# Annual report 2022

Kalundborg Refinery A/S

Melbyvej 17, 4400 Kalundborg

CVR no. 29 97 58 84

The annual report has been presented and approved
at the Company's annual general meeting.

Kalundborg 29 June 2023

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Alan Pai

KALUNDBORG
REFINERY

KALUNDBORG REFINERY

## Contents

## Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kalundborg Refinery A/S for the financial year 1st January – 31st 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 financial position of the Company at 31st December 2022 and of the results of its operations and cash flows for the financial year 1st January – 31st December 2022.

Furthermore, we believe that the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Kalundborg 29 June 2023

Executive Board:

Wouter Rudolf de Jong

CEO

Board of Directors:

| | | |
|---|---|---|
| Allan Edward Gary Klesch<br>Chair | Juergen Wollschlaeger | Jesus Tamara Velasco |
| Joseph Zammit Tabona | Niels Bech | Mikkel Pagh |

## Independent auditor's report

To the shareholders of Kalundborg Refinery A/S

### Opinion

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

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

### Basis for opinion

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

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

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

### Management's 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 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 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 the financial statements. As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## Statement on the Management’s review

Management is responsible for the Management's review.

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

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

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

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

29 June 2023

**KPMG**
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

## Company details

### Name and address

Kalundborg Refinery A/S
Melbyvej 17
4400 Kalundborg
Denmark
CVR no.: 29 97 58 84
Financial year: 17

### Board of Directors

Allan Edward Gary Klesch
Juergen Wollschlaeger
Jesus Tamara Velasco
Joseph Zammit Tabona
Mikkel Pagh
Annette Munch (Resignation: 09.06.2022)
Niels Bech

### CEO

Wouter Rudolf de Jong

### Parent company

Klesch Refining Denmark A/S
c/o Accura Advokatpartnerselskab
Tuborg Boulevard 12900 Hellerup, Denmark
Ownership: 100%
CVR no. 42 13 41 63

### Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28 2100 København Ø

CVR no. 25 57 81 98

KALUNDBORG REFINERY

## Management's review

### About the company

We are a Danish energy company with more than 350 engaged employees. We are the largest oil refinery in Denmark processing approximately 5.5 million tonnes of crude oil, condensate and feedstock each year and have tank storage capacity of 1.2 million $m^3$. Our primary markets are Denmark and Scandinavia.

The refinery produces naphtha, petrol, diesel, fuel oil and heavy fuel. The refinery's processing plant configuration allows for certain flexibility, enabling product output optimization towards market demand and margin development through optimizing crude and condensate mix. The refinery is also successful in optimizing output towards high value products such as low aromatic diesel for the Swedish market.

All crude oil, condensate and feedstock are transported to Kalundborg by tanker, and most of the final products are also transported by sea. With around 500 shipping movements per year, we are proud to present our own harbour facilities in connection with the plant.

In addition, we operate two fuel truck terminals for fuel and LPG (Liquefied Petroleum Gas). The product terminals are located in Kalundborg and Hedehusene. We are therefore an important supplier of petrol and diesel to the Metropolitan area of Copenhagen.

### The Company's risk exposure

The refinery industry is in general challenged by large fluctuations in margins. As a result, future forecasts always include a degree of uncertainty. These margin fluctuations affect profitability and occur due to refinery supply from various regions, fluctuations in demand, shut down cycles and shut down timing.

### Monitoring and risk mitigation

Exposure related to price fluctuations on stock of crude, condensate, feedstock, and products are mitigated through a hedging policy, where financial instruments are used at group level to reduce net exposure.

Kalundborg Refinery A/S is subject to foreign exchange rate exposure primarily related to USD as crude, however paid in various currencies, primarily USD, DKK and EUR. Operational costs are primarily in DKK and EUR. USD exchange rate exposure is not hedged.

## Management’s review (continued)

### Primary activities in 2022

The Klesch Group acquired Kalundborg Refinery A/S (referred as the Company) 31.12.2021 from Equinor ASA Group.

Our financial results for 2022 have been very strong as a result of the high refining margins, which was driven by the Russian invasion of Ukraine, the resulting sanctions and impact on product flows. This demonstrates the high uncertainty we operate in following the difficult period with COVID-19.

The transition from previous ownership has resulted in significant efforts to establish a standalone entity and improve the competitiveness of the Company. With dedicated and skilled employees this transition is well underway.

An improvement program called “Take-off” has been implemented across the organization and we continuously share learnings with our sister refinery in Heide Germany. Towards the end of 2022 a new organization was introduced to underpin the transition. We work with continues improvements to ensure simplification and standardization of our work processes as we go through the transition and establish new ways of working.

A decision was made to split the planned turnaround of the Refinery into both 2022 and 2024, meaning the condensate refinery could stay in operation during 2022. The turnaround was completed successfully in the autumn.

All these changes have meant that we have recruited more than 60 people during 2022 and we continue to strengthen the company and formulate our future.

During 2022 we have been able to produce the planned quantities and qualities in accordance with market requirements and the plant had a high availability of 99.3%.

### Financial results in 2022

In 2022, Kalundborg Refinery A/S delivered a profit after tax of EUR 357 million compared to EUR 15 million in 2021.

The 2022 financial results were highly impacted by the steep spike in the refining margin, as a result of the market disruption caused by the Russian invasion of Ukraine. The refinery optimized its operating performance to meet the demand driven by market developments and has generated very strong financial performance.

# Management's review (continued)

## Financial results in 2022 (continued)

Kalundborg Refinery A/S has financed a significant portion of its trade receivables under a Financing Program and has financed all of its crude oil supply and most of its product inventory under an Inventory Program.

Under previous ownership in 2021 Kalundborg Refinery A/S recognized a decommissioning and restoration provision. The new management has a different outlook on demand for oil products, pace of decarbonization, and with updated plans management believe that an indefinite life is more appropriate and has decided to derecognize the provision. A non-current environmental provision of EUR 26 million has been recognized.

The carrying amount of Property, Plant and Equipment has been increased consistent with the change in outlook and the value of our assets. Carrying amount at 31 December 2022 is EUR 668 million.

## Events after the balance sheet date

No significant events have occurred after the balance sheet date.

## Outlook

We expect that Kalundborg Refinery A/S will generate positive results in the future. Compared to 2022 results we are currently seeing worsening market conditions and expect income for the year 2023 of EUR 50 million.

The continued and increased geopolitical tension remains a significant uncertainty for Kalundborg Refinery A/S as it creates volatility on the markets for commodities in which we operate. Similarly, movement in the USD exchange rate may have significant impact. As such actual results will deviate from estimated levels and such deviations may be material.

## Corporate Social Responsibility

Kalundborg Refinery A/S's statutory statement on corporate social responsibility, following the Danish Financial Statements Act §99a, is included in Kalundborg Refinery A/S's Sustainability Report for 2022. This is available on the Company's homepage: https://www.kalundborgrefinery.com/

## Diversity in the Board and Management – Danish Financial Statements Act § 99 b

At Kalundborg Refinery A/S, we seek to comply with high ethical standards to create a trust-based relationship between the company, our owners, partners, and the local environment. One of the areas that we work with is to create an inclusive working environment with equal career opportunities for all. Therefore, we attract and recruit people of all genders, without prejudice towards ethnic origin, age, sexual, religious, or political orientation, and likewise.

## Management's review (continued)

We strive to create an attractive workplace with a variety of career opportunities. We are proud of our experiences and innovative group of employees comprising of professionals within our departments of engineering, maintenance, process technicians and administration.
Gender equality is practiced through the Company's Code of Conduct and personal development plans. We strive to increase the number of the underrepresented gender in the management.

Gender representation by end of December 2022:

- Total number of representatives in management with personnel responsibilities is 37, 7 (18,9%) female representatives and 30 (81,1%) male representatives.
- Total number of representatives in management is 40, 8 (20,0%) female representatives and 32 (80,0%) male representatives.
- Total number of representatives in senior management is 9, 2 (22,2%) female representatives and 7 (77,8%) male representatives.
- Total representatives in the Board of Directors elected by the general assembly are 4, 0 (0%) female representatives and 4 (100%) male representatives.
- Total employee representatives in the Board of Directors are 2, 0 (0%) female representatives and 2 (100%) male representatives.

During the financial year the company made changes to the board of directors which resulted in one of the female board members resigning her position. It is the company's target to increase the representation of female board members to two out six board members by 2026. Lack of qualified candidates from the underrepresented gender, the nature of our business, and/or lack of open positions may impact our ability to achieve our targets. Kalundborg Refinery A/S has taken increased initiatives to develop internal candidates and hire younger female talents.

### Data Ethics, Danish Financial Statements Act § 99 d

The Company does not consider it relevant to draw up a policy for data ethics. In this connection, the company emphasizes that the company only to a limited extent collects and processes data and does not use new technologies as part of the company's main activity, and does not carry out specific data analysis, evaluations, or segmentations itself or via external suppliers.

KALUNDBORG REFINERY

## Financial highlights

| EURm | 2022 | 2021 | 2020 | 2019 | *2018 |
|---|---|---|---|---|---|
| Revenue | 5,688 | 2,955 | 1,662 | 2,758 | 3,087 |
| Operating income | 392 | 43 | (211) | 106 | 116 |
| Profit/(loss) from financial income and expenses | (11) | (13) | 1 | 0 | (5) |
| Profit/(loss) before tax | 380 | 30 | (210) | 106 | 111 |
| Tax on profit/(loss) for the year | (23) | (15) | 0 | (31) | 9 |
| Profit/(loss) for the year | 357 | 15 | (210) | 75 | 112 |
| Total assets | 970 | 652 | 768 | 1,042 | 738 |
| Equity | 630 | 109 | 390 | 598 | 523 |
| Investment in property, plant and equipment | 57 | 52 | 121 | 97 | 20 |
| Average number of full-time employees | 356 | 346 | 348 | 338 | 339 |

* Comparatives in the year 2018 have not been restated following the adoption of IFRS 15 and 16 as of 1 January 2019.

The financial ratios have been calculated as follows:

## Key financial ratios

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Operating margin<br>*Operating profit/loss x 100 / Revenue* | 7% | 1% | (13)% | 4% | 4% |
| Return on invested capital<br>*Operating profit/loss x 100 / Average equity* | 106% | 17% | (43)% | 19% | 23% |
| Return on equity<br>*Profit/loss for the year x 100 / Average equity* | 97% | 6% | (43)% | 13% | 22% |
| Solvency ratio<br>*Equity at year end x 100 / Total equity and liabilities at year end* | 65% | 17% | 51% | 57% | 71% |

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## Financial statements 1st January – 31st December

## Income statement

*EUR'000*

| Note | | 2022 | 2021 |
|---|---|---|---|
| 2 | Revenue | 5,687,866 | 2,955,065 |
| | Production costs | (5,277,695) | (2,887,661) |
| | Gross income | **410,171** | **67,404** |
| | Administrative expenses | (51,881) | (29,977) |
| 5 | Other operating income | 33,308 | 5,627 |
| | Operating income | **391,598** | **43,054** |
| 6 | Financial income | 2,942 | 1,361 |
| 7 | Financial expenses | (14,086) | (14,234) |
| | Income before tax | **380,454** | **30,181** |
| 8 | Tax on profit for the year | (23,359) | (14,749) |
| 9 | INCOME FOR THE YEAR | **357,095** | **15,432** |

KALUNDBORG REFINERY

## Financial statements as at 31st December

## Balance sheet

*EUR'000*

| Note | | 2022 | 2021 |
|---|---|---|---|
| | **Assets** | | |
| | Non-current assets | | |
| 10 | Intangible assets | | |
| | Software | 926 | 770 |
| 11 | Property, plant and equipment | | |
| | Land | 8,640 | 8,640 |
| | Buildings, plant and machinery | 614,844 | 125,397 |
| | Assets under construction | 36,828 | 34,560 |
| | Right of Use assets | 7,727 | 27,567 |
| | | 668,039 | 196,164 |
| | Other non-current assets | | |
| 8+12 | Deferred tax asset | 0 | 2,501 |
| | Total non-current assets | **668,965** | **199,435** |
| | Current assets | | |
| | Inventories | | |
| | Raw materials and consumables | 2,597 | 124,499 |
| | Finished goods and goods for resale | 45,523 | 149,713 |
| | | 48,120 | 274,212 |
| | Receivables | | |
| | Trade receivables | 5,565 | 175,419 |
| | Receivables from group companies | 163 | 224 |
| | Other receivables | 70,618 | 35 |
| | Tax receivable | 0 | 1,487 |
| | | 76,346 | 177,165 |
| | Cash at bank and in hand | 176,664 | 1,496 |
| | Total current assets | **301,130** | **452,873** |
| | TOTAL ASSETS | **970,095** | **652,308** |

KALUNDBORG REFINERY

## Financial Statement as at 31st December

## Balance sheet

*EUR'000*

| Note | | 2022 | 2021 |
|---|---|---|---|
| | **Equity and liabilities** | | |
| | Equity | | |
| **13** | Share capital | 26,316 | 26,316 |
| | Revaluation reserve | 281,509 | 0 |
| | Retained earnings | 321,959 | 83,020 |
| | | **629,784** | **109,336** |
| **14** | Non-current liabilities | | |
| | Non-current environmental / asset retirement obligation provisions | 25,734 | 147,247 |
| **8+12** | Provisions for deferred tax | 59,418 | 0 |
| | IFRS 16 lease liability | 6,568 | 21,936 |
| | | **91,720** | **169,183** |
| | Current liabilities | | |
| | Trade payables | 145,481 | 18,165 |
| | Payables to group companies | 0 | 302,241 |
| | Tax payable | 40,848 | 0 |
| | Other payables | 60,706 | 47,101 |
| | Prepayments received from customers | 471 | 374 |
| | IFRS 16 lease liability | 1,085 | 5,908 |
| | | 248,591 | 373,789 |
| | Total liabilities | **340,311** | **542,972** |
| | TOTAL EQUITY AND LIABILITIES | **970,095** | **652,308** |

| | |
|---|---|
| **15** | Contractual obligations, contingencies, etc. |
| **16** | Related party disclosures |
| **17** | Subsequent event |

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Statement of changes in equity

*EUR'000*

| | Share capital | Retained earnings | Proposed dividend | Reserve for revaluation | Total Equity |
|---|---|---|---|---|---|
| Equity at 1 January 2022 | 26,316 | 83,020 | 0 | 0 | 109,336 |
| Distributed dividend | 0 | (118,156) | 0 | 0 | (118,156) |
| Revaluation to fair value | 0 | 0 | 0 | 360,909 | 360,909 |
| Other movements | 0 | 0 | 0 | (79,400) | (79,400) |
| Transferred over the profit appropriation | 0 | 357,095 | 0 | 0 | 357,095 |
| Equity at 31 December 2022 | **26,316** | **321,959** | **0** | **281,509** | **629,784** |

Other movements are made up of deferred tax on revaluation of assets.

On 5 January 2022, Kalundborg Refinery A/S paid an extraordinary dividend to Klesch Refining Denmark A/S of approximately EUR 20 million. On 29 December 2022, Kalundborg Refinery A/S paid an extraordinary dividend to Klesch Refining Denmark A/S of approximately EUR 98 million.

# Financial statements 1st January – 31st December

## Notes

### 1 Accounting policies

**Basis of Preparation**

The annual report for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The financial statements and cash flow statement of Kalundborg Refinery A/S are included in the consolidated financial statements of Klesch Group Limited, Malta.

**Change to presentation currency**

With effect from 1 January 2021 Kalundborg Refinery A/S has changed the currency in which it presents its financial statements from Danish Kroner (DKK) to Euro (EUR).

The EUR has been selected as the presentation currency, as it is the predominant currency for the primary users of the financial statements.

Net profit, total assets and total equity are unaffected by the presentational changes apart from the translation from DKK to EUR as further described below.

Assets and liabilities where the functional currency is not EUR have been translated into EUR at the relevant closing rates of exchanges. Profit and loss items have been translated into EUR at the relevant average rates of exchanges. Differences arising from the translation of the opening net assets and the results for the year are recognised in the income statement as a financial income or expense.

The comparatives for the year ending 31 December 2021 have been translated into EUR accordingly.

**Changes to comparative figures**

There have been minor reclassifications to the comparative figures in the balance sheet. The changes do not have an impact on the result of the year.

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Changes to accounting policies**

The company has changed accounting policies regarding measurement of the refinery asset (part of property, plant and equipment).

The change has been implemented with effect from 2022. Comparative figures for 2021 have in accordance with the Danish Financials Statement Act's article 51.2 not been restated.

At 31 December 2022, prior to an adjustment to fair value, the carrying value of the refinery asset amounted to EUR 299 million after reversal of EUR 242 million previously recognised impairment less depreciation that would have otherwise been recognised as well as reduction in the asset retirement obligation.

Adjustment to fair value at 31 December 2022 following the change of accounting policies, has impacted the refinery asset with positive EUR 361 million in carrying value, additional deferred tax liability of EUR 79 million and net impact on equity of EUR 281 million.

**Recognition and measurement**

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, depreciation, amortization and impairment losses are also recognized in the income statement.

The financial statements have been prepared on the historical cost basis, except for revaluation of property plant and equipment and certain financial instruments measured at fair value.

Inherently the recognition of fixed assets at revaluated values, is based on assumptions that will be sensitive to changes in the companies external economic, technical and demand environment over time. Similarly the provision for environmental liabilities is based on assumptions of current and future legislation, technology and costs.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in

# Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Foreign currency translation (continued)**

foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss presented within finance cost or finance income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in the income statement). Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within finance costs.

**Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset, a recognised liability or a firm commitment are recorded in the income statement together with the changes in the value of the hedged items.

## Income statement

**Revenue**

The Company has chosen IFRS 15 as interpretation for revenue recognition.

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Revenue (continued)**

The Company's purpose is to refine crude oil and other feedstock for the manufacture of mineral oil products and by-products, to buy and sell mineral oil products and by-products and to perform other activities regularly associated with the above purposes.

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of goods in each such contract. The revenue amounts that are recognised reflect the consideration to which the Company expects to be entitled in exchange for those goods.

On 1 January 2022, the Company entered into a set of ongoing agreements with Aramco Trading Limited ('ATL'), encompassing the purchase, sale and storage of crude oil refined products and associated feedstocks. Under the arrangements, crude oil is supplied by ATL, whereupon it is refined into oil products by the Company and sold back to ATL.

The refined products may be purchased back by the Company at ATL's discretion for sale to ultimate customers. Since the purchase of the crude oil and resale of the resulting refined products constitutes a repurchase transaction under IFRS 15, the Company does not recognise the crude oil or the resulting refined products as its inventory (until such time as the refined products may be subsequently repurchased by the Company). Accordingly, the Company recognises revenue for this refining service on resale of the resulting refined products to ATL. This corresponds with the satisfaction of the performance obligation of refining the crude oil into the resulting refined products for ATL. The refined products are stored by ATL in the Company's tanks, in accordance with a Storage and Services Agreement, in respect of which a fee is earned by the Company.

Revenue from the sale of petroleum products to ultimate customer is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements. Each such sale normally represents a single performance obligation.
Sales to ultimate customers are presented on a gross basis as revenues from contracts with customers and costs of sale corresponding to the purchase of refined products from ATL in the income statement.
Revenue is presented net of customs, excise taxes and royalties paid in-kind on petroleum products.

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Production costs**

Production costs comprise costs, including wages and salaries and depreciation and amortisation incurred in generating revenue for the year. Production costs also comprise energy costs, freight costs, purchased services and maintenance costs that do not qualify for recognition as an asset in the balance sheet.

**Administrative expenses**

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises and office expenses, and depreciation of equipment for administrative purposes.

**Other operating income and costs**

Other operating income and costs comprise items secondary to the primary activities of the Company, including gains and losses on the disposal of intangible assets and property, plant and equipment harbor income, and leasing services.

**Financial income and expenses**

Financial income and expenses comprise interest income and expense. Realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies are included as a separate item in the income statement. Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

**Tax on profit/(loss) for the year**

Income taxes disclosed in the Statement of Income include the current tax expenses (or income) and the deferred tax expenses (or income).

Income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly into equity.

Current income tax is based on the taxable profit for the period. Taxable profit differs from the net profit as reported in the income statement because it is determined in accordance with the rules established by the

## Financial statements 1st January – 31st December

## Notes

### Accounting policies (continued)

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

applicable tax authorities. It, therefore excluded items on income or expenses that are taxable or deductible in other periods as well as items that are never taxable or deductible. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable and receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Current tax also includes any tax arising from dividends.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences except;

- where the deferred tax liability arises on initial recognition of goodwill
- where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, the time of the transaction affects neither accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilised except where deferred tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investment in subsidiaries and associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that temporary differences will reverse

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Tax on profit/(loss) for the year (continued)**

in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when asset is realised or liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date. Deferred tax assets and liabilities are not discounted.
Deferred tax assets and liabilities are only offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realise the tax assets and settle tax liabilities simultaneously.

## Balance sheet

**Intangible Assets**

Intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortization and depreciation. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of the assets.
The basis of the depreciation is calculated on the basis of the cost less the residual value and impairment losses. Useful life is between 5-10 years.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised within ‘Other losses’ in the Income statement.

## Financial statements 1st January – 31st December

## Notes

### Accounting policies (continued)

**Property, plant and equipment**

Land and buildings and machinery and equipment are carried at revalued amounts. All other classes of property, plant and equipment such as furniture, fittings and equipment are carried at historical cost of acquisition or construction net of accumulated depreciation and accumulated impairment.
Land and buildings and machinery and equipment are initially recognized at cost. After initial recognition, the Company uses the revaluation model, whereby land and buildings, machinery and equipment has been measured at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Valuations of land and building and machinery and equipment are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Property, plant and equipment is therefore valued every year. The Company engages external, independent and qualified valuers to determine the fair value of land and building and machinery and equipment. An asset revaluation surplus is recorded to the equity under the revaluation reserve. However, to the extent that it oversees a revaluation deficit of the same asset previously recognised in the profit or loss, the increase is recognised in profit and loss.

A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.
An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon any disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The profit or loss on disposal of a revalued asset is determine as the different between the net disposal proceeds and the carrying amount of the asset. Upon any disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

All other classes of property, plant and equipment such as furniture, fittings and equipment are carried at historical cost less depreciation. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Property, plant, and equipment (continued)**

Subsequent expenditure such as major renewals and improvements are capitalised. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only if it is probably that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance, repairs and minor renewals are expensed as incurred and charged to profit and loss. Minor renewals include all expenditures that do not result in a technical enhancement of the asset beyond its original capability.

Land is not depreciated. Depreciation is provided on all property, machinery and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

| | |
|---|---|
| Buildings and storage tanks | 20-50 years |
| Plant and machinery | 10-20 years |
| Fixtures & fittings, tools & equipment | 4-10 years |

Depreciation is recognised as production or administrative costs based on the use of the assets.

Assets under construction are stated at cost. This includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time as the relevant assets are completed and are available for us.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and carrying amount of the asset), is included in the consolidated statement

## Financial statements 1st January – 31st December

## Notes

**Accounting policies (continued)**

**Property, plant, and equipment (continued)**

of comprehensive income when the asset is derecognized and are recognised within 'Other (losses)/gains—net' in the statement of comprehensive income as incurred.

When revalued assets are sold, it is a Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

**Impairment of fixed assets**

The carrying amount of intangible assets and property, plant and equipment is subject to a quarterly test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

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

**Leases**

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

**Right-of-use assets**

The Company recognised right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

# Financial statements 1st January – 31st December

## Notes

### Accounting policies (continued)

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases (12 months or less) and leases of low value assets are not reflected in the balance sheet but are expensed.

Non-lease components within lease contracts will be accounted for separately for all underlying classes of assets and reflected in the relevant expense category or (if appropriate) capitalised as incurred, depending on the activity involved.

The company presents right-of-use assets that do not meet the definition of investment property in ’property, plant and equipment’ and lease liabilities in ’loans and borrowings’ in the statement of financial position.

#### Inventories

Inventories, other than hedged inventory or held for short-term trading purposes are stated at the lower of cost and net realisable value. Cost is typically determined by first-in, first-out method and comprises direct purchase cost, cost of production, transportation, and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

# Financial statements 1st January – 31st December

## Notes

### Accounting policies (continued)

**Materials and supplies**

Marketable materials and spare parts in the general warehouse have been valued using the first-in, first-out (FIFO) method.

**Finished products**

The cost of finished goods comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

**Emissions**

As a result of the Company's oil refinery operations, the Company receives free emission rights as a result of European Emission Trading Scheme, which are received on an annual basis and in return the Company is required to remit rights equal to its actual emissions. Emission rights which are granted for free are used in the period for which they are granted and are recognized at cost price, with a corresponding provision of the same value.

**Receivables**

Receivables are measured at amortised cost, usually corresponding to nominal value. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

A receivables purchase agreement is in place with COFACE FINANZ GmbH. The agreement governs the non-recourse factoring of receivables at their nominal value, including VAT. Under the agreement 5% of the amount of receivables sold remain under the control of the Company and are not derecognised.

**Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at amortised cost, usually corresponding to nominal value.

**Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash equivalents comprise short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value and have an original maturity of three months or less.

Bank overdrafts are classified as short-term borrowings in current liabilities in the statement of financial position.

## Financial statements 1st January – 31st December

## Notes

### Accounting policies (continued)

#### Equity

Proposed dividends are recognized as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Provisions

The amount recognised as provision, including tax, legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation.
Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

#### Segmentation

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 2 | Revenue | 2022 | 2021 |
|---|---|---|---|
| | Domestic sales of oil products to ultimate customers | 1,510,146 | 1,347,096 |
| | Export sales of oil products to ultimate customers (Europe) | 2,889,240 | 1,607,969 |
| | | **4,399,386** | **2,955,065** |
| | Revenue from refining service | 1,288,480 | 0 |
| | Total revenue | **5,687,866** | **2,955,065** |

On 1 January 2022, the Company entered into a set of ongoing agreements with Aramco Trading Limited (‘ATL’), encompassing the purchase, sale and storage of crude oil refined products and associated feedstocks. Under the arrangements, crude oil is supplied by ATL, whereupon it is refined into oil products by the Company and sold back to ATL. The refined products may be purchased back by the Company at ATL's discretion for sale to ultimate customers. Accordingly, the Company recognises revenue for this service on resale of the resulting refined products to ATL. An equal amount of cost is recognised under production cost and the net impact of this presentation in the financial statements is nil.

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 3 | Specification of salaries and other social costs | 2022 | 2021 |
|---|---|---|---|
| | Wages and salaries | 39,773 | 35,808 |
| | Pensions | 3,198 | 3,070 |
| | Other social security costs | 456 | 839 |
| | | **43,427** | **39,717** |
| | Staff costs are recognised in the financial statement as follows | | |
| | Production costs | **36,891** | **33,449** |
| | Administrative expenses | **6,536** | **6,268** |
| | | **43,427** | **39,717** |

With reference to section 98B (3) of the Danish financial statement Act, renumeration to company management is not disclosed for 2021.The remuneration paid to the executive board for their work in the company during 2022 amounted to EUR 0.3 million and pension EUR 0.

No remuneration was paid to the board in 2022 or 2021.

| | | 2022 | 2021 |
|---|---|---|---|
| | **Average number of full-time employees** | **356** | **346** |

### 4 Auditors fee

Fee to auditors appointed at the general meeting has not been disclosed in accordance with section 96 (3) of the Danish Financial Statements Act. Reference is made to the Consolidated Financial Statements of Klesch Group Limited Malta.

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 5 | Other operating income | 2022 | 2021 |
|---|---|---|---|
| | Service and rental income | 33,308 | 5,627 |
| | | **33,308** | **5,627** |

| 6 | Finance income | 2022 | 2021 |
|---|---|---|---|
| | Exchange rate income from other group entities | 0 | 1,229 |
| | Exchange rate income | 138 | 0 |
| | Other financial income | 2,804 | 132 |
| | | **2,942** | **1,361** |

| 7 | Finance expense | 2022 | 2021 |
|---|---|---|---|
| | Exchange rate expenses from to group entities | 0 | (11,898) |
| | Exchange rate expenses | (7,001) | 0 |
| | Interest expenses to group entities | 0 | (570) |
| | Interest component, asset retirement obligation | (56) | (1,523) |
| | Interest expense, leases | (170) | (234) |
| | Other financial expenses | (6,859) | (9) |
| | | **(14,086)** | **(14,234)** |

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 8 | Tax on profit for the year | 2022 | 2021 |
|---|---|---|---|
| | Deferred tax at 1 January | 2,501 | 11,698 |
| | Adjustment for deferred tax recognized in income statement | 17,481 | (9,197) |
| | Adjustment for deferred tax recognized under Equity | (79,400) | 0 |
| | Deferred tax at 31 December | (59,418) | 2,501 |
| | Tax prior year | 0 | 662 |
| | Tax on (loss) / profit for the year | (40,840) | (4,026) |
| | Payment for tax loss utilization, joint taxation | 0 | (2,188) |
| | Total Tax on profit for the year | **(23,359)** | **(14,749)** |
| | Total Tax on Equity adjustment | **(79,400)** | **(0)** |

| 9 | Income for the year | 2022 | 2021 |
|---|---|---|---|
| | Extraordinary dividend | 118,156 | 148,928 |
| | Retained earnings | 238,939 | (133,496) |
| | | **357,095** | **15,432** |

**Financial statements 1st January – 31st December**

**Notes (continued)**

*EUR'000*

## 10 Intangible assets

| | |
|---|---|
| Cost at 1 January 2022 | 7,634 |
| Additions | 98 |
| Transferred from assets under construction | 63 |
| Cost at 31 December 2022 | 7,795 |
| Amortisation and impairment losses at 1 January 2022 | 6,864 |
| Amortisation | 5 |
| Amortisation and impairment losses at 31 December 2022 | 6,869 |
| Carrying amount at 31 December 2022 | **926** |

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 11 Property, plant and equipment | Land | Buildings, plant and machinery | Assets under construction | Right of Use assets | Total |
|---|---|---|---|---|---|
| **Cost at 1 January 2022** | **8,640** | **1,576,956** | **34,560** | **49,806** | **1,669,962** |
| Additions | 0 | 31,496 | 22,882 | 2,149 | 56,527 |
| Retirements | 0 | (941) | (60) | (41,524) | (42,525) |
| Change in decomissioning provision | 0 | (147,247) | 0 | 0 | (147,247) |
| Contract modifications and index changes | 0 | 0 | 0 | (213) | (213) |
| Transferred | 0 | 20,491 | (20,554) | 0 | (63) |
| Cost at 31 December 2022 | **8,640** | **1,480,755** | **36,828** | **10,218** | **1,536,441** |
| **Depreciation and impairment losses** | | | | | |
| **at 1 January 2022** | **0** | **1,451,559** | **0** | **22,238** | **1,473,797** |
| Depreciation | 0 | 18,655 | 0 | 1,141 | 19,796 |
| Reversal of impairment | 0 | (242,564) | 0 | 0 | (242,564) |
| Retirements | 0 | (831) | 0 | (20,888) | (21,719) |
| Depreciation and impairment losses at 31 December 2022 | **0** | **1,226,819** | **0** | **2,491** | **1,229,310** |
| **Revaluations** | | | | | |
| **At 1 January 2022** | 0 | 0 | 0 | 0 | 0 |
| Revaluations for the year | 0 | 360,908 | 0 | 0 | 360,908 |
| Revaluations 31 December 2022 | **0** | **360,908** | **0** | **0** | **360,908** |
| Carrying amount at 31 December 2022 | **8,640** | **614,844** | **36,828** | **7,727** | **668,039** |

The decommissioning provision for the refinery was changed during 2022. We refer to note 14.

The change has no effect on the income statement as the reduction in the decommissioning provision has been recognized in the corresponding property, plant and equipment balance.

KALUNDBORG REFINERY

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 12 | Deferred tax | 2022 | 2021 |
|---|---|---|---|
| | Deferred tax at 1 January | 2,501 | 11,699 |
| | Adjustment for deferred tax recognized in the income statement | 17,481 | (9,198) |
| | Adjustment for deferred tax recognized under Equity | (79,400) | 0 |
| | | **(59,418)** | **2,501** |
| | Provision for deferred tax related to: | | |
| | Intangible assets | (47) | 48 |
| | Property plant and equipment | (66,956) | (29,336) |
| | Provisions | 7,585 | 31,789 |
| | | **(59,418)** | **2,501** |

At December 2021, the Company had an unrecognized deferred tax asset of EUR 60,324 thousand. A significant part of the unrecognized deferred tax asset was related to the provision of the asset retirement obligation

| 13 | Share capital at year end during the past five years are specified as follow: | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| | 2,300,000 shares of DKK 85.09 (EUR 11.44 per share) | 26,316 | 26,316 | 173,161 | 173,161 | 173,161 |

All shares rank equally.

## Financial statements 1st January – 31st December

## Notes (continued)

*EUR'000*

| 14 | Provisions and lease liabilities | 2022 | 2021 |
|---|---|---|---|
| | Non-current environmental / asset retirement obligation provisions | 25,734 | 147,247 |
| | Deferred TAX | 59,418 | 0 |
| | IFRS 16 lease liability | 6,568 | 21,936 |
| | | **91,720** | **169,183** |

The Company is remediating all current spillages. Uncompleted remedial work on current spillages is booked in the financial statements. Provision EUR 25,734 thousand relates to environmental liability which is expected to be paid after more than 5 years.

The asset retirement obligation and the corresponding asset have been recognized in 2022 as the management believe that there is no determined end date for useful economic life of the asset which is expected to continue in operation for the foreseeable future.

The majority of the leasing liability is expected to be paid within the next 1 to 5 years.

| 15 | Contractual obligations, contingencies, etc. |
|---|---|

**Lease expenses not included in lease liability**

Rental and lease obligations amounted to EUR 714,000 at 31 December 2022 (2021: EUR 1,240,000).

**Joint taxation**

The Group's Danish enterprises are jointly and severally liable for tax on the Group's income subject to joint taxation. The jointly taxed enterprises' total net receivable from SKAT amounted to DKK 0 on 31 December 2022. Any subsequent corrections of the income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the enterprises' liability or receivable. The Group as a whole is not liable to any other parties.

## Financial statements 1st January – 31st December

## Notes (continued)

**Contractual obligations, contingencies, etc. (continued)**

The Company is jointly taxed with other Danish Group entities and is jointly and several with other jointly taxed group entities liable for payment of income taxes as well as dividends due for payment.

| 16 | Related party disclosures |
|---|---|

Kalundborg Refinery A/S; related parties comprise the following:

**Control**

Klesch Group Limited, Victoria Building, No 2A, NXR 3622, Malta

Klesch Group Limited holds the majority of the share capital in the Company through holding company Klesch Refining Denmark A/S (sub-group). Kalundborg Refinery Denmark A/S is part of the consolidated financial statements of Klesch Group Limited, Victoria Building, No 2A, NXR 3622, Malta, which is the largest group in which the Company is included as  a subsidiary.

The related parties that Kalundborg Refinery A/S transacted with in the year are:

Klesch Group Limited Malta, Refinery Heide GmbH, Klesch Petroleum Services Limited and Klesch Petroleum SA

The consolidated financial statements of Klesch Group Limited can be obtained by contacting the Company or at the following website:

https://www.klesch.com/get-in-touch/

## Financial statements 1st January – 31st December

## Notes (continued)

### Related party transactions (continued)

*EUR'000*

| Related party transactions | 2022 | 2021 |
|---|---|---|
| Purchase of goods from sister company | 10,215 | 2,199,266 |
| Purchase of service from related parties | 159,172 | 19,162 |
| | **169,387** | **2,218,428** |
| Sale of goods to related parties | 10,969 | 152,577 |
| Sale of services to related parties | 0 | 2,280 |
| | **10,969** | **154,857** |

Receivables and payables to affiliated companies are disclosed in the balance sheet, and financial income and expenses are disclosed in note 6 and 7.

## 17 Subsequent events

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.