

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

**Teknikerbyen 5, 1.  
Virum**

## **Annual report for 2023**

**CVR no. 73 58 91 18**

Adopted at the annual general meeting on  
25 June 2024

---

Christian Vinten

## **Contents**

	<b>Page</b>
<b>Mangement's Statement and Auditor's Report</b>	
Management's Statement	2
Independent Auditor's Report	3
<b>Management's Commentary</b>	
Company Details	5
Financial Highlights	6
Management's Commentary	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December 2023	12
Balance Sheet at 31 December 2023	13
Statement of Changes in Equity	15
Notes	16
Accounting Policies	22

## **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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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, 25 June 2024

### **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 Energy (Syd Arne) ApS

### Opinion

We have audited the financial statements of INEOS Energy (Syd Arne) ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 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 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 any 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 by the relevant law and regulations.

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 by the relevant law and regulations. We did not identify any material misstatement of Management's commentary.

Copenhagen, 25 June 2024

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

**Lars Hillebrand**  
State-Authorised Public Accountant  
Identification No (MNE) mne26712

**Peter Kyhnauv-Vejgaard**  
State-Authorised Public Accountant  
Identification No (MNE) mne42833

## Company Details

### The Company

INEOS Energy (Syd Arne) ApS  
Teknikerbyen 5, 1.  
2830 Virum

Website: [www.ineos.com](http://www.ineos.com)

CVR no.: 73 58 91 18

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 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:

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

## Financial Highlights

### Key figures

<b>Income statement</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	DKK'000	DKK'000	USD'000	USD'000	USD'000
Revenue	806,116	1,104,530	687,514	138,108	163,767
Operating profit/loss	-850,360	1,388,955	250,778	-91,006	-50,049
Net financials	-65,744	14,804	-64,878	-11,061	-9,934
Net profit/loss for the year	-557,837	1,044,290	426,487	-91,592	-45,766
<b>Balance Sheet (DKKm)</b>					
Total assets	3,203,627	4,711,612	3,571,998	622,705	845,369
Investment in property, plant and equipment	67,797	1,574	1,574	17,599	12,163
Equity	838,966	2,396,803	1,352,514	379,551	471,143
<b>Financial ratios</b>					
Return on assets	-26.54%	29.48%	7.02%	-77.70%	-14.60%
Solvency ratio	26.19%	50.87%	37.86%	28.80%	61.00%
Return on equity	-34.48%	55.71%	31.53%	-117.10%	-21.50%
<b>None-financial data</b>					
Average number of employees (FTE's)	0	0	47	99	104

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

## Management's 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.

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 4.7892% in the Solsort development project.

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

### Financial review

The Company's income statement for the year ending 31 December shows a loss of DKK 558 million including a impairment of 1,078 million (we refer to note 1), and the balance sheet at 31 December 2023 shows equity of DKK 839 million.

Revenue totaled DKK 806 million, which is 298 million lower than in 2022. The decrease is primarily due to lower oil price and a decrease in production of 6% in the year compared to 2022. EBITDA decreased by DKK 278 million to DKK 475 million in 2023. The decrease was mainly due lower revenue offset by a decrease in OPEX.

EBIT decreased by DKK 2,246 million to DKK -848 million. The decrease is mainly due to an impairment of 1,078 million compared to a reversal of impairment in 2022 of 910.

Profit before tax decrease by 2,326 million to -913 million. The decrease is mainly due to the comments above, higher FX losses due to a stronger dollar and higher interest on decommissioning provision.

Profit for the year decreased by 1,602 million to -558 million. The decrease is mainly due to the comments above offset by an adjustment of the the deferred tax asset of 356 million.

Financial performance for 2023 was worse than expected due to the lower oil price which resulted in a impairment of 1,078 million.

### Production, operations and development update

Operational performance remained relatively strong in the year with reliability of 92.8% (2022: 96.2%) on our existing operated fields. Sales averaged 4.1 kboe of oil and gas per day (2022: 4.4 kboe per day).

#### Syd Arne

2023 was the second full year with the Group responsible for the daily running of operations. Uptime of the facilities was very high for the majority of the year. During the month of March, a planned turnaround was executed successfully by the end of the month. However, significant compressor issues were encountered that required change out of seals resulting in startup of the plant being delayed until the second half of April. The SA-02 producer well was shut in due to integrity issues and is planned to be converted into an injector well.

Execution of the Solsort West Lobe tieback project to the Syd Arne facilities, for processing and export, continued in 2023. A delay in the drilling program has led to first oil was 6 March 2024.

## Management's Commentary

### Production, operations and development update (continued)

#### Solsort

The Solsort West Lobe is current under development (execution), consisting of 2 wells being drilled from the Syd Arne North Satellite platform and minor modifications to the Syd Arne facilities. The Noble Resolve Jack-up rig has been selected as drilling rig. The first well (producer well) has been drilled and first oil was accomplished 6 March 2024, followed by the second well (injector well), which is expected to be completed in Q2 2024.

### 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. The Solsort project is still ongoing but the first well was finalised and we got first oil 6 March 2024. The final project is expected to be finalised in Q2 2024.

Based on the uncertainties related to oil prices, the Company expect a result before tax between DKK 200 million and DKK 400 million. Production for 2024 is expected to be on the same level as 2023 due to production from Solsort.

### 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.

#### 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

## Management's Commentary

### Recognition and measurement uncertainties (continued)

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

INEOS publishes a group sustainability report in relation to the legal entity INEOS AG, which is prepared in accordance with GRI standards (GRI 1 Foundation 2021) and assured by KPMG. Our 2023 group report is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

As a subsidiary of INEOS AG, INEOS Energy (Syd Arne) ApS is included within the reporting boundary of the INEOS group sustainability report.

Group-wide policies include our Code of Conduct, Supplier Code of Conduct, SHEQ policy, 7 Life-saving Rules, 20 Safety Principles, INEOS Group Guidance Notes and ESG procedures. INEOS' climate targets to reduce operational emissions by 33% by 2030 (compared to 2019) and reach net-zero emissions by 2050 also apply at group level, as do our 2025 and 2030 polymer pledges.

### Human rights

We refer to section 3.2, 3.2.1 and 3.2.2 in the INEOS Group sustainability report which is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

### Anti-Corruption Policy

We refer to section 4.1 - 4.1.2 and 4.1.4 in the INEOS Group sustainability report which is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

### Social and employee conditions

We refer to section 3.1 and 3.1.1 - 3.1.3 in the INEOS Group sustainability report which is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

## Management's Commentary

### Environmental and climate change

We refer to section 2.1 - 2.4.3 in the INEOS Group sustainability report which is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

### Data ethics

We refer to section 4.1.3 in the INEOS Group sustainability report which is available on our website:

[www.ineos.com/globalassets/sustainability/sustainability-reports/ineos\\_sustainabilityreport\\_2023\\_240430.pdf](http://www.ineos.com/globalassets/sustainability/sustainability-reports/ineos_sustainabilityreport_2023_240430.pdf)

### 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 (Syd Arne) ApS 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 (Syd Arne) ApS.

#### 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 2024. While this target was not achieved in 2023, it remains a key focus for INEOS to be delivered before the 2024 target date is reached.

## Management's Commentary

### **Statement on the underrepresented gender (continued)**

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 2023 INEOS Energy (Syd Arne) ApS haven't made any payments.

## Income Statement 1 January - 31 December 2023

	Note	2023 DKK'000	2022 DKK'000
<b>Revenue</b>	3	<b>806,116</b>	<b>1,104,530</b>
Cost of sales and exploration	5,6	-1,656,546	294,426
<b>Gross profit/(loss)</b>		<b>-850,429</b>	<b>1,398,957</b>
Administrative expenses		69	-10,002
<b>Operating profit/(loss)</b>		<b>-850,360</b>	<b>1,388,955</b>
Other operating income	4	2,317	8,880
<b>Profit/loss before financial income and expenses</b>		<b>-848,043</b>	<b>1,397,835</b>
Financial income	7	33,283	29,368
Financial expenses	8	-99,027	-14,564
<b>Profit/(loss) before tax</b>		<b>-913,787</b>	<b>1,412,639</b>
Tax on profit/loss for the year	9	355,950	-368,349
<b>Net profit/(loss) for the year</b>		<b>-557,837</b>	<b>1,044,290</b>
Disribution of profit/(loss)	10		

**Balance Sheet at 31 December 2023**

	Note	2023 DKK'000	2022 DKK'000
<b>Assets</b>			
CO2 quota		92,455	71,997
<b>Intangible assets</b>	11	<b>92,455</b>	<b>71,997</b>
Fixtures		2,328,397	3,509,720
Plant and machinery under construction		74,897	6,700
<b>Tangible assets</b>	12	<b>2,403,295</b>	<b>3,516,421</b>
Deferred tax asset		184,000	-
<b>Other non-current assets</b>	14	<b>184,000</b>	<b>-</b>
<b>Non-current assets</b>		<b>2,679,750</b>	<b>3,588,418</b>
Inventories	13	40,767	68,648
Trade receivables		124,808	15,940
Receivables from group enterprises		350,250	1,009,928
Other receivables		3,385	22,813
Prepayments	15	4,667	5,865
<b>Current assets</b>		<b>523,877</b>	<b>1,123,194</b>
<b>Cash at bank and in hand</b>		<b>-</b>	<b>-</b>
<b>Current assets</b>		<b>523,877</b>	<b>1,123,194</b>
<b>Assets</b>		<b>3,203,627</b>	<b>4,711,612</b>

**Balance Sheet at 31 December 2023**

	Note	2023 DKK'000	2022 DKK'000
<b>Liabilities and equity</b>			
Share capital		15,002	15,002
Retained earnings		823,964	1,381,801
Proposed dividend for the year		-	1,000,000
<b>Equity</b>	16	<b>838,966</b>	<b>2,396,803</b>
Provisions	17	2,163,988	1,972,474
Deferred tax	18	-	171,950
<b>Non-current liabilities</b>		<b>2,163,988</b>	<b>2,144,424</b>
Provisions	17	39,664	36,149
Trade payables		77,945	26,976
Payables to group enterprises	19	1,118	2,929
Other payables		81,946	104,331
<b>Current liabilities</b>		<b>200,673</b>	<b>170,385</b>
<b>Liabilities</b>		<b>2,364,661</b>	<b>2,314,809</b>
<b>Liabilities and equity</b>		<b>3,203,627</b>	<b>4,711,612</b>
Uncertainty related to recognition and measurement	1		
Subsequent events	2		
Fee to auditors appointed at the general meeting	20		
Contingent assets, liabilities and other financial obligations	21		
Related parties and group information	22		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK'000	DKK'000	DKK'000	DKK'000
<b>2023</b>				
Equity at 1 January	15,002	1,381,801	1,000,000	2,396,803
Profit for the year	-	-557,837	-	-557,837
Ordinary dividend paid	-	-	-1,000,000	-1,000,000
<b>Equity at 31 December</b>	<b>15,002</b>	<b>823,964</b>	<b>-</b>	<b>838,966</b>
<b>2022</b>				
Equity at 1 January	15,002	1,319,246	-	1,334,248
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>1,381,801</b>	<b>1,000,000</b>	<b>2,396,803</b>

## Notes

### 1 Uncertainty relating to recognition and measurement

#### Asset impairment test

At year-end 2023 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.

As a result of the impairment test we have recognised an impairment of DKK 1,078 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

	2023 DKK'000	2022 DKK'000
Oil	756,861	1,050,556
Gas	49,254	53,974
<b>Total</b>	<b>806,115</b>	<b>1,104,530</b>

#### Geographical information by location of customers

Denmark	49,027	53,974
Rest of EU	413,379	-
Rest of world	343,710	1,050,556
<b>Total</b>	<b>806,116</b>	<b>1,104,530</b>

#### Timing of revenue recognition from customers

At a point in time	757,089	1,050,556
Over time	49,027	53,974
	<b>806,116</b>	<b>1,104,530</b>

## Notes

	2023	2022
	DKK'000	DKK'000
<b>4 Other operating income</b>		
Sale of materials	1,921	-
Other	396	8,880
	<u>2,317</u>	<u>8,880</u>
<b>5 Cost of sales and exploration</b>		
Production and exploration	333,040	345,482
Depreciation	245,510	270,227
Reversal of impairment	-	-910,134
Impairment	1,077,996	-
	<u>1,656,546</u>	<u>-294,425</u>
<b>6 Staff costs</b>		
Wages and salaries	-	-
Pensions	-	-
Other social security expenses	-	-
	<u>-</u>	<u>-</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales and exploration	-	-
	<u>-</u>	<u>-</u>
Average number of employees (FTE's)	<u>0</u>	<u>0</u>
There is no employees in the company and no remuneration have been paid to the executive Board and the Board of Directors in 2023 or 2022.		
	2023	2022
	DKK'000	DKK'000
<b>7 Financial income</b>		
Interest received from group companies	30,708	19,960
Other financial income	2,576	594
Exchange gains	-	8,814
	<u>33,284</u>	<u>29,368</u>
<b>8 Financial expenses</b>		
Financial expenses to group companies	5,603	6,001
Other financial expenses	388	951
Exchange loss	42,980	-
Lease interest	-	986
Interest element, provision	50,056	6,626
	<u>99,027</u>	<u>14,564</u>

## Notes

	2023 DKK'000	2022 DKK'000	
<b>9 Tax on profit for the year</b>			
Deferred tax for the year	-355,950	368,786	
Adjustment of tax concerning previous years	-	-437	
	<u>-355,950</u>	<u>368,349</u>	
<b>10 Proposed distribution of (profit/loss)</b>			
Proposed dividend for the year	-	1,000,000	
Retained earnings	-557,837	44,290	
	<u>-557,837</u>	<u>1,044,290</u>	
<b>11 Intangible assets</b>		CO2 quotas DKK'000	
Cost at 1 January		71,997	
Additions for the year		20,458	
Cost at 31 December		<u>92,455</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><b>92,455</b></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	16,506,578	104,640	16,611,218
Additions for the year	3,331	64,466	67,797
Change in decommissioning provision	138,853	3,730	142,583
Cost at 31 December	<u>16,648,762</u>	<u>172,836</u>	<u>16,821,598</u>
Impairment losses and depreciatoin at 1 January	12,996,858	97,939	13,094,797
Depreciation for the year	245,510	-	245,510
Impairment	1,077,996	-	1,077,996
Impairment losses and depreciatoin at 31 December	<u>14,320,364</u>	<u>97,939</u>	<u>14,418,303</u>
<b>Carrying amount at 31 December</b>	<u><b>2,328,398</b></u>	<u><b>74,897</b></u>	<u><b>2,403,295</b></u>
Interest expenses recognised as part of cost of assets	-	-	-
	2023 DKK'000	2022 DKK'000	
<b>13 Inventories</b>			
Finished goods and goods for resale	40,767	68,648	
	<u><b>40,767</b></u>	<u><b>68,648</b></u>	

## Notes

	2023	2022
	DKK'000	DKK'000
<b>14 Deferred tax asset</b>		
Deferred tax asset at 1 January	-	196,836
Amounts recognised in the income statement for the year	184,000	-196,836
<b>Deferred tax at 31 December</b>	<b>184,000</b>	<b>-</b>

INEOS Energy (Syd Arne) ApS has recognized a deferred tax assets of DKK 184 million (2022: DKK 0 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 increase in recognized deferred tax asset is due to the impairment write off in 2023.

There is a non-recognized deferred tax assets of DKK 6,047 million (2022: DKK 5,718 million), which relates partly to unutilised losses DKK 3,716 million (2022: DKK 3,977 million) in hydrocarbon income and partly to timely differences DKK 2,331 million (2022: DKK 1,741 million). It is considered more likely than not, that these losses and timely differences can not be utilised in the future.

## 15 Prepayments

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

## 16 Equity

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

	2023	2022
	DKK'000	DKK'000
<b>17 Provisions</b>		
Balance at 1 January	2,008,623	1,965,324
Provision used during the year	-33,543	-32
Provision made / (reversed)	35,933	24,773
Change in estimated, interest and other factors	192,639	18,558
<b>Balance at 31 December</b>	<b>2,203,652</b>	<b>2,008,623</b>
Provsions by category:		
Decommissioning obligations	2,163,988	1,972,474
Other provisions	39,664	36,149
	<b>2,203,652</b>	<b>2,008,623</b>
The expected due dates of other provsions are:		
Within one year	39,664	36,149
Between 1 and 5 years	-	-
Over 5 years	2,163,988	1,972,474
	<b>2,203,652</b>	<b>2,008,623</b>

Provisions comprises of decommissioning obligations relating to demolition and decommissioning of the Company's oil and gas fields and other provisions. 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.

## Notes

	2023	2022
	DKK'000	DKK'000
<b>18 Deferred tax</b>		
Deferred tax asset at 1 January	171,950	-
Amounts recognised in the income statement for the year	-171,950	171,950
<b>Deferred tax at 31 December</b>	<b>-</b>	<b>171,950</b>

### 19 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:

	2023	2022
	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	1,118	2,929
	<b>1,118</b>	<b>2,929</b>

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

#### Deloitte

Audit fee	285	250
Other services	23	19
	<b>308</b>	<b>269</b>

### 21 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.

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.

### 22 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.

## Notes

### 22 Related parties and group information

#### 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 2023 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 2023 is presented in Thousand Danish Kroner (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.

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.

## Accounting policies

### 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.

#### 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.

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

## Accounting policies

### Exploration and development costs (continued)

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.

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.

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.

## Accounting policies

### Balance sheet

#### Intangible assets

CO2 quotas is measured at cost less accumulated depreciation or the recoverable amount, whichever is lower.

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

#### 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 longlived 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.

### 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$