. Further, the Company has an interest of 4.8% in the Solsort development project.

The Company is a 100% owned subsidiary of INEOS E&P A/S.

### Financial review

The INEOS Energy (Syd Arne) ApS share of production from the South Arne field during 2022 averaged 4.4 thousand barrels of oil equivalent per day, a 9% decrease on 2021 production but due to a higher oil price in 2022 the revenue increased from DKK 687m in 2021 to 1.105m in 2022. During the month of January, an electrical motor for a high pressure compressor broke down, leading to production shut down for 3 weeks. During this period, a replacement turbine was installed, and turnaround activities planned for later in the year were executed. The remainder of the year saw very high uptime. 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 where the project was sanctioned. Execution is ongoing with first oil expected in Q3 or Q4 2023.

The company's revenue for 2022 was DKK 1,105 million with a net profit after tax of DKK 1,044 million including an reversal of impairment of DKK 910 million (we refer to note 1). The company balance sheet as at 31 December 2021 shows equity of DKK 1,397 million after a proposed dividend of DKK 1,000 million.

### Future outlook

The Company continues to monitor the ongoing Russian military hostilities 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 expect a result before tax between DKK 100 million and DKK 200 million. Further, due to natural decline in the reservoir and other factors, we expect lower production of 15-20% in 2023.

### Special risks - operating risks and financial risks

#### Market risks

As the company produces and sells crude oil it is exposed to fluctuating oil prices.

#### Foreign exchange risks

The operating costs of the company are primarily in DKK and are therefore exposed to currency exchange rate fluctuations.



## Management's Commentary

### **Environment and safety**

INEOS Energy (Syd Arne) ApS aims to be compliant at all times with all Danish EHS Regulations, Corporate EHS Standards and Industry Guidelines and Recommended Practices. The company equally strives to ensure its operations and activities are carried out in a safe and responsible manner with no harm to people or damage to the environment. The company's Occupational Health and Safety Management System is ISO 45001 certified and the Environmental Management system is ISO14001 certified.

### **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 life 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.

### **Subsequent events**

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

## 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 primarily oil sold to 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 Energy (Syd Arne) ApS 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. 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 Energy (Syd Arne) ApS 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.

## Management's Commentary

### Corporate social responsibility (continued)

The actions taken by INEOS Energy (Syd Arne) ApS 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 Energy (Syd Arne) ApS.

The Company has joined the principles of the UN Global Compact. INEOS Energy (Syd Arne) ApS 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 Energy (Syd Arne) ApS 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](http://www.ineos.com/sustainability).

### Human rights

No significant risks have been identified in relation to human rights. INEOS Energy (Syd Arne) ApS conduct business in a regulated market where authorities inspects companies to make sure that they comply with legislation and where labour unions is involved in negotiation regarding working conditions including human rights for employees.

INEOS Energy (Syd Arne) ApS conducts business to business (B2B) and our customers are mostly large corporation or public companies. Therefore, violation of human rights is rare and INEOS Energy (Syd Arne) ApS haven't registered any.

INEOS Energy (Syd Arne) ApS will continuously ensure that all human rights are respected, and there is a continuous follow up. INEOS Energy (Syd Arne) ApS will continuously ensures that all human rights are respected and will implement adequate policies if deemed required.

### Anti-Corruption Policy

INEOS Energy (Syd Arne) ApS 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 Energy (Syd Arne) ApS 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 Energy (Syd Arne) ApS 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 Energy (Syd Arne) ApS 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 anti-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.

## Management's Commentary

### Social and employee conditions (continued)

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 1.5 workplace accidents (OSHA recordable injury rate per 200,000 hours) compared to 11.7 in 2021. 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 Energy (Syd Arne) ApS 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".

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 kSm<sup>3</sup>/d in 2021 to 1.37 kSm<sup>3</sup>/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 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.

INEOS Energy (Syd Arne) ApS 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 put in to reducing our impacts going forward.

### Data ethics

INEOS Energy (Syd Arne) ApS has not defined a separate "Data ethics Policy". INEOS Energy (Syd Arne) ApS 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 reports were filed in 2022.

### 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 of 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.

## Management's Commentary

### Climate (continued)

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.

INEOS Energy Denmark is investigating the options for making the Siri Area (owned by INEOS Energy (Syd Arne) ApS's parent company INEOS E&P A/S) a future test area for a number of Green Transition Projects, due to its optimal location.

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 CO<sub>2</sub>, 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 CO<sub>2</sub> 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 supports the ambition of the Danish Government to reduce CO<sub>2</sub> 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.

### 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's Commentary

### Statement on the underrepresented gender (continued)

#### *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.

#### **Other management level**

INEOS Energy (Syd Arne) ApS doesn't have any employees why no targets has been set for other management levels.

#### **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 60 thousand regarding Nitrogen Oxide (NOx) fee.

## Income Statement 1 January - 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
<b>Revenue</b>	3	<b>1,104,530</b>	<b>687,514</b>
Cost of sales and exploration	5,6	294,426	-422,920
<b>Gross profit/(loss)</b>		<b>1,398,956</b>	<b>264,594</b>
Administrative expenses		-10,002	-13,816
<b>Operating profit/(loss)</b>		<b>1,388,954</b>	<b>250,778</b>
Other operating income	4	8,880	31,342
<b>Profit/loss before financial income and expenses</b>		<b>1,397,834</b>	<b>282,120</b>
Financial income	7	29,369	965
Financial expenses	8	-14,564	-65,843
<b>Profit/(loss) before tax</b>		<b>1,412,639</b>	<b>217,242</b>
Tax on profit/loss for the year	9	-368,349	209,245
<b>Net profit/(loss) for the year</b>		<b>1,044,290</b>	<b>426,487</b>

## Balance Sheet at 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
<b>Assets</b>			
CO2 quota		71,997	-
<b>Intangible assets</b>	11	<b>71,997</b>	<b>-</b>
Fixtures		3,509,720	2,853,669
Plant and machinery under construction		6,700	2,841
<b>Tangible assets</b>	12	<b>3,516,420</b>	<b>2,856,510</b>
Lease assets		-	157,641
<b>Lease assets</b>	13	<b>-</b>	<b>157,641</b>
Deferred tax asset		-	196,836
<b>Other non-current assets</b>	15	<b>-</b>	<b>196,836</b>
<b>Non-current assets</b>		<b>3,588,417</b>	<b>3,210,987</b>
Inventories	14	68,648	83,688
Trade receivables		15,940	79,686
Receivables from group enterprises		1,009,928	156,708
Other receivables		22,813	23,102
Tax receivables		-	17,118
Prepayments	16	5,865	709
<b>Current assets</b>		<b>1,123,194</b>	<b>361,011</b>
<b>Cash at bank and in hand</b>		<b>-</b>	<b>-</b>
<b>Current assets</b>		<b>1,123,194</b>	<b>361,011</b>
<b>Assets</b>		<b>4,711,611</b>	<b>3,571,998</b>

## Balance Sheet at 31 December 2022

	Note	2022 DKK'000	2021 DKK'000
<b>Liabilities and equity</b>			
Share capital		15,002	15,002
Retained earnings		1,381,802	1,337,512
Proposed dividend for the year		1,000,000	-
<b>Equity</b>	17	<b>2,396,804</b>	<b>1,352,514</b>
Provisions	18	1,972,474	1,953,478
Deferred tax	19	171,950	-
Lease liabilities	13	-	136,887
<b>Non-current liabilities</b>		<b>2,144,424</b>	<b>2,090,365</b>
Provisions		-	11,846
Lease liabilities	13	-	23,277
Trade payables		26,974	37,130
Payables to group enterprises	20	2,929	-
Other payables		140,480	56,866
<b>Current liabilities</b>		<b>170,383</b>	<b>129,119</b>
<b>Liabilities</b>		<b>2,314,807</b>	<b>2,219,484</b>
<b>Liabilities and equity</b>		<b>4,711,611</b>	<b>3,571,998</b>
Uncertainty related to recognition and measurement	1		
Subsequent events	2		
Distribution of profit/(loss)	10		
Fee to auditors appointed at the general meeting	21		
Contingent assets, liabilities and other financial obligations	22		
Related parties and group information	23		



## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK'000	DKK'000	DKK'000	DKK'000
<b>2022</b>				
Equity at 1 January	15,002	1,319,247	-	1,334,249
FX due to changes in currency		18,265		18,265
Profit for the year	-	1,044,290	-	1,044,290
Proposed dividend for the year		-1,000,000	1,000,000	-
<b>Equity at 31 December</b>	<b>15,002</b>	<b>1,381,802</b>	<b>1,000,000</b>	<b>2,396,804</b>
<b>2021</b>				
Equity at 1 January	16,245	634,521		650,766
Profit for the year	-	426,487		426,487
Exchange adjustments, foreign	-1,250	1,250		-
Capital increase	7	256,989		256,996
<b>Equity at 31 December</b>	<b>15,002</b>	<b>1,319,247</b>	<b>-</b>	<b>1,334,249</b>

## Notes

### 1 Uncertainty relating to recognition and measurement

#### *Asset impairment test*

At year-end 2022 INEOS Energy (Syd Arne) ApS has performed an annual asset impairment test and various sensitivity analysis. Net assets related to the oil and gas activities are tested for impairment if there is any indication of impairment. For assets with a limited lifetime such as oil and gas fields, cash flows are calculated based on forecasts for the entire lifetime of the asset. The determination of the recoverable amount for assets is based on a number of assumptions where estimates are made that are material to the determination. 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. Based on these assumption and estimate we have recognised a reversal of impairment of DKK 910 million for tangible assets cf. note 12.

#### *Decommissioning obligation*

The decommissioning obligation is recognised as the present value of the estimated expected obligation regarding to dismantling of the platforms and at the end of the license period in 2047.

Management have based the estimate on input from specialist, available market data and industry/historical knowledge including anticipated cost savings resulting from anticipated advances in technology in the future.

The measurement of the asset retirement obligation is subject to uncertainty due to a number of assumptions, including the scope of work required, timing, regulations, costs, and effect of cost savings resulting from anticipated advances in technology.

Management believes the assumptions applied are reasonable and realistic.

### 2 Subsequent events

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

### 3 Revenue

#### *Type of goods/services*

	2022 DKK'000	2021 DKK'000
Oil	1,050,556	679,786
Gas	53,974	7,728
<b>Total</b>	<b>1,104,530</b>	<b>687,514</b>

#### *Geographical information by location of customers*

Denmark	53,974	7,722
Rest of EU	-	103,015
Rest of world	1,050,556	576,777
<b>Total</b>	<b>1,104,530</b>	<b>687,514</b>

#### *Timing of revenue recognition from customers*

At a point in time	1,050,556	679,792
Over time	53,974	7,722
	<b>1,104,530</b>	<b>687,514</b>

## Notes

	2022	2021
	DKK'000	DKK'000
<b>4 Other operating income</b>		
Government Grant	-	21,216
Other	8,880	10,126
	<u>8,880</u>	<u>31,342</u>
<b>5 Cost of sales and exploration</b>		
Production and exploration	345,482	353,152
Depreciation	270,227	330,248
Reversal of impairment	-910,134	-260,480
	<u>-294,426</u>	<u>422,920</u>
<b>6 Staff costs</b>		
Wages and salaries	-	44,228
Pensions	-	3,890
Other social security expenses	-	569
	<u>-</u>	<u>48,687</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales and exploration	-	48,687
	<u>-</u>	<u>48,687</u>
Average number of employees (FTE's)	<u>0</u>	<u>47</u>
There has been no remuneration to the Board of Directors in 2022 or 2021.		
	2022	2021
	DKK'000	DKK'000
<b>7 Financial income</b>		
Interest received from group companies	19,960	440
Other financial income	594	525
Exchange gains	8,815	-
	<u>29,369</u>	<u>965</u>
<b>8 Financial expenses</b>		
Financial expenses to group companies	6,001	26,809
Other financial expenses	951	-
Exchange loss	-	17,762
Lease interest	986	4,368
Interest element, provision	6,626	16,904
	<u>14,564</u>	<u>65,843</u>

## Notes

	2022 DKK'000	2021 DKK'000	
<b>9 Tax on profit for the year</b>			
Deferred tax for the year	368,786	-188,753	
Adjustment of tax concerning previous years	-437	-20,492	
	<u>368,349</u>	<u>-209,245</u>	
<b>10 Proposed distribution of (profit/loss)</b>			
Proposed dividend for the year	1,000,000	-	
Retained earnings	44,290	426,487	
	<u>1,044,290</u>	<u>426,487</u>	
<b>11 Intangible assets</b>		CO2 quotas DKK'000	
Cost at 1 January		-	
Additions for the year		71,997	
Cost at 31 December		<u>71,997</u>	
Impairment losses and amortisation at 1 January		-	
Amortisation for the year		-	
Impairment losses and amortisation at 31 December		-	
<b>Carrying value at 31 December</b>		<u><u>71,997</u></u>	
<b>12 Property, plant and equipment</b>			
	Plant and machinery DKK'000	Plant and machinery under DKK'000	Total DKK'000
Cost at 1 January	16,490,435	100,780	16,591,215
Additions for the year	4,211	3,859	8,070
Change in decommissioning provision	11,932	-	11,932
Cost at 31 December	<u>16,506,578</u>	<u>104,639</u>	<u>16,611,217</u>
Impairment losses and depreciaton at 1 January	13,636,765	97,939	13,734,704
Depreciation for the year	270,227	-	270,227
Reversal of impairment	-910,134	-	-910,134
Impairment losses and depreciaton at 31 December	<u>12,996,858</u>	<u>97,939</u>	<u>13,094,797</u>
<b>Carrying amount at 31 December</b>	<u><u>3,509,720</u></u>	<u><u>6,700</u></u>	<u><u>3,516,420</u></u>
Interest expenses recognised as part of cost of assets	-	-	-

## Notes

### 13 Lease assets

	Furniture and equipment	Total
	DKK'000	DKK'000
Cost at 1 January	182,703	182,703
Disposals	-182,703	-182,703
Cost at 31 December	-	-
Depreciaiton at 1 January	25,064	25,064
Depreciation for the year	7,803	7,803
Disposals	-32,867	-32,867
Depreciaiton at 31 December	-	-
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>-</b>

The Company leases a number of assets as part of its activities. This primarily includes its storage tanks 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	2021
	DKK'000	DKK'000
Expense relating to short-term leases for which recognition exemption is applied	-	814
Income from subleasing right-of-use assets	6,311	10,426

Interests on lease debt expensed in profit (loss) were DKK 1.0 million in 2022.

	2022	2022
	DKK'000	DKK'000
<b>Lease liabilities</b>		
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	-	27,221
Between 1 and 5 year	-	110,523
Over 5 years	-	36,159
Less: impact on discounting	-	-13,739
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>160,164</b>
Current	-	23,277
Non-current	-	136,887
<b>Total</b>	<b>-</b>	<b>160,164</b>

### 14 Inventories

	2022	2021
	DKK'000	DKK'000
Finished goods and goods for resale	68,648	83,688
	<b>68,648</b>	<b>83,688</b>

## Notes

	2022	2021
	DKK'000	DKK'000
<b>15 Deferred tax asset</b>		
Deferred tax asset at 1 January	196,836	-
Amounts recognised in the income statement for the year	-196,836	196,836
<b>Deferred tax at 31 December</b>	<b>-</b>	<b>196,836</b>

INEOS Energy (Syd Arne) ApS has recognized a deferred tax assets of DKK 0 million (2021: DKK 197 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 i 2022.

There is a non-recognized deferred tax assets of DKK 5,718 million (2021: DKK 5,885 million), which relates partly to unutilised losses DKK 3,977 million (2021: DKK 4,317 million) in hydrocarbon income and partly to timely differences DKK 1,741 million (2021: DKK 1,568 million). It is considered more likely than not, that these losses and timely differences can not be utilised in the future.

## 16 Prepayments

Prepayments consists of prepaid expenses concerning rent, insurance, subscriptions etc.

## 17 Equity

The share capital consists of 15,002 shares of a nominal value of DKK 1,000. No shares carry any special rights.

	2022	2021
	DKK'000	DKK'000
<b>18 Provisions</b>		
Balance at 1 January	1,965,324	565,628
Provision used during the year	-32	-1,234
Provision made / (reversed)	-11,376	13,083
Change in estimated, interest and other factors	18,558	1,387,846
<b>Balance at 31 December</b>	<b>1,972,474</b>	<b>1,965,324</b>
<i>Provsions by category:</i>		
Decommissioning obligations	1,972,474	1,953,478
Onerous contracts	-	11,846
	<b>1,972,474</b>	<b>1,965,324</b>
<i>The expected due dates of other provsions are:</i>		
Within one year	-	11,846
Between 1 and 5 years	-	-
Over 5 years	1,972,474	1,953,478
	<b>1,972,474</b>	<b>1,965,324</b>

## Notes

### 18 Provisions (continued)

Provisions comprises of decommissioning obligations relating to demolition and decommissioning of the Company's oil and gas fields, provision for onerous contracts. 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.

	2022	2021
	DKK'000	DKK'000
<b>19 Deferred tax</b>		
Deferred tax asset at 1 January	-	-
Amounts recognised in the income statement for the year	171,950	-
<b>Deferred tax at 31 December</b>	<b>171,950</b>	-

### 20 Payables to group enterprises

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK'000	DKK'000
<b>Payables to group enterprises</b>		
Between 1 and 5 years	-	-
Long-term part	-	-
Other short-term debt to group enterprises	2,929	-
	<b>2,929</b>	-

### 21 Fee to auditors appointed at the general meeting

#### Deloitte

Audit fee	250,000	490,000
Other services	19,000	15,153
	<b>269,000</b>	<b>505,153</b>

### 22 Contingent assets, liabilities and other financial obligations

#### Contingent assets

According to legislation, INEOS Energy (Syd Arne) ApS 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.

INEOS Energy (Syd Arne) ApS 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.

## Notes

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

#### **Guarantees**

INEOS Holdings AG has furnished the Danish Ministry for Energy, Utilities and Climate with a guarantee for fulfilment of obligations and liabilities towards the Danish State and third parties incurred by INEOS Energy (Syd Arne) ApS in connection with the company's participation in the Syd Arne exploration and production licence, irrespective of whether the obligations and liabilities rest on INEOS Energy (Syd Arne) ApS alone or jointly and severally with others. The guarantees are not capped, but cannot exceed a sum corresponding to twice INEOS Energy (Syd Arne) ApS'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 Energy (Syd Arne) ApS immediate parent company is INEOS E&P A/S, Denmark (100 percent ownership). The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

INEOS Energy (Syd Arne) ApS 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>



## Accounting policies

### Basis of preparation

The annual report of INEOS Energy (Syd Arne) ApS 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 accounting policy applied remain unchanged from last year.

INEOS E&P (Syd Arne) ApS decided in 2022 to change the functional currency to DKK from USD. The comparative numbers has been translated by using the exchange rate from the Nationalbank from 31 December 2021 for the balance sheet and the average exchange rate for 2021 for the P&L.

Therefore, the annual report for 2022 is presented in DKK '000.

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.

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction.

Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

## Accounting policies

### Translation policies

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the 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.

## Income statement

### 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.

### Cost of sales and exploration

Cost of sales and exploration comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc.

### Exploration and development costs

Exploration and development costs are accounted for under the successful efforts method.

Costs of undeveloped oil and gas licenses, including lease bonuses are capitalised.

Exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are expensed as incurred.

## Accounting policies

### Exploration and development costs (continued)

Expenses for development of wells and costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalised.

The costs of exploratory wells that find oil and gas reserves are capitalised pending determination of whether proved reserves have been found. In an area requiring major capital expenditure before production can begin, an exploration well is carried as an asset if sufficient reserves are discovered to justify its completion as a production well, and sufficient progress is being made in assessing the reserves and the economic or operational viability of the project. Indicators of sufficient progress in assessing the reserves and the economic and operating viability of a project include commitment of project personnel, active negotiations for sales contracts with customers, negotiations with governments, operators and contractors, firm plans for additional drilling and other factors.

### Exploration and development costs (continued)

The Company calculates depletion expenses for acquisition costs of proved properties using the units of production method over proved oil and gas reserves. Depreciation and depletion expenses for oil and gas production equipment and wells are calculated using the units of production method over proved developed oil and gas reserves.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government compensation of fixed cost related to the Covid-19 pandemic.

### Financial income and expenses

Financial income and expenses comprise interest as well as realised and unrealised exchange adjustments.

### 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 of the INEOS E&P A&S's Danish companies. 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 Energy (Syd Arne) ApS is comprised by the Danish Hydrocarbon taxation 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 joint taxation (including carbon tax) and thus settles all payments (including hydrocarbon 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.

## Accounting policies

### Tax on profit for the year (continued)

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## Balance sheet

### Property, plant and equipment

Property, plant and equipment (including plant and machinery under construction) are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the capitalized exploration and development costs including dismantlement costs as described above in the section "Exploration and development costs".

Depreciation based on cost using the successful efforts method. Accordingly, depreciations are recognised over production.

### Impairment of fixed assets

The carrying amounts of plant and machinery are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the highest of fair value less cost to sell and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Inventories

Inventories consist of petroleum. Inventories are valued at the lower of cost and net realisable value. Cost is determined using a weighted average of lifting cost.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value less provisions for bad debts.

### Prepayments

Prepayments comprise expenses concerning rent, insurance premiums, subscriptions and interest incurred regarding subsequent financial years.

### Provisions

#### **Decommissioning obligations**

The corporation recognises a liability for the fair value of legally required decommissioning obligations associated with long-lived assets in the period in which the decommissioning obligations are incurred. The Corporation capitalises the associated decommissioning costs as part of the carrying amount of the long-lived assets.

## Accounting policies

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

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.

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.

## Accounting policies

### Leases (continued)

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.

### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

### Deferred income

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

### Financial Highlights

Explanation of financial ratios

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

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## Peter Kyhnau-Vejgaard

Revisor

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## Christian Vinten

Dirigent

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## Erik Fantoft Magnesen

Bestyrelsesformand

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## Lars Hillebrand

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## Mads Weng Gade

Adm. direktør

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

IP: 80.62.xxx.xxx

2023-06-30 07:45:26 UTC



## Mads Weng Gade

Bestyrelsesmedlem

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## Management's Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of INEOS Energy (Syd Arne) ApS 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 2021.

In our opinion, Management's review 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