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# **BlueNord Pipeline Denmark ApS**

Lyngbyvej 2, DK-2100 Copenhagen

## **Annual Report 2023**

CVR No 27 97 75 61

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The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
1 July 2024

Chairman of the meeting

Steen Jensen

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## **Statement by the Executive Board**

The Executive Board has today discussed and approved the Annual Report of BlueNord Pipeline Denmark ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

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

Copenhagen, 1 July 2024

**Executive Board**

Miriam Jager Lykke

# Independent auditor's report

To the Shareholder of BlueNord Pipeline Denmark ApS

## Opinion

We have audited the financial statements of BlueNord Pipeline Denmark ApS for the financial year 1 January – 31 December 2023, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

## Basis for opinion

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

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

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

## Management's responsibility for the financial statements

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

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

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

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

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## **Statement on the Management's review**

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 1 July 2024

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Jon Beck  
State Authorised  
Public Accountant  
mne32169

## Company Information

### The Company

BlueNord Pipeline Denmark ApS  
Lyngbyvej 2  
DK-2100 Copenhagen

CVR No: 27 97 75 61

Financial period: 1 January - 31 December

Financial year: 19th financial year

Municipality of reg. office: Copenhagen

### Parent company

Noreco Olie- og Gasudvinding Danmark B.V. (Holland)

### Executive Board

Miriam Jager Lykke

### Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

DK-2100 Copenhagen

CVR No: 25 57 81 98

# Management's Review

## Main activity

The activities and purpose of the Company is to provide an alternative distribution channel to the European gas market and thereby increase competition. The Company currently provides pipeline transportation capacity to the gas producers from Danish fields to the NOGAT pipeline. BlueNord Energy Denmark A/S is thereby able to distribute part of the Danish gas production to the western European market. The Company holds a 36.8% interest in the pipeline. The other investors in the pipeline are TotalEnergies EP Pipelines Danmark A/S (31.2%), TotalEnergies Denmark ASW Pipeline ApS (12.0%) and Nordsøfonden (20%).

## Development in the year

The income statement of the Company for 2023 shows an income of TDKK 34,000 (2022: TDKK 40,555), and at 31 December 2023, the balance sheet of the Company shows equity of TDKK 331,844 (2022: TDKK 297,844). The pipeline capacity has been available all through 2023, and during the redevelopment of the Tyra field, the pipeline will be the only export route for gas from the DUC area.

## Targets and expectations for the year ahead

The Company expects revenue to be on the same level as in 2023 as the pipeline will be the only export route for gas from the DUC area during the Tyra Redevelopment Project. In addition, in periods with high gas production after completion of the Tyra Redevelopment Project, some gas will be routed to the Netherlands through the Company's pipeline.

## Unusual events

The financial position at 31 December 2023 and the results of the activities for the financial year 2023 of the Company have not been affected by any unusual events other than what has already been described above.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2023 TDKK	2022 TDKK
<b>Revenue</b>		<b>23,972</b>	<b>43,619</b>
Other income		-	-1,432
External expenses		-3,692	-5,455
<b>Gross profit</b>		<b>20,280</b>	<b>39,596</b>
Depreciation and impairment of property, plant and equipment	2	-845	-872
<b>Profit before financial income and expenses</b>		<b>19,435</b>	<b>38,724</b>
Financial income	3	25,542	14,115
Financial expenses		-1,387	-845
<b>Profit before tax</b>		<b>43,589</b>	<b>51,994</b>
Tax on profit for the year	4	-9,590	-11,439
<b>Net profit for the year</b>		<b>33,999</b>	<b>40,555</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		33,999	40,555
		<b>33,999</b>	<b>40,555</b>

# Balance Sheet 31 December

## Assets

	Note	2023 TDKK	2022 TDKK
Property, plant and equipment	5	16,803	17,285
Deferred tax assets	6	9,100	9,374
<b>Non-current assets</b>		<b>25,903</b>	<b>26,659</b>
Receivables from group enterprises		322,294	279,852
Other receivables		10	4,024
<b>Current assets</b>		<b>322,304</b>	<b>283,876</b>
Cash in hand and at bank		9,137	19,698
<b>Assets</b>		<b>357,343</b>	<b>330,233</b>

## Liabilities and equity

		2023 TDKK	2022 TDKK
Share capital		500	500
Retained earnings		331,343	297,344
<b>Equity</b>		<b>331,843</b>	<b>297,844</b>
Decommissioning provision	7	12,927	11,251
<b>Non-current liabilities</b>		<b>12,927</b>	<b>11,251</b>
Trade payables		3,258	5,665
Payables to group enterprises		9,315	15,473
<b>Current liabilities</b>		<b>12,573</b>	<b>21,138</b>
<b>Liabilities</b>		<b>25,500</b>	<b>32,389</b>
<b>Equity and liabilities</b>		<b>357,343</b>	<b>330,233</b>

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## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	297,344	297,844
Net profit for the year	-	33,999	33,999
<b>Equity at 31 December</b>	<b>500</b>	<b>331,343</b>	<b>331,843</b>

# Notes to the Financial Statements

## 1 Staff costs

There are no employees in the company. The company does not pay salary to the management.

	2023	2022
	TDKK	TDKK
<b>2 Depreciation and impairment of property, plant and equipment</b>		
Pipeline depreciation	845	872
	<b>845</b>	<b>872</b>

## 3 Financial income and expenses

### Financial income

Financial income from group enterprises	25,348	14,029
Interest income bank	182	81
Foreign exchange gain	11	5
	<b>25,542</b>	<b>14,115</b>

### Financial expenses

Pipeline decommissioning accretion expense	1,313	682
Foreign exchange loss	74	78
Interest expense	-	85
	<b>1,387</b>	<b>845</b>

## 4 Tax on profit for the year

Current tax for the year	9,316	9,935
Deferred tax for the year	274	1,504
	<b>9,590</b>	<b>11,439</b>

# Notes to the Financial Statements

## 5 Property, plant and equipment

	Pipeline TDKK
Cost at 1 January	313,731
Decommissioning costs, adjustment	363
Cost at 31 December	<u>314,094</u>
Impairment losses and depreciation at 1 January	296,446
Depreciation for the year	845
Impairment losses and depreciation at 31 December	<u>297,291</u>
<b>Carrying amount at 31 December</b>	<b><u>16,803</u></b>

## 6 Deferred tax assets

	2023 TDKK	2022 TDKK
Property, plant and equipment	8,305	8,974
Decommissioning	795	400
	<u><b>9,100</b></u>	<u><b>9,374</b></u>

## 7 Decommissioning provision

Together with the other consortium participants the Company has an obligation to decommission the pipeline and associated facilities by end of pipeline life. The consortium participants have to develop a plan and a budget for the decommissioning of the pipeline. When the time for decommissioning of the pipeline approaches, application for approval will be sent to the Danish Energy Authority.

Due to the uncertainty of the final decommissioning cost estimates, these Financial Statements contain an estimate of the obligation and equivalent capitalised asset. Reviews of estimated decommissioning costs are carried out annually. The discount rate applied in 2023 is 5.5% (2022: 5.0%).

	2023 TDKK	2022 TDKK
Decommissioning provision beginning of the year	11,251	15,618
Adjustments in the year	363	-3,296
Disposal	-	-1,753
Accretion	1,313	682
	<u><b>12,927</b></u>	<u><b>11,251</b></u>

## 8 Contingent liabilities

The company is jointly taxed with other Danish group companies. As a group company, the company is indefinitely and jointly and severally liable with other group companies for Danish corporate and withholding taxes on dividends, interest and royalties within the joint taxation. Any subsequent corrections of joint tax income and withholding tax, etc. could result in liability for the company. There are no other contingencies or other financial obligations.

## **9 Related parties**

BlueNord Pipeline Denmark ApS' related parties comprise:

### **Substantial influence**

Noreco Olie- og Gasudvinding Danmark B.V. (Holland), being principal shareholder.

BlueNord Pipeline Denmark ApS' is part of the consolidated financial statements of BlueNord ASA, Nedre Vollgate 0158 Oslo, Norway, which is the smallest group in which the Company is included as a subsidiary.

### **Other related parties**

The Company's other related parties comprise companies in the BlueNord Group, board members, management and leading employees and their family members. Further, related parties comprise companies, in which aforementioned persons have substantial interests.

# Notes to the Financial Statements

## 10 Accounting Policies

### Basis of Preparation

The Financial Statements of BlueNord Pipeline Denmark ApS for 2023 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with opt in of specific provisions for reporting class C.

The accounting policies applied remain unchanged from the prior year.

The Financial Statements for 2023 are presented in TDKK.

### Recognition and measurement

Revenue is recognised in the income statement as it is earned. In addition, value adjustments are recognised for financial assets and liabilities measured at fair value or amortized cost. All expenses incurred to achieve the year's earnings are recognised in the income statement, including depreciations, write-downs and provisions, and reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

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

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

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

### Translation policies

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

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 transaction date rates are recognised in financial income and expenses in the income statement.

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

### Income statement

#### Revenue

Income from the sale of pipeline capacity is recognized in revenue at the time of delivery, provided that the income can be measured reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Gains and losses on sale of assets are included in the income statement under the relevant line items.

#### External expenses

External expenses include the costs incurred to obtain revenue for the year, e.g. costs for operating and maintaining the pipeline, payment to Group entities, IT cost and auditor's fee.

# Notes to the Financial Statements

## 10 Accounting Policies – continued

### Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of pipeline.

### Tax on profit for the year

Tax for the year consists of current tax for the year, changes in deferred tax for the year and adjustment of tax concerning previous years. The tax attributable to the profit for the year is recognised in the income statement.

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

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Acquisition of an asset is recognised by allocating the cost of the purchase across the individual identifiable assets and liabilities in proportion to their relative fair values at the purchase date. No goodwill is recognised.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful life of the asset. Remaining useful life of the pipeline: 18 years.

The depreciation period and the residual value are determined at the time of acquisition and are reassessed annually.

Gains and losses on disposal of property, plant and equipment are included in the income statement under the relevant line items.

Assets costing less than DKK 32,000 are expensed in the year of acquisition.

### Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

# Notes to the Financial Statements

## 10 Accounting Policies – continued

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable income for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial liabilities

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

### Provisions

Provisions reflect the estimated cost of decommissioning and removal of the pipeline used for transportation of gas. Provisions are measured at net present value of the anticipated future cost (estimated based on current day costs inflated). The liability is calculated on the basis of current removal requirements and is discounted to present value using a risk free rate adjusted for credit risk. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels, etc. When a decommissioning liability is recognised or the estimate changes, a corresponding amount is recorded to increase or decrease the related asset and is depreciated in line with the asset. Increase in the provision as a result of the time value of money is recognised in the income statement as a financial expense.